

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

FORM 10-Q

(MARK ONE)

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

For the quarterly period ended September 30, 2021

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 001-38508

**Lottery.com Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**81-1996183**

(I.R.S. Employer  
Identification No.)

**20808 State Hwy 71 W, Unit B  
Spicewood, Texas 78669**  
(Address of principal executive offices)

**(512) 592-2451**  
(Registrant's telephone number, including area code)

**Trident Acquisitions Corp.  
One Liberty Plaza, 23rd Floor  
New York, NY 10005**  
(Former name or former address, if changed since last report.)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value \$0.0001 per share	LTRY	The Nasdaq Stock Market LLC
Warrants to purchase one share of common stock, each at an exercise price of \$11.50	LTRYW	The Nasdaq Stock Market LLC

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

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

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

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

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

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

As of November 15, 2021, 50,380,480 shares of the registrant's common stock, par value \$0.001 per share, were issued and outstanding.

## EXPLANATORY NOTE

On October 29, 2021 (the “Closing Date”), subsequent to the end of the fiscal quarter to which this Quarterly Report on Form 10-Q (this “Report”) relates, Trident Acquisitions Corp., a Delaware corporation (“TDAC” and after the Business Combination described herein, the “Combined Company” or “Lottery.com”), consummated its previously announced business combination pursuant to the terms of the Business Combination Agreement, dated as of February 21, 2021 (the “Business Combination Agreement”), by and among TDAC, Trident Merger Sub II Corp., a wholly-owned subsidiary of TDAC (“Merger Sub”), and AutoLotto, Inc. (“AutoLotto”). Pursuant to the terms of the Business Combination Agreement, on the Closing Date, Merger Sub merged with and into AutoLotto with AutoLotto surviving the merger as a wholly owned subsidiary of TDAC, which was renamed “Lottery.com Inc.” immediately prior to the Closing (the “Merger” and, together with the other transactions contemplated by the Business Combination Agreement, the “Business Combination”).

Unless stated otherwise, this Report contains information about TDAC before the Business Combination. As a result, references in this Report to “we,” “us,” “our,” or the “Company” refer to TDAC prior to the closing of the Business Combination, unless the context requires otherwise.

**Except as otherwise expressly provided herein, the information in this Report does not reflect the consummation of the Business Combination, which, as discussed above, occurred subsequent to the period covered hereunder.**

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**LOTTERY.COM INC.**  
**(FORMERLY KNOWN AS TRIDENT ACQUISITIONS CORP.)**  
**FORM 10-Q FOR THE QUARTER ENDED SEPTEMBER 30, 2021**

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**PART I - FINANCIAL INFORMATION**

**Item 1. Financial Statements**

**LOTTERY.COM INC.  
(FORMERLY KNOWN AS TRIDENT ACQUISITIONS CORP.)  
CONDENSED CONSOLIDATED BALANCE SHEETS**

	<b>September 30, 2021</b>	<b>December 31, 2020</b>
	<b>(Unaudited)</b>	<b>(Revised)</b>
<b>ASSETS</b>		
Current Assets		
Cash	\$ 65,264	\$ 972,787
Prepaid expenses and other current assets	28,319	51,979
Prepaid income taxes	12,186	12,186
Total Current Assets	<u>105,769</u>	<u>1,036,952</u>
Deferred tax asset	418,549	217,086
Security deposit	1,200	1,200
Marketable securities held in Trust Account	63,535,992	63,405,336
<b>TOTAL ASSETS</b>	<b><u>\$ 64,061,510</u></b>	<b><u>\$ 64,660,574</u></b>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
Current Liabilities		
Account payable and accrued expenses	\$ 1,171,647	\$ 325,860
Promissory notes – related parties	5,455,000	5,075,000
Total Current Liabilities	<u>6,626,647</u>	<u>5,400,860</u>
Derivative liabilities	3,111,500	6,715,500
Deferred underwriting fee payable	5,031,250	5,031,250
<b>Total Liabilities</b>	<b><u>14,769,397</u></b>	<b><u>17,147,610</u></b>
<b>Commitments and Contingencies</b>		
Common stock subject to possible redemption, 5,786,355 and 5,786,470 shares at redemption value as of September 30, 2021 and December 31, 2020, respectively	<u>63,478,179</u>	<u>63,377,472</u>
<b>Stockholders' Deficit</b>		
Preferred stock, \$0.001 par value; 1,000,000 shares authorized; none issued and outstanding	—	—
Common stock, \$0.001 par value; 100,000,000 shares authorized; 6,181,250 issued and outstanding (excluding 5,786,355 and 5,786,470 shares subject to possible redemption) as of September 30, 2021 and December 31, 2020, respectively	6,181	6,181
Additional paid-in capital	—	—
Accumulated deficit	(14,192,247)	(15,870,689)
<b>Total Stockholders' Deficit</b>	<b><u>(14,186,066)</u></b>	<b><u>(15,864,508)</u></b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT</b>	<b><u>\$ 64,061,510</u></b>	<b><u>\$ 64,660,574</u></b>

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

**LOTTERY.COM INC.**  
**(FORMERLY KNOWN AS TRIDENT ACQUISITIONS CORP.)**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(Unaudited)(Revised)**

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Operating costs	\$ 590,217	\$ 532,732	\$ 2,027,974	\$ 1,129,649
<b>Loss from operations</b>	<b>(590,217)</b>	<b>(532,732)</b>	<b>(2,027,974)</b>	<b>(1,129,649)</b>
Other income:				
Interest earned on marketable securities held in Trust Account	956	6,267	2,846	347,246
Change in fair value of derivative liabilities	4,811,500	—	3,604,000	—
Other	—	—	72	—
Other income	4,812,456	6,267	3,606,918	347,246
Income (loss) before income taxes	4,222,239	(526,465)	1,578,944	(782,403)
Benefit from income taxes	72,249	163,939	201,463	163,939
<b>Net income (loss)</b>	<b>\$ 4,294,488</b>	<b>\$ (362,526)</b>	<b>\$ 1,780,407</b>	<b>\$ (618,464)</b>
Basic and diluted weighted average common shares outstanding	11,967,605	12,392,310	11,967,673	12,869,767
<b>Basic and diluted net income (loss) per common share</b>	<b>\$ 0.36</b>	<b>\$ (0.03)</b>	<b>\$ 0.15</b>	<b>\$ (0.05)</b>

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

**LOTTERY.COM INC.**  
**(FORMERLY KNOWN AS TRIDENT ACQUISITIONS CORP.)**  
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT**  
**(Unaudited)(Revised)**

**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021**

	<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Retained Earnings</u>	<u>Total Stockholders' Deficit</u>
	<u>Shares</u>	<u>Amount</u>			
<b>Balance – December 31, 2020</b>	<b>6,181,250</b>	<b>\$ 6,181</b>	<b>\$ —</b>	<b>\$ (15,870,689)</b>	<b>\$ (15,864,508)</b>
Remeasurement of common stock to redemption value	—	—	—	49,267	49,267
Net income	—	—	—	200,913	200,913
<b>Balance – March 31, 2021</b>	<b>6,181,250</b>	<b>\$ 6,181</b>	<b>\$ —</b>	<b>\$ (15,620,509)</b>	<b>\$ (15,614,328)</b>
Remeasurement of common stock to redemption value	—	—	—	49,043	49,043
Net loss	—	—	—	(2,714,994)	(2,714,994)
<b>Balance – June 30, 2021</b>	<b>6,181,250</b>	<b>\$ 6,181</b>	<b>\$ —</b>	<b>\$ (18,286,460)</b>	<b>\$ (18,280,279)</b>
Remeasurement of common stock to redemption value	—	—	—	(200,275)	(200,275)
Net income	—	—	—	4,294,488	4,294,488
<b>Balance – September 30, 2021</b>	<b>6,181,250</b>	<b>\$ 6,181</b>	<b>\$ —</b>	<b>\$ (14,192,247)</b>	<b>\$ (14,186,066)</b>

**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020**

	<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Retained Earnings</u>	<u>Total Stockholders' Equity</u>
	<u>Shares</u>	<u>Amount</u>			
<b>Balance – December 31, 2019</b>	<b>6,181,250</b>	<b>\$ 6,181</b>	<b>\$ —</b>	<b>\$ (5,112,440)</b>	<b>\$ (5,106,259)</b>
Remeasurement of common stock to redemption value	—	—	—	(712,274)	(712,274)
Net loss	—	—	—	(305)	(305)
<b>Balance – March 31, 2020</b>	<b>6,181,250</b>	<b>\$ 6,181</b>	<b>\$ —</b>	<b>\$ (5,825,019)</b>	<b>\$ (5,818,838)</b>
Remeasurement of common stock to redemption value	—	—	—	(768,469)	(768,469)
Net loss	—	—	—	(255,633)	(255,633)
<b>Balance – June 30, 2020</b>	<b>6,181,250</b>	<b>\$ 6,181</b>	<b>\$ —</b>	<b>\$ (6,849,121)</b>	<b>\$ (6,842,940)</b>
Remeasurement of common stock to redemption value	—	—	—	(1,515,855)	(1,515,855)
Net loss	—	—	—	(362,526)	(362,526)
<b>Balance – September 30, 2020</b>	<b>6,181,250</b>	<b>\$ 6,181</b>	<b>\$ —</b>	<b>\$ (8,727,502)</b>	<b>\$ (8,721,321)</b>

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

**LOTTERY.COM INC.**  
**(FORMERLY KNOWN AS TRIDENT ACQUISITIONS CORP.)**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(Unaudited)**

	<b>Nine Months Ended September 30,</b>	
	<b>2021</b>	<b>2020</b>
<b>Cash Flows from Operating Activities:</b>		
Net income (loss)	\$ 1,780,407	\$ (618,464)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Change in fair value of derivative liabilities	(3,604,000)	—
Interest earned on marketable securities held in Trust Account	(2,846)	(347,246)
Deferred tax benefit	(201,463)	(163,939)
Changes in operating assets and liabilities:		
Prepaid expenses and other current assets	23,660	(628,218)
Account payable and accrued expenses	845,787	154,861
<b>Net cash used in operating activities</b>	<b>(1,158,455)</b>	<b>(1,603,006)</b>
<b>Cash Flows from Investing Activities:</b>		
Investment of cash in Trust Account	(289,318)	(2,330,462)
Cash withdrawn from Trust Account to redeeming stockholders	1,258	13,448,626
Cash withdrawn from Trust Account for franchise and income taxes	160,250	450,865
<b>Net cash (used in) provided by investing activities</b>	<b>(127,810)</b>	<b>11,569,029</b>
<b>Cash Flows from Financing Activities:</b>		
Proceeds from promissory notes – related parties	917,000	3,825,000
Repayment of promissory note – related parties	(537,000)	(180,000)
Redemption of common stock	(1,258)	(13,448,626)
<b>Net cash provided by (used in) financing activities</b>	<b>378,742</b>	<b>(9,803,626)</b>
<b>Net Change in Cash</b>	<b>(907,523)</b>	<b>162,397</b>
Cash – Beginning of period	972,787	55,461
<b>Cash – End of period</b>	<b>\$ 65,264</b>	<b>\$ 217,858</b>
<b>Supplemental cash flow information:</b>		
Cash paid for income taxes	\$ —	\$ 691,617
<b>Non-cash investing and financing activities:</b>		
Change in value of common stock subject to possible redemption	\$ (100,707)	\$ 2,996,598

**Supplemental disclosure of non-cash activity:**

Sale of subsidiary for \$25,000 less cash disposed of totaling \$25,000, net cash impact of \$0.

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

**LOTTERY.COM INC.**  
**(FORMERLY KNOWN AS TRIDENT ACQUISITIONS CORP.)**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021 AND 2020**  
**(Unaudited)**

**NOTE 1. DESCRIPTION OF ORGANIZATION AND BUSINESS OPERATIONS**

Lottery.com Inc. (the “Company”, the “Combined Company” or “Lottery.com”), formerly known as Trident Acquisitions Corp. (“TDAC”), was a blank check company incorporated in Delaware on March 17, 2016. The Company was formed for the purpose of effecting a merger, share exchange, asset acquisition, stock purchase, recapitalization, reorganization or similar business combination with one or more businesses.

**Business Combination**

On October 29, 2021 (the “Closing Date”), the Company consummated its previously announced business combination (the “Closing”) pursuant to the terms of the Business Combination Agreement, dated as of February 21, 2021 (the “Business Combination Agreement”), by and among TDAC, Trident Merger Sub II Corp., a wholly-owned subsidiary of TDAC (“Merger Sub”), and AutoLotto, Inc. (“AutoLotto”). Pursuant to the terms of the Business Combination Agreement, Merger Sub merged with and into AutoLotto with AutoLotto surviving the merger as a wholly owned subsidiary of TDAC, which was renamed “Lottery.com Inc.” immediately prior to the Closing (the “Merger” and, together with the other transactions contemplated by the Business Combination Agreement, the “Business Combination”).

In accordance with the terms and subject to the conditions set forth in the Business Combination Agreement, each share of preferred stock of AutoLotto that was issued and outstanding immediately prior to the Effective Time converted into shares of AutoLotto’s common stock (each an “AutoLotto Share”) immediately prior to the Effective Time. At the Effective Time, by virtue of the Merger and without any action on the part of any other person, each AutoLotto Share issued and outstanding as of immediately prior to the Effective Time (including the shares of preferred stock of AutoLotto that were converted in AutoLotto Shares but not including any treasury shares or dissenting shares) was cancelled and converted into the right to receive the Per Share Merger Consideration. “Per Share Merger Consideration” means the quotient obtained by dividing (a) 40,000,000 shares of TDAC’s Common Stock, par value \$0.001 per share (“Common Stock”) as adjusted in accordance with the terms of the Business Combination Agreement by (b) the aggregate number of AutoLotto Shares (including shares issued or issuable upon the conversion or exercise of certain AutoLotto convertible securities) issued and outstanding as of immediately prior to the Effective Time, or 13,307,477 AutoLotto Shares. With respect to any AutoLotto Shares that were unvested immediately prior to the Effective Time, the shares of Common Stock issued as Per Share Merger Consideration upon the cancellation and conversion of such AutoLotto Shares remain subject to the same vesting and termination-related provisions as that applied to such AutoLotto Shares immediately prior to the Effective Time.

At the Effective Time, each option to purchase AutoLotto Shares (an “AutoLotto Option”) that was outstanding as of immediately prior to the Effective Time was assumed by TDAC, and continues to have, and remains subject to, the same terms and conditions (including vesting terms and, to the extent applicable, holding period restrictions) as applied to such AutoLotto Option immediately prior to the Effective Time, subject to certain exceptions (each, an “Assumed Option”) with such adjustments to the number of shares underlying and the exercise price of such Assumed Option as provided for under the Business Combination Agreement.

At the Effective Time, by virtue of the Merger and without any action on the part of any person, each warrant to purchase AutoLotto Shares (each, an “AutoLotto Warrant”) that was issued and outstanding immediately prior to the Effective Time and was not automatically terminated pursuant to its terms became a warrant exercisable for shares of Common Stock (a “Trident Consideration Warrant”) on the same terms and conditions as applied to the AutoLotto Warrants, with adjustments to the number of shares underlying the warrant and the exercise price as were set forth in the Business Combination Agreement.

Each convertible promissory note issued by AutoLotto that was issued and outstanding immediately prior to the Effective Time automatically converted or was terminated pursuant to its terms, as applicable, in connection with the Closing.

**Earn-Out Shares**

In addition, the holders of issued and outstanding AutoLotto Shares immediately prior to the Closing (the “Sellers”) are entitled to receive up to 6,000,000 additional shares of Common Stock (the “Seller Earnout Shares”) and Vadim Komissarov, Ilya Ponomarev and Marat Rosenberg (collectively the “Founder Holders”) will also be entitled to receive up to 4,000,000 additional shares of Common Stock (the “Founder Holders Earnout Shares”), in each case, that may be issuable from time to time after the Closing as set forth below.



**LOTTERY.COM INC.**  
**(FORMERLY KNOWN AS TRIDENT ACQUISITIONS CORP.)**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021 AND 2020**  
**(Unaudited)**

If, at any time on or prior to December 31, 2021, (i) the dollar volume-weighted average price of shares of Common Stock equals or exceeds \$13.00 per share for 20 of any 30 consecutive trading days commencing after the Closing, or (ii) if Lottery.com consummates a transaction which results in the stockholders of Lottery.com having the right to exchange their shares for cash, securities or other property having a value equaling or exceeding \$13.00 per share, each Seller shall receive its pro rata portion of 3,000,000 Seller Earnout Shares and each Founder Holder shall receive one-third of 2,000,000 Founder Holders Earnout Shares. The Seller Earnout Shares then earned and issuable shall be issued to each Seller on a pro-rata basis based on the percentage of the aggregate Per Share Merger Consideration received, or entitled to be received, by such Seller as of immediately following the Closing.

If, at any time on or prior to December 31, 2022, (i) the dollar volume-weighted average price of shares of Common Stock equals or exceeds \$16.00 per share for 20 of any 30 consecutive trading days commencing after the Closing, or (ii) if Lottery.com consummates a transaction which results in the stockholders of Lottery.com having the right to exchange their shares for cash, securities or other property having a value equaling or exceeding \$16.00 per share, each Seller shall receive its pro rata portion of 3,000,000 Seller Earnout Shares and each Founder Holder shall receive one-third of 2,000,000 Founder Holders Earnout Shares.

**Business Prior to the Business Combination**

Prior to the Business Combination, the Company had one subsidiary, Trident Merger Sub II Corp., a majority-owned subsidiary of the Company incorporated in Delaware on February 9, 2021.

All activity through September 30, 2021 related to the Company's formation, its public offering ("Initial Public Offering"), which is described below, and identifying a target for an initial business combination and activities in connection with the acquisition of AutoLotto.

The registration statement for the Company's Initial Public Offering was declared effective on May 29, 2018. On June 1, 2018, the Company consummated the Initial Public Offering of 17,500,000 units (the "Units") at \$10.00 per unit, generating gross proceeds of \$175,000,000, which is described in Note 4.

Simultaneously with the closing of the Initial Public Offering, the Company consummated the sale of 1,150,000 units (the "Private Units"), at a price of \$10.00 per unit in a private placement to certain of the Company's affiliates and stockholders (the "Insiders"), generating gross proceeds of \$11,500,000, which is described in Note 5. The Private Units were forfeited for no consideration upon consummation of the Business Combination (see Note 7).

Following the closing of the Initial Public Offering on June 1, 2018, an amount of \$178,500,000 (\$10.20 per Unit) from the net proceeds of the sale of the Units in the Initial Public Offering and the Private Units was placed in a trust account ("Trust Account") and invested in U.S. government securities, within the meaning set forth in Section 2(a)(16) of the Investment Company Act of 1940, as amended (the "Investment Company Act"), with a maturity of 180 days or less or in any open-ended investment company that holds itself out as a money market fund selected by the Company meeting the conditions of Rule 2a-7 of the Investment Company Act, as determined by the Company, until the earlier of: (i) the consummation of an initial business combination or (ii) the distribution of the Trust Account, as described below.

On June 5, 2018, in connection with the underwriters' exercise of their over-allotment option in full, the Company consummated the sale of an additional 2,625,000 Units at \$10.00 per unit, generating total gross proceeds of \$26,250,000. Simultaneously with the sale of the additional Units, the Company deposited an aggregate of \$1,181,250 into the Trust Account from funds previously held outside of the Trust Account. A total of \$26,775,000 was deposited in the Trust Account, bringing the aggregate proceeds held in the Trust Account to \$205,275,000.

Transaction costs amounted to \$11,101,864, consisting of \$5,031,250 of underwriting fees, \$5,031,250 of deferred underwriting fees and \$1,039,364 of other costs. As of September 30, 2021, cash of \$65,264 was held outside of the Trust Account and was available for working capital purposes.

**LOTTERY.COM INC.**  
**(FORMERLY KNOWN AS TRIDENT ACQUISITIONS CORP.)**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021 AND 2020**  
**(Unaudited)**

**Liquidity and Going Concern**

As of September 30, 2021, the Company had \$65,264 in its operating bank accounts, \$63,535,992 in marketable securities held in the Trust Account to be used for an initial business combination or to repurchase or redeem shares in connection therewith and an adjusted working capital deficit of \$1,008,064, which excluded franchise taxes of \$70,000 and prepaid income taxes of \$12,186, of which such amounts were paid from interest earned on the Trust Account prior to the Closing, and promissory notes in the amount of \$5,455,000 which were repaid upon the consummation of a Business Combination and not from the working capital of the Company. As of September 30, 2021, approximately \$1,379,000 of the amount on deposit in the Trust Account represented interest income, which was available to pay the Company's tax obligations. Through September 30, 2021, the Company has withdrawn \$1,721,135 of interest earned from the Trust Account in order to pay its taxes, of which \$160,250 was withdrawn during the nine months ended September 30, 2021.

On December 17, 2019, Viktoria Group, LLC, a company owned by Vadim Komissarov, the Company's former President and Chief Financial Officer, loaned the Company \$180,000 in order to fund working capital requirements and finance transaction expenses in connection with an initial business combination. The loan was non-interest bearing and was repaid on June 18, 2020.

On January 30, 2020, VK Consulting, Inc., a company owned by Mr. Komissarov, loaned the Company \$425,000 in order to fund working capital requirements and finance transaction expenses in connection with an initial business combination. This loan was repaid in full on January 5, 2021.

On February 7, 2020, May 15, 2020 and August 27, 2020, BGV Group Limited, an affiliate of one of the Company's stockholders, loaned the Company \$800,000, \$1,500,000 and \$1,100,000, respectively, for an aggregate of \$3,400,000 to be used to finance transaction costs in connection with an initial business combination. The loans are non-interest bearing and currently due on demand.

On November 27, 2020, an affiliate of the Company loaned the Company an aggregate of \$150,000 to fund the Company's working capital requirements and finance transaction expenses in connection with a Business Combination. The loans were non-interest bearing.

On November 30, 2020 and December 28, 2020, an affiliate of the Company loaned the Company an aggregate of \$1,100,000 to fund the Company's working capital requirements and finance transaction expenses in connection with an initial business combination Business Combination. The loans were non-interest bearing.

On May 26, 2021, VK Consulting, Inc., a company owned by Mr. Komissarov, loaned the Company \$425,000 in order to fund working capital requirements and finance transaction expenses in connection with a Business Combination. The loans were non-interest bearing.

On August 30, 2021, September 1, 2021 and September 9, 2021, Viktoria Group, LLC, a company owned by Mr. Komissarov, loaned the Company an aggregate of \$492,000 in order to fund working capital requirements and finance transaction expenses in connection with an initial business combination. The loans were non-interest bearing and were payable on or before December 1, 2021. Repayments totaling \$112,000 were made during the three months ended September 30, 2021.

On October 29, 2021, the Closing by and among TDAC, Merger Sub and AutoLotto, Inc. was consummated. As of the date of these financial statements, the Combined Company's cash resources, net proceeds from the Business Combination, and cash to be generated from future operation, are anticipated to be sufficient to fund the Company's operating activities, including our anticipated operating, debt and capital expense requirements, for at least 12 months after September 30, 2021.

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**NOTE 2. REVISION OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS**

In connection with the preparation of the Company's financial statements as of September 30, 2021, management identified errors made in its historical financial statements where, at the closing of the Company's Initial Public Offering, the Company improperly valued its common stock subject to possible redemption. The Company previously determined the common stock subject to possible redemption to be equal to the redemption value, while also taking into consideration a redemption cannot result in net tangible assets being less than \$5,000,001. Management determined that the common stock issued during the Initial Public Offering can be redeemed or become redeemable subject to the occurrence of future events considered outside the Company's control. Therefore, management concluded that the redemption value should include all shares of common stock subject to possible redemption, resulting in the common stock subject to possible redemption being equal to their redemption value. As a result, management has noted a reclassification error related to temporary equity and permanent equity. This resulted in an adjustment to the initial carrying value of the common stock subject to possible redemption with the offset recorded to additional paid-in capital (to the extent available), accumulated deficit and common stock.

In connection with the change in presentation for the common stock subject to redemption, the Company also revised its income (loss) per ordinary share calculation to allocate net income (loss) evenly to redeemable and non-redeemable common stock. This presentation contemplates an initial business combination as the most likely outcome, in which case, both redeemable and non-redeemable shares of common stock share pro rata in the income (loss) of the Company.

The impact of the revision on the Company's financial statements is reflected in the following table.

<b>Balance Sheet as of December 31, 2020 (audited)</b>	<b>As Previously Reported</b>	<b>Adjustment</b>	<b>As Restated</b>
Common stock subject to possible redemption	\$ 42,512,961	\$ 20,864,511	\$ 63,377,472
Common stock	\$ 8,086	\$ (1,905)	\$ 6,181
Additional paid-in capital	\$ 4,223,633	\$ (4,223,633)	\$ —
Retained earnings (Accumulated Deficit)	\$ 768,284	\$ (16,638,973)	\$ (15,870,689)
Total Stockholders' Equity (Deficit)	\$ 5,000,003	\$ (20,864,511)	\$ (15,864,508)
Number of shares of common stock subject to possible redemption	3,881,505	1,904,965	5,786,470
<b>Statement of Operations for the Three Months Ended September 30, 2020 (unaudited)</b>			
Basic and diluted weighted average shares outstanding, Class A Common stock	7,292,117	5,100,193	12,392,310
Basic and diluted net (loss) income per share, Class A common stock subject to possible redemption	\$ (0.05)	\$ 0.02	\$ (0.03)
<b>Statement of Operations for the Nine Months Ended September 30, 2020 (unaudited)</b>			
Basic and diluted weighted average shares outstanding, Common stock subject to possible redemption	7,216,093	5,653,674	12,869,767
Basic and diluted net (loss) income per share, Common stock subject to possible redemption	\$ (0.12)	\$ 0.07	\$ (0.05)
<b>Statement of Cash Flows for the Nine Months Ended September 30, 2020 (unaudited)</b>			
Change in value of common stock subject to possible redemption	618,465	2,378,133	2,996,598

**NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP") for interim financial information and in accordance with the instructions to Form 10-Q and Article 8 of Regulation S-X of the SEC. Certain information or footnote disclosures normally included in financial statements prepared in accordance with US GAAP have been condensed or omitted, pursuant to the rules and regulations of the SEC for interim financial reporting. Accordingly, they do not include all the information and footnotes necessary for a complete presentation of financial position, results of operations, or cash flows. In the opinion of management, the accompanying unaudited condensed consolidated financial statements include all adjustments, consisting of a normal recurring nature, which are necessary for a fair presentation of the financial position, operating results and cash flows for the periods presented.

The accompanying unaudited condensed consolidated financial statements should be read in conjunction with the Company's Annual Report on Form 10-K, as amended, for the year ended December 31, 2020 as filed with the SEC on March 30, 2021 and as amended on June 25, 2021, which contains the audited financial statements and notes thereto. The interim results for the three and nine months ended September 30, 2021 are not necessarily indicative of the results to be expected for the year ending December 31, 2021 or for any future interim periods.

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**Principles of Consolidation**

The accompanying unaudited condensed consolidated financial statements include the accounts of the Company and its majority owned subsidiary where the Company has the ability to exercise control. All significant intercompany balances and transactions have been eliminated in consolidation. Activities in relation to the noncontrolling interest are not considered to be significant and are, therefore, not presented in the accompanying unaudited condensed consolidated financial statements.

**Risks and Uncertainties**

Management continues to evaluate the impact of the COVID-19 pandemic and has concluded that while it is reasonably possible that the virus could have a negative effect on the Company's financial position, results of its operations and/or search for a target company, the specific impact is not readily determinable as of the date of these condensed consolidated financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

**Emerging Growth Company**

The Company is an "emerging growth company," as defined in Section 2(a) of the Securities Act, as modified by the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"), and it may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in its periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

Further, Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. The Company has elected not to opt out of such extended transition period which means that when a standard is issued or revised and it has different application dates for public or private companies, the Company, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of the Company's balance sheet with another public company which is neither an emerging growth company nor an emerging growth company which has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used.

**Use of Estimates**

The preparation of condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period.

Making estimates requires management to exercise significant judgment. It is at least reasonably possible that the estimate of the effect of a condition, situation or set of circumstances that existed at the date of the financial statements, which management considered in formulating its estimate, could change in the near term due to one or more future confirming events. Accordingly, the actual results could differ significantly from those estimates.

**Cash and Cash Equivalents**

The Company considers all short-term investments with an original maturity of three months or less when purchased to be cash equivalents. The Company did not have any cash equivalents as of September 30, 2021 and December 31, 2020.

**Marketable Securities Held in Trust Account**

At September 30, 2021 and December 31, 2020, substantially all of the assets held in the Trust Account were held in money market funds, which are invested primarily in U.S. Treasury securities. All of the Company's investments held in the Trust Account are classified as trading securities. Trading securities are presented on the balance sheet at fair value at the end of each reporting period. Gains and losses resulting from the change in fair value of investments held in Trust Account are included in interest earned on marketable securities held in Trust Account in the accompanying condensed statements of operations. The estimated fair values of investments held in Trust Account are determined using available market information. Through September 30, 2021, the Company has withdrawn \$1,721,135 of interest earned from the Trust Account in order to pay its taxes, of which \$160,250 was withdrawn during the nine months ended September 30, 2021.

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**Derivative Financial Instruments**

The Company evaluates its financial instruments (including its UPO Warrants (as defined in Note 8)) to determine if such instruments are derivatives or contain features that qualify as embedded derivatives in accordance with ASC Topic 815, "Derivatives and Hedging". For derivative financial instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair value on the grant date and is then re-valued at each reporting date, with changes in the fair value reported in the statements of operations. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is evaluated at the end of each reporting period. Derivative liabilities are classified in the condensed consolidated balance sheets as current or non-current based on whether or not net-cash settlement or conversion of the instrument could be required within 12 months of the balance sheet date. See Note 8 for a further discussion of the Company's derivatives.

**Warrant Liabilities**

The Company accounts for warrants as either equity-classified or liability-classified instruments based on an assessment of the warrant's specific terms and applicable authoritative guidance in Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 480, Distinguishing Liabilities from Equity ("ASC 480") and ASC 815, Derivatives and Hedging ("ASC 815"). The assessment considers whether the warrants are freestanding financial instruments pursuant to ASC 480, meet the definition of a liability pursuant to ASC 480, and whether the warrants meet all of the requirements for equity classification under ASC 815, including whether the warrants are indexed to the Company's own common shares and whether the warrant holders could potentially require "net cash settlement" in a circumstance outside of the Company's control, among other conditions for equity classification. This assessment, which requires the use of professional judgment, is conducted at the time of warrant issuance and as of each subsequent quarterly period end date while the warrants are outstanding.

For issued or modified warrants that meet all of the criteria for equity classification, the warrants are required to be recorded as a component of additional paid-in capital at the time of issuance. For issued or modified warrants that do not meet all the criteria for equity classification, the warrants are required to be recorded as a liability at their initial fair value on the date of issuance, and each balance sheet date thereafter. Changes in the estimated fair value of the warrants are recognized as a non-cash gain or loss on the statements of operations. The fair value of the Private Warrants and UPO Warrants were estimated using a Black-Scholes Option pricing model (see Note 10).

**Fair Value of Financial Instruments**

The fair value of the Company's assets and liabilities, which qualify as financial instruments under ASC Topic 820, "Fair Value Measurement," approximates the carrying amounts represented in the accompanying condensed consolidated balance sheets, primarily due to their short-term nature, except for warrant liabilities (see Note 10).

The fair value of cash, prepaid expenses, accounts payable and accrued expenses are estimated to approximate the carrying values as of September 30, 2021 and December 31, 2020, due to their short maturities of such instruments.

See Note 10 for additional information on assets and liabilities measured at fair value.

**Common Stock Subject to Possible Redemption**

The Company accounts for its common stock subject to possible redemption in accordance with the guidance in Accounting Standards Codification ("ASC") Topic 480 "Distinguishing Liabilities from Equity." Common stock subject to mandatory redemption is classified as a liability instrument and is measured at fair value. Conditionally redeemable common stock (including common stock that features redemption rights that are either within the control of the holder or subject to redemption upon the occurrence of uncertain events not solely within the Company's control) is classified as temporary equity. At all other times, common stock is classified as stockholders' equity. The Company's common stock features certain redemption rights that are considered to be outside of the Company's control and subject to occurrence of uncertain future events. Accordingly, common stock subject to possible redemption is presented at redemption value as temporary equity, outside of the stockholders' equity section of the Company's condensed consolidated balance sheets.

The Company recognizes changes in redemption value immediately as they occur and adjusts the carrying value of redeemable shares of common stock to equal the redemption value at the end of each reporting period. Immediately upon the closing of the Initial Public Offering, the Company recognized the remeasurement from initial book value to redemption amount value. The change in the carrying value of redeemable shares of common stock resulted in charges against additional paid-in capital and accumulated deficit.

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At September 30, 2021, the common stock subject to redemption reflected in the condensed consolidated balance sheets is reconciled in the following table:

Gross proceeds	\$ 201,250,000
Less:	
Redemption of common stock	(150,580,368)
Common stock issuance costs	(11,101,864)
Plus:	
Remeasurement of carrying value to redemption value	<u>23,910,411</u>
<b>Common stock subject to possible redemption</b>	<b><u><u>\$ 63,478,179</u></u></b>

**Income Taxes**

The Company complies with the accounting and reporting requirements of ASC Topic 740, "Income Taxes," which requires an asset and liability approach to financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed for differences between the financial statement and tax bases of assets and liabilities that will result in future taxable or deductible amounts, based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized. The deferred tax assets of the Company are primarily attributable to net operating loss carryforwards.

ASC Topic 740 prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. The Company recognizes accrued interest and penalties related to unrecognized tax benefits as income tax expense. As of September 30, 2021 and December 31, 2020, there were no unrecognized tax benefits and no amounts accrued for interest and penalties. The Company is currently not aware of any issues under review that could result in significant payments, accruals or material deviation from its position.

The Company may be subject to potential examination by federal or state taxing authorities in the areas of income taxes. These potential examinations may include questioning the timing and amount of deductions, the nexus of income among various tax jurisdictions and compliance with federal and state tax laws. All tax years remain subject to potential examination.

The Company's effective tax rate can vary from period to period primarily due to the change in fair value of the warrant liability and expenses incurred related to the Company's initial business combination, among other factors.

On March 27, 2020, the CARES Act was enacted in response to COVID-19 pandemic. Under ASC 740, the effects of changes in tax rates and laws are recognized in the period which the new legislation is enacted. The CARES Act made various tax law changes including among other things (i) increasing the limitation under Section 163(j) of the Internal Revenue Code of 1986, as amended (the "IRC") for 2019 and 2020 to permit additional expensing of interest (ii) enacting a technical correction so that qualified improvement property can be immediately expensed under IRC Section 168(k), (iii) making modifications to the federal net operating loss rules including permitting federal net operating losses incurred in 2018, 2019, and 2020 to be carried back to the five preceding taxable years in order to generate a refund of previously paid income taxes and (iv) enhancing the recoverability of alternative minimum tax credits. The enactment of the CARES Act did not have a significant impact on the Company's income tax accounts for the three and nine months ended September 30, 2021.

**Net Income (Loss) Per Common Share**

The Company complies with accounting and disclosure requirements of FASB ASC Topic 260, "Earnings Per Share". Net income (loss) per common share is computed by dividing net income (loss) by the weighted average number of common stock outstanding for the period. Accretion associated with the redeemable shares of common stock is excluded from income (loss) per common share as the redemption value approximates fair value.

The calculation of diluted income (loss) per common share does not consider the effect of the warrants issued in connection with the (i) Initial Public Offering, and (ii) the private placement that convert into 20,025,000 ordinary shares since the conversion of the warrants is contingent upon the occurrence of future events. As of September 30, 2021, the Company did not have any dilutive securities or other contracts that could, potentially, be exercised or converted into shares of common stock and then share in the earnings of the Company. As a result, diluted net income (loss) per common share is the same as basic net income (loss) per common share for the periods presented.

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**Concentration of Credit Risk**

Financial instruments that potentially subject the Company to concentration of credit risk consist of cash accounts in a financial institution, which, at times may exceed the Federal depository insurance coverage limit of \$250,000. The Company has not experienced losses on these accounts.

**Fair Value Measurements**

The Company follows the guidance in ASC Topic 820 for its financial assets and liabilities that are re-measured and reported at fair value at each reporting period, and non-financial assets and liabilities that are re-measured and reported at fair value at least annually.

The fair value of the Company's financial assets and liabilities reflects management's estimate of amounts that the Company would have received in connection with the sale of the assets or paid in connection with the transfer of the liabilities in an orderly transaction between market participants at the measurement date. In connection with measuring the fair value of its assets and liabilities, the Company seeks to maximize the use of observable inputs (market data obtained from independent sources) and to minimize the use of unobservable inputs (internal assumptions about how market participants would price assets and liabilities). The following fair value hierarchy is used to classify assets and liabilities based on the observable inputs and unobservable inputs used in order to value the assets and liabilities:

- Level 1: Quoted prices in active markets for identical assets or liabilities. An active market for an asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2: Observable inputs other than Level 1 inputs. Examples of Level 2 inputs include quoted prices in active markets for similar assets or liabilities and quoted prices for identical assets or liabilities in markets that are not active.
- Level 3: Unobservable inputs based on our assessment of the assumptions that market participants would use in pricing the asset or liability.

**Recently Issued Accounting Standards**

In August 2020, the FASB issued Accounting Standards Update ("ASU") 2020-06, Debt - Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging - Contracts in Entity's Own Equity (Subtopic 815-40) ("ASU 2020-06") to simplify accounting for certain financial instruments. ASU 2020-06 eliminates the current models that require separation of beneficial conversion and cash conversion features from convertible instruments and simplifies the derivative scope exception guidance pertaining to equity classification of contracts in an entity's own equity. The new standard also introduces additional disclosures for convertible debt and freestanding instruments that are indexed to and settled in an entity's own equity. ASU 2020-06 amends the diluted earnings per share guidance, including the requirement to use the if-converted method for all convertible instruments. ASU 2020-06 is effective January 1, 2022 and should be applied on a full or modified retrospective basis, with early adoption permitted beginning on January 1, 2021. The Company is currently assessing the impact, if any, that ASU 2020-06 would have on its financial position, results of operations or cash flows.

Management does not believe that any other recently issued, but not yet effective, accounting standards, if currently adopted, would have a material effect on the Company's condensed consolidated financial statements.

**NOTE 4. INITIAL PUBLIC OFFERING**

Pursuant to the Initial Public Offering, the Company sold 20,125,000 Units at a purchase price of \$10.00 per Unit, inclusive of 2,625,000 Units sold to the underwriters upon the underwriters' election to exercise their over-allotment option in full. Each Unit consists of one share of common stock and one warrant ("Public Warrant"). Each Public Warrant entitles the holder to purchase one share of common stock at an exercise price of \$11.50 per share (see Note 8).

**NOTE 5. PRIVATE PLACEMENT**

Simultaneously with the Initial Public Offering, the Insiders purchased an aggregate of 1,150,000 Private Units, at \$10.00 per Private Unit for an aggregate purchase price of \$11,500,000. Each Private Unit consists of one share of common stock ("Private Share") and one warrant ("Private Warrant"). Each Private Warrant entitles the holder to purchase one share of common stock at an exercise price of \$11.50 per share. The proceeds from the sale of the Private Units were added to the proceeds from the Initial Public Offering held in the Trust Account. The Private Units were forfeited for no consideration upon consummation of the Business Combination (see Note 7).

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**NOTE 6. RELATED PARTY TRANSACTIONS**

**Insider Shares**

In March 2016, the Company issued 3,737,500 shares of common stock to the initial stockholders (the “insider shares”) for an aggregate purchase price of \$25,000. In February 2018, the Company sold an additional 1,293,750 insider shares for an aggregate purchase price of \$8,654, resulting in a total of 5,031,250 insider shares issued and outstanding. The 5,031,250 insider shares included an aggregate of up to 656,250 shares subject to forfeiture by the initial stockholders to the extent that the underwriter’s over-allotment was not exercised in full or in part, so that the initial stockholders would collectively own 20% of the Company’s issued and outstanding shares after the Initial Public Offering, excluding shares in the Private Units (assuming the initial stockholders did not purchase any Public Shares in the Initial Public Offering). On June 5, 2018, as a result of the underwriters’ election to exercise their over-allotment option in full, 656,250 insider shares are no longer subject to forfeiture.

The initial stockholders have agreed not to transfer, assign or sell any of the insider shares (except to certain permitted transferees) with respect to 50% of the insider shares, until the earlier of (i) six months after the Closing Date and (ii) on the date on which the closing price of the Company’s common stock equals or exceeds \$12.50 per share for any 20 trading days within any 30-trading day period following the Closing and, with respect to the remaining 50% of the insider shares, six months after the Closing Date, or if, subsequent to the Business Combination, the Company consummates a subsequent liquidation, merger, stock exchange or other similar transaction which results in all of the stockholders having the right to exchange their common stock for cash, securities or other property (the “Lock-Up Period”).

**Promissory Notes — Related Parties**

On December 17, 2019, Viktoria Group, LLC, a company owned by Vadim Komissarov, the Company’s former President and Chief Financial Officer, loaned the Company \$180,000 under a promissory note to fund its working capital requirements and finance transaction expenses in connection with an initial business combination. The promissory note was non-interest bearing and payable on December 2, 2020. The loan was non-interest bearing and was repaid on June 18, 2020.

On January 30, 2020, VK Consulting, Inc., a company owned by Mr. Komissarov, loaned the Company \$425,000 under a promissory note to fund its working capital requirements and finance transaction expenses in connection with an initial business combination. The promissory note was non-interest bearing and was repaid on January 5, 2021.

On February 7, 2020, May 15, 2020 and August 27, 2020, BGV Group Limited, an affiliate of one of the Company’s stockholders, loaned the Company \$800,000, \$1,500,000 and \$1,100,000, respectively, for an aggregate of \$3,400,000 under promissory notes to fund its working capital requirements and finance transaction expenses in connection with an initial business combination. The promissory notes were non-interest.

On November 27, 2020, an affiliate of the Company loaned the Company an aggregate of \$150,000 to fund the Company’s working capital requirements and finance transaction expenses in connection with an initial business combination. The loans were non-interest bearing.

On November 30, 2020 and December 28, 2020, an affiliate of the Company loaned the Company an aggregate of \$1,100,000 to fund the Company’s working capital requirements and finance transaction expenses in connection with an initial business combination. The loans are non-interest bearing.

On May 26, 2021, VK Consulting, Inc., a company owned by Mr. Komissarov, loaned the Company an aggregate of \$425,000 in order to fund working capital requirements and finance transaction expenses in connection with a Business Combination. The loans were non-interest bearing.

On August 30, 2021, September 1, 2021 and September 9, 2021, Viktoria Group, LLC, a company owned by Mr. Komissarov, loaned the Company an aggregate of \$492,000 in order to fund working capital requirements and finance transaction expenses in connection with an initial business combination. The loans were non-interest bearing and were payable on or before December 1, 2021. Repayments totaling \$112,000 were made during the three months ended September 30, 2021.

As of September 30, 2021, there was \$5,455,000 outstanding under the promissory notes referenced above. The aforementioned promissory notes were repaid in full upon consummation of the Business Combination on October 29, 2021.



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**Administrative Services Agreement**

The Company entered into an agreement whereby, commencing on May 30, 2018 through the earlier of the Company's consummation of a Business Combination and its liquidation, the Company will pay VK Consulting, Inc. a monthly fee of \$7,500 for office space and secretarial and administrative services. For each of the three months ended September 30, 2021 and 2020, the Company incurred and paid \$22,500 respectively, in fees for these services. For the nine months ended September 30, 2021, the Company incurred \$67,500 in fees for these services and paid \$70,000 for these services. A total of \$2,500 is included in prepaid expenses and other current assets as of September 30, 2021. For the nine months ended September 30, 2020 the Company incurred and paid \$67,500, in fees for these services. The administrative agreement was terminated upon the consummation of the Business Combination.

**Related Party Loans**

In order to finance transaction costs in connection with an initial business combination, certain of the Company's initial stockholders, officers and directors could, but were not obligated to, loan the Company funds as required ("Working Capital Loans"). These Working Capital Loans were to be repaid out of the proceeds held in the Trust Account released to the Company in connection with the closing of its initial business combination. Otherwise, the Working Capital Loans would be repaid only out of funds held outside the Trust Account. Up to \$200,000 of Working Capital Loans could be convertible upon consummation of the Business Combination into Private Units at a price of \$10.00 per unit at the option of the lender. Such Units would be identical to the Private Units. As of September 30, 2021 and December 31, 2020, there were no amounts outstanding.

**NOTE 7. COMMITMENTS AND CONTINGENCIES**

**Registration Rights**

Pursuant to a registration rights agreement entered into on May 29, 2018 (the "Registration Rights Agreement"), the holders of the insider shares, as well as the holders of the Private Units (and any shares of common stock issuable upon exercise of the Private Warrants) and any shares the initial stockholders, officers, directors or their affiliates may be issued in payment of the Working Capital Loans, were entitled to registration rights. The holders of the majority of these securities were entitled to make up to two demands that the Company register such securities. The holders of the majority of the insider shares could elect to exercise these registration rights at any time commencing three months prior to the date on which these shares of common stock are to be released from escrow. The holders of a majority of the Private Units or units issued in payment of Working Capital Loans made to the Company could elect to exercise these registration rights at any time commencing on the date that the Company consummates an initial business combination. In addition, the holders had certain "piggy-back" registration rights with respect to registration statements filed subsequent to the completion of an initial business combination and rights to require the Company to register for resale such securities pursuant to Rule 415 under the Securities Act. The Company agreed to bear the expenses incurred in connection with the filing of any such registration statements. As described further below, in connection with the Closing, the Company entered into an investor rights agreement with the parties to the Registration Rights Agreement, which among other things, terminated the Registration Rights Agreement.

**Underwriting Agreement**

The underwriter in the initial Public Offering was entitled to a deferred fee of two and one-half percent (2.5%) of the gross proceeds of the Initial Public Offering, or \$5,031,250. The deferred fee was to be paid in cash upon the closing of an initial business combination from the amounts held in the Trust Account, subject to the terms of the underwriting agreement. Upon consummation of the Business Combination, the Company paid an aggregate of \$5,583,955 which included a contingent financing fee of 5%.

**Warrant Solicitation Fee**

The Company agreed to pay the underwriter a warrant solicitation fee of five percent (5%) of the exercise price of each Public Warrant exercised during the period commencing thirty days after the consummation of the Business Combination, including warrants acquired by security holders in the open market, but excluding warrants exercised during the 30 day period following notice of a proposed redemption. The warrant solicitation fee will be payable in cash. There is no limitation on the maximum warrant solicitation fee payable to the underwriter, except to the extent it is limited by the number of Public Warrants outstanding.

**Initial Stockholder Forfeiture Agreement**

Simultaneously with the Closing, the initial stockholders of TDAC (the "Initial Stockholders"), TDAC and AutoLotto entered into an initial stockholder forfeiture agreement (the "Initial Stockholder Forfeiture Agreement"). Pursuant to the Initial Stockholder Forfeiture Agreement, the Initial Stockholders forfeited, for no consideration, and the Combined Company cancelled, 1,150,000 Private Warrants, which represented all of TDAC's outstanding Private Warrants, and an aggregate of 561,932 shares of common stock.

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**Investor Rights Agreement**

Simultaneously with the Closing, Lottery.com, the Initial Stockholders and certain stockholders of AutoLotto (collectively, the “Stockholder Parties”) entered into an investor rights agreement (the “Investor Rights Agreement”). Pursuant to the Investor Rights Agreement, such parties agreed to vote or cause to be voted all shares owned by them or take such other necessary action to ensure that (i) the board of directors of the Combined Company (the “Combined Company Board”) was made up of at least five directors at Closing, (ii) one director nominated by the Initial Stockholders (the “Initial Stockholders Director”) and the remaining directors nominated by the AutoLotto stockholders (the “AutoLotto Directors”) would be elected to the initial Combined Company Board, with the Initial Stockholders Director designated as a Class II director, and (iii) following the nomination of the initial Combined Company Board, neither the Initial Stockholders nor the AutoLotto Stockholders shall have ongoing nomination rights, except that in the event that a vacancy is created on the Combined Company Board at any time by the death, disability, resignation or removal of the Initial Stockholders Director or any AutoLotto Director during their initial term, then (x) the AutoLotto Stockholders, with respect to a vacancy created by the death, disability, resignation or removal of an AutoLotto Director, or (y) the Initial Stockholders, with respect to a vacancy created by the death, disability, resignation or removal of an Initial Stockholders Director, will be entitled to designate an individual to fill the vacancy. In addition, the Investor Rights Agreement provides that the Combined Company will register for resale under the Securities Act of 1933, as amended (the “Securities Act”), certain shares of Common Stock and other equity securities that are held by the parties thereto from time to time as well as other customary registration rights for the parties thereto.

**Indemnification Agreements**

In connection with the consummation of the Business Combination, the Combined Company entered into indemnification agreements with its directors and executive officers.

Each indemnification agreement provides for indemnification and advancements by the Combined Company of certain expenses and costs relating to claims, suits or proceedings arising from such officer or directors’ service to or on behalf of the Combined Company, as officers or directors to the maximum extent permitted by applicable law.

**Service Provider Agreements**

From time to time the Company has entered into agreements with various services providers and advisors, including investment banks, to help identify targets, negotiate terms of potential business combinations, consummate an initial business combination and/or provide other services. In connection with these agreements, the Company may be required to pay such service providers and advisors fees in connection with their services to the extent that certain conditions, including the closing of an initial business combination, are met. If a Business Combination did not occur, the Company would be required to pay these contingent fees. Aggregate contingent fees payable to service providers upon consummation of the initial business combination were \$4,900,000 of which \$4,400,000 was paid upon consummation of the initial business combination. Fees aggregating \$500,000 are deferred and payable one-year after consummation of the initial business combination.

**NOTE 8. STOCKHOLDERS’ DEFICIT**

**Preferred Stock** — On May 29, 2018, the Company filed an Amended and Restated Certificate of Incorporation such that the Company is authorized to issue 1,000,000 shares of preferred stock with a par value of \$0.001 per share with such designation, rights and preferences as may be determined from time to time by the Company’s Board of Directors. At September 30, 2021 and December 31, 2020, there were no shares of preferred stock issued or outstanding.

**Common Stock** — On May 29, 2018, the Company filed an Amended and Restated Certificate of Incorporation such that the Company is authorized to issue 100,000,000 shares of common stock with a par value of \$0.001 per share. Holders of the Company’s common stock are entitled to one vote for each share. At September 30, 2021 and December 31, 2020, there were 6,181,250 shares of common stock issued and outstanding, excluding 5,786,355 and 5,786,470 shares, respectively, of common stock subject to possible redemption which are presented as temporary equity.

**Public Warrants**

The Public Warrants will become exercisable 30 days after the Closing provided that the Company has an effective registration statement under the Securities Act covering the shares of common stock issuable upon exercise of the Public Warrants and a current prospectus relating to them is available (or the Company permits holders to exercise their Public Warrants on a cashless basis and such cashless exercise is exempt from registration under the Securities Act). The Company agreed that as soon as practicable, but in no event later than 30 days, after the closing of the Business Combination, the Company will use its best efforts to file with the SEC a registration statement for the registration, under the Securities Act, of the shares of common stock issuable upon exercise of the Public Warrants. The Company will use its best efforts to cause the same to become effective and to maintain the effectiveness of such registration statement, and a current prospectus relating thereto, until the expiration of the Public Warrants in accordance with the provisions of the warrant agreement. Notwithstanding the foregoing, if a registration statement covering the common stock issuable upon the exercise of the Public Warrants is not effective within 90 days from the consummation of a Business Combination, the holders may, until such time as there is an effective registration statement and during any period when the Company shall have failed to maintain an effective registration statement, exercise the Public Warrants on a cashless basis pursuant to an available exemption from registration under the Securities Act. The Public Warrants will expire five years after the completion of a Business Combination or earlier upon redemption or liquidation.

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The Company may redeem the Public Warrants:

- in whole and not in part;
- at a price of \$0.01 per warrant;
- upon a minimum of 30 days' prior written notice of redemption;
- if, and only if, the last sale price of the Company's common stock equals or exceeds \$16.00 per share for any 20 trading days within a 30-trading day period ending on the third trading day prior to the date on which the Company sends the notice of redemption to the warrant holders; and
- if, and only if, there is a current registration statement in effect with respect to the shares of common stock underlying such warrants at the time of redemption and for the entire 30-day trading period referred to above and continuing each day thereafter until the date of redemption.

If the Company calls the Public Warrants for redemption, management will have the option to require all holders that wish to exercise the Public Warrants to do so on a "cashless basis," as described in the warrant agreement.

As of September 30, 2021, there were 20,125,000 Public Warrants outstanding. Immediately after giving effect to the Business Combination, Lottery.com had 20,125,002 warrants to purchase share of Common stock outstanding, 20,125,000 of which are public warrants and two of which were previously warrants of AutoLotto, which are now warrants of Lottery.com and are exercisable to purchase an aggregate of 395,675 shares of common stock.

#### **NOTE 9. DERIVATIVE LIABILITIES**

##### ***Unit Purchase Option***

On June 1, 2018, the Company sold to the underwriter (and its designees), for \$100, an option to purchase up to a total of 1,750,000 Units exercisable at \$12.00 per Unit (or an aggregate exercise price of \$21,000,000) commencing on the consummation of the Business Combination. The option represents the right to purchase 1,750,000 shares of common stock (the "UPO Warrants") and 1,750,000 warrants to purchase 1,750,000 shares of common stock. The unit purchase option may be exercised for cash or on a cashless basis, at the holder's option, and expires on May 29, 2023. The Units issuable upon exercise of this option are identical to those offered in the Initial Public Offering. The Company accounted for the unit purchase option, inclusive of the receipt of \$100 cash payment, as an expense of the Initial Public Offering resulting in a charge directly to stockholders' equity.

For reporting periods subsequent to the Initial Public Offering, when the fair value of the Company's stock price exceeds the value of the UPO Warrants, the Company classified the UPO Warrants as a liability as it is a freestanding marked-to-market derivative instrument that is precluded from being classified in stockholders' equity. The UPO Warrants are marked-to-market each reporting period with the change in fair value recorded to other income (expense) in the accompanying consolidated statements of operations until the UPO Warrants are exercised or expired or other facts and circumstances lead the UPO Warrants to be reclassified to stockholders' equity. The fair value of the liability recorded for the UPO Warrants is estimated using a Black-Scholes option-pricing model within a Monte Carlo simulation model framework. The option and the 1,750,000 Units, as well as the 1,750,000 shares of common stock and 1,750,000 warrants underlying such Units, and 1,750,000 shares of common stock underlying such warrants, that may be issued upon exercise of the option, have been deemed compensation by Financial Industry Regulatory Authority, Inc. ("FINRA") and are therefore subject to a 180-day lock-up pursuant to Rule 5110(g)(1) of FINRA's NASD Conduct Rules. Additionally, the option may not be sold, transferred, assigned, pledged or hypothecated for 180 days following the effective date of Initial Public Offering except to any underwriter and selected dealer participating in the Initial Public Offering and their bona fide officers or partners, nor may the option, nor the securities underlying the option, be the subject of any hedging, short sale, derivative, put or call transaction that would result in the effective economic disposition for such period. The option grants to holders demand and "piggyback" rights for periods of five and seven years, respectively, from the effective date of the registration statement with respect to the registration under the Securities Act of the securities directly and indirectly issuable upon exercise of the option. The Company will bear all fees and expenses attendant to registering the securities, other than underwriting commissions which will be paid for by the holders themselves. The exercise price and number of units issuable upon exercise of the option may be adjusted in certain circumstances including in the event of a share dividend, or the Company's recapitalization, reorganization, merger or consolidation. However, the option will not be adjusted for issuances of common stock at a price below its exercise price.

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**Private Warrants**

The Private Warrants are identical to the Public Warrants (see Note 7) underlying the Units sold in the Initial Public Offering, except that the Private Warrants are non-redeemable so long as they are held by the initial purchasers or such purchasers' permitted transferees. If the Private Warrants are held by holders other than the initial purchasers or any of their permitted transferees, the Private Warrants will be redeemable by the Company and exercisable by the holders on the same basis as the Public Warrants.

The exercise price and number of shares of common stock issuable upon exercise of the warrants may be adjusted in certain circumstances including in the event of a stock dividend, or recapitalization, reorganization, merger or consolidation. However, the warrants will not be adjusted for issuance of common stock at a price below its exercise price. Additionally, in no event will the Company be required to net cash settle the warrants stock. If the Company is unable to complete a Business Combination within the Combination Period and the Company liquidates the funds held in the Trust Account, holders of warrants will not receive any of such funds with respect to their warrants, nor will they receive any distribution from the Company's assets held outside of the Trust Account with the respect to such warrants. Accordingly, the warrants may expire worthless.

As of September 30, 2021 there were 1,150,000 Private Warrants outstanding. Effective upon the closing the Business Combination, TDAC forfeited for no consideration all of the 1,150,000 Private Warrants as specified in the Initial Stockholder Forfeiture Agreement (see Note 7).

**NOTE 10. FAIR VALUE MEASUREMENTS**

The following table presents information about the Company's assets and liabilities that are measured at fair value on a recurring basis at September 30, 2021 and December 31, 2020, and indicates the fair value hierarchy of the valuation inputs the Company utilized to determine such fair value:

<b>Description</b>	<b>Level</b>	<b>September 30, 2021</b>	<b>December 31, 2020</b>
<b>Assets:</b>			
Marketable securities held in Trust Account	1	\$ 63,535,992	\$ 63,405,336
<b>Liabilities:</b>			
Derivative Liability – Private Warrants	3	241,500	2,725,500
Derivative Liability – UPO Warrants	3	2,870,000	3,990,000

The Company utilizes a Black-Scholes option-pricing model within a Monte Carlo simulation model framework to value the Private Warrants and UPO Warrants at each reporting period, with changes in fair value recognized in the Statements of Operations. The estimated fair value of the derivative liabilities is determined using Level 3 inputs. Inherent in a Black Scholes Option pricing model are assumptions related to expected share-price volatility, expected life, risk-free interest rate and dividend yield. The Company estimates the volatility of its common stock based on historical volatility that matches the expected remaining life of the derivatives. The Company estimates the appropriate volatility based on the implied volatility of the publicly traded warrant using a Monte Carlo simulation framework. The risk-free interest rate is based on the U.S. Treasury zero-coupon yield curve on the grant date for a maturity similar to the expected remaining life of the derivatives. The expected life of the derivatives is assumed to be equivalent to their remaining contractual term. The dividend rate is based on the historical rate, which the Company anticipates to remain at zero.

The key inputs used in the Black Scholes Option pricing model to measure the derivative liabilities that are categorized within Level 3 of the fair value hierarchy are as follows:

	<b>As of September 30, 2021</b>	<b>As of December 31, 2020</b>
Stock price	\$ 11.60	\$ 11.96
Strike price – Private Warrants	\$ 11.50	\$ 11.50
Strike price – UPO Warrants	\$ 12.00	\$ 12.00
Term (in years)	5.17	5.50
Volatility	17.0%	18.40%
Risk-free rate – Private Warrants	1.00%	0.43%
Risk-free rate – UPO Warrants	0.05%	0.43%
Dividend yield	0.00%	0.00%
Fair value – Private Warrants	\$ 0.21	\$ 2.37
Fair value – UPO Warrants	\$ 1.64	\$ 2.28

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The following table provides a summary of the changes in fair value of the Company's Level 3 financial instruments that are measured at fair value on a recurring basis:

	<b>Derivative Liabilities</b>
<b>Fair value as of December 31, 2020</b>	<b>\$ 6,715,500</b>
Change in valuation of derivative liabilities	(853,000)
<b>Fair value as of March 31, 2021</b>	<b>5,862,500</b>
Change in valuation of derivative liabilities	2,060,500
<b>Fair value as of June 30, 2021</b>	<b>7,923,000</b>
Change in valuation of derivative liabilities	(4,811,500)
<b>Fair value as of September 30, 2021</b>	<b>\$ 3,111,500</b>

There were no transfers between Levels 1, 2 or 3 during the three and nine months ended September 30, 2021.

**NOTE 11. SUBSEQUENT EVENTS**

The Company evaluated subsequent events and transactions that occurred after the condensed consolidated balance sheet date up to the date that the condensed consolidated financial statements were issued. Based upon this review, other than as described within these financial statements or below, the Company did not identify any subsequent events that would have required adjustment or disclosure in the condensed consolidated financial statements.

On October 13, 2021, Viktoria Group, LLC, a company owned by Vadim Komissarov, the Company's former President and Chief Financial Officer, loaned the Company \$20,000 in order to fund working capital requirements and finance transaction expenses in connection with an initial business combination. The loan was non-interest bearing and was repaid in full upon consummation of the Business Combination.

As described in Note 1, the Company consummated the previously announced Business Combination on October 29, 2021.

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

### Forward-Looking Statements

This Quarterly Report on Form 10-Q includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). We have based these forward-looking statements on our current expectations and projections about future events. These forward-looking statements are subject to known and unknown risks, uncertainties and assumptions about us that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as “may,” “should,” “could,” “would,” “expect,” “plan,” “anticipate,” “believe,” “estimate,” “continue,” or the negative of such terms or other similar expressions. Factors that might cause or contribute to such a discrepancy include, but are not limited to, those described in our other Securities and Exchange Commission (“SEC”) filings. References to “we,” “us,” “our” or the “Company” are to Trident Acquisitions Corp., except where the context requires otherwise. The following discussion should be read in conjunction with our condensed financial statements as of and for the three and nine month period ended September 30, 2021 and the condensed consolidated financial statements as of December 31, 2020 and for the three and nine month period ended September 30, 2020 and related notes thereto included elsewhere in this report.

### Overview

We are a former blank check company formed under the laws of the State of Delaware on March 17, 2016 under the name Trident Acquisitions Corp. (“TDAC”) for the purpose of effecting a merger, share exchange, asset acquisition, stock purchase, recapitalization, reorganization or other similar business combination with one or more businesses or entities.

### Recent Developments

#### *Business Combination with AutoLotto*

On October 29, 2021 (the “Closing Date”), we completed our previously announced business combination pursuant to the terms of the Business Combination Agreement, dated as of February 21, 2021 (the “Business Combination Agreement”), by and among TDAC, Trident Merger Sub II Corp., a wholly-owned subsidiary of TDAC (“Merger Sub”), and AutoLotto, Inc. (“AutoLotto”). Pursuant to the terms of the Business Combination Agreement, Merger Sub merged with and into AutoLotto with AutoLotto surviving the merger as a wholly owned subsidiary of TDAC, which was renamed “Lottery.com Inc.” immediately prior to the Closing (the “Merger” and, together with the other transactions contemplated by the Business Combination Agreement, the “Business Combination”).

In accordance with the terms and subject to the conditions set forth in the Business Combination Agreement, each share of preferred stock of AutoLotto that was issued and outstanding immediately prior to the effective time of the Merger (the “Effective Time”) converted into shares of AutoLotto’s common stock (each an “AutoLotto Share”) immediately prior to the Effective Time. At the Effective Time, by virtue of the Merger and without any action on the part of any other person, each AutoLotto Share issued and outstanding as of immediately prior to the Effective Time (including the shares of preferred stock of AutoLotto that were converted into AutoLotto Shares but not including any treasury shares or dissenting shares) was cancelled and converted into the right to receive the Per Share Merger Consideration. “Per Share Merger Consideration” means the quotient obtained by dividing (a) 40,000,000 shares of TDAC’s common stock, par value \$0.001 per share (“Common Stock”), as adjusted in accordance with the terms of the Business Combination Agreement, by (b) the aggregate number of AutoLotto Shares (including shares issued or issuable upon the conversion or exercise of certain AutoLotto convertible securities) issued and outstanding as of immediately prior to the Effective Time. With respect to any AutoLotto Shares that were unvested immediately prior to the Effective Time, the shares of Common Stock issued as Per Share Merger Consideration upon the cancellation and conversion of such AutoLotto Shares remain subject to the same vesting and termination-related provisions as that applied to such AutoLotto Shares immediately prior to the Effective Time.

At the Effective Time, each option to purchase AutoLotto Shares (an “AutoLotto Option”) that was outstanding as of immediately prior to the Effective Time was assumed by TDAC, and continues to have, and remains subject to, the same terms and conditions (including vesting terms and, to the extent applicable, holding period restrictions) as applied to such AutoLotto Option immediately prior to the Effective Time, subject to certain exceptions (each, an “Assumed Option”) with such adjustments to the number of shares underlying and the exercise price of such Assumed Option as provided for under the Business Combination Agreement.

At the Effective Time, by virtue of the Merger and without any action on the part of any person, each warrant to purchase AutoLotto Shares (each, an “AutoLotto Warrant”) that was issued and outstanding immediately prior to the Effective Time and was not automatically terminated pursuant to its terms became a warrant exercisable for shares of Common Stock (a “Trident Consideration Warrant”) on the same terms and conditions as applied to the AutoLotto Warrants, with adjustments to the number of shares underlying the warrant and the exercise price as were set forth in the Business Combination Agreement.

Each convertible promissory note issued by AutoLotto that was issued and outstanding immediately prior to the Effective Time automatically converted or was terminated pursuant to its terms, as applicable, in connection with the Closing.

If, at any time on or prior to December 31, 2021, (i) the dollar volume-weighted average price of shares of Common Stock equals or exceeds \$13.00 per share for 20 of any 30 consecutive trading days commencing after the Closing, or (ii) if Lottery.com consummates a transaction which results in the stockholders of Lottery.com having the right to exchange their shares for cash, securities or other property having a value equaling or exceeding \$13.00 per share, each Seller shall receive its pro rata portion of 3,000,000 Seller Earnout Shares and each Founder Holder shall receive one-third of 2,000,000 Founder Holders Earnout Shares. The Seller Earnout Shares then earned and issuable shall be issued to each Seller on a pro-rata basis based on the percentage of the aggregate Per Share Merger Consideration received, or entitled to be received, by such Seller as of immediately following the Closing.

If, at any time on or prior to December 31, 2022, (i) the dollar volume-weighted average price of shares of Common Stock equals or exceeds \$16.00 per share for 20 of any 30 consecutive trading days commencing after the Closing, or (ii) if Lottery.com consummates a transaction which results in the stockholders of Lottery.com having the right to exchange their shares for cash, securities or other property having a value equaling or exceeding \$16.00 per share, each Seller shall receive its pro rata portion of 3,000,000 Seller Earnout Shares and each Founder Holder shall receive one-third of 2,000,000 Founder Holders Earnout Shares.

In addition, the holders of issued and outstanding AutoLotto Shares immediately prior to the Closing (the “Sellers”) are entitled to receive up to 6,000,000 additional shares of Common Stock (the “Seller Earnout Shares”) and Vadim Komissarov, Ilya Ponomarev and Marat Rosenberg (collectively the “Founder Holders”) will also be entitled to receive up to 4,000,000 additional shares of Common Stock (the “Founder Holders Earnout Shares”), in each case, that may be issuable from time to time after the Closing as set forth below.

## **Results of Operations**

As of September 30, 2021, we had neither engaged in any operations nor generated any revenues. Our only activities from inception through September 30, 2021 were organizational activities and those necessary to prepare for the Initial Public Offering and, after our Initial Public Offering, identifying a target company for a Business Combination and activities in connection with the proposed acquisition of Lottery.com. We generated non-operating income in the form of interest income on marketable securities held in the trust account. We incurred expenses as a result of being a public company (for legal, financial reporting, accounting and auditing compliance), as well as for due diligence expenses.

For the three months ended September 30, 2021, we had net income of \$4,294,488, which consisted of a change in fair value of derivative liabilities of \$4,811,500, a benefit from income taxes of \$72,249 and interest income on marketable securities held in the Trust Account of \$956, offset by operating costs of \$590,217.

For the nine months ended September 30, 2021, we had net income of \$1,780,407, which consisted of a change in fair value of derivative liabilities of \$3,604,000, a benefit from income taxes of \$201,463, interest income on marketable securities held in the Trust Account of \$2,846 and other income of \$72, offset by operating costs of \$2,027,974.

For the three months ended September 30, 2020, we had a net loss of \$362,526, which consists of operating costs of \$532,732 offset by interest income on marketable securities held in the Trust Account of \$6,267 and benefit from income taxes of \$163,939.

For the nine months ended September 30, 2020, we had a net loss of \$618,464, which consists of operating costs of \$1,129,464 offset by interest income on marketable securities held in the Trust Account of \$347,246 and benefit from income taxes of \$163,939.

## **Liquidity and Capital Resources**

As of September 30, 2021, we had marketable securities held in the Trust Account of \$63,535,992 (including approximately \$1,379,000 of interest income). Interest income on the balance in the Trust Account may be used by us to pay taxes. During the nine months ended September 30, 2021, we withdrew \$160,250 of interest earned on the Trust Account to pay our tax obligations.

For the nine months ended September 30, 2021, cash used in operating activities was \$1,158,455. Net income of \$1,780,407 was affected by the change in fair value of derivative liabilities of \$3,604,000, a deferred tax benefit of \$201,463 and interest earned on marketable securities held in the Trust Account of \$2,846 and. Changes in operating assets and liabilities provided \$869,447 of cash for operating activities.

For the nine months ended September 30, 2020, cash used in operating activities was \$1,603,006. Net loss of \$618,464 was the affected by interest earned on marketable securities held in the Trust Account of \$347,246 and a deferred tax benefit of \$163,939, offset by changes in operating assets and liabilities which used \$473,357 of cash for operating activities.

As of September 30, 2021, we had cash of \$65,264 held outside the Trust Account. We intend to use the funds held outside the Trust Account primarily to identify and evaluate target businesses, perform business due diligence on prospective target businesses, travel to and from the offices, plants or similar locations of prospective target businesses or their representatives or owners, review corporate documents and material agreements of prospective target businesses, and structure, negotiate and complete a Business Combination.

On December 17, 2019, Viktoria Group, LLC, a company owned by our President and Chief Financial Officer, loaned us \$180,000 to fund our working capital requirements and finance transaction expenses in connection with a Business Combination. The loan was non-interest bearing and payable on December 2, 2020. We repaid the loan on June 18, 2020.

On January 30, 2020, VK Consulting, Inc., a company owned by Vadim Komissarov, our former President and Chief Financial Officer loaned us \$425,000 to fund our working capital requirements and finance transaction expenses in connection with an initial business combination. The promissory note was non-interest bearing and was repaid on January 5, 2021.

On February 7, 2020, May 15, 2020 and August 27, 2020, BGV Group Limited, an affiliate of one of our stockholders, loaned us \$800,000, \$1,500,000 and \$1,100,000, respectively, for an aggregate of \$3,400,000 to fund our working capital requirements and finance transaction expenses in connection with an initial business combination. The promissory notes were non-interest bearing.

On November 27, 2020, one of our affiliates loaned us an aggregate of \$150,000 to fund our working capital requirements and finance transaction expenses in connection with an initial business combination. The loans were non-interest bearing.

On November 30, 2020 and December 28, 2020, one of our affiliates loaned us an aggregate of \$1,100,000 to fund our working capital requirements and finance transaction expenses in connection with an initial business combination. The loans were non-interest bearing.

On May 26, 2021, VK Consulting, Inc., a company owned by Mr. Komissarov, loaned us \$425,000 to fund our working capital requirements and finance transaction expenses in connection with an initial business combination. The loans were non-interest bearing.

On August 30, 2021, September 1, 2021 and September 9, 2021, Viktoria Group, LLC, a company owned by Mr. Komissarov, loaned us an aggregate of \$492,000 in order to fund working capital requirements and finance transaction expenses in connection with an initial business combination. The loans were non-interest bearing.

As of September 30, 2021, there was \$5,455,000 outstanding under the promissory notes referenced above. The aforementioned promissory notes were repaid in full upon consummation of the Business Combination.

### **Off-Balance Sheet Arrangements**

We did not have any off-balance sheet arrangements as of September 30, 2021.

### **Contractual Obligations**

We do not have any long-term debt, capital lease obligations, operating lease obligations or long-term liabilities, other than an agreement to pay VK Consulting, Inc. an aggregate monthly fee of \$7,500 for office space, secretarial and administrative services provided to us. We began incurring these fees on May 30, 2018 and continued to incur these fees monthly until the completion of the Business Combination.

The underwriter in the Initial Public Offering was entitled to a deferred fee of two and one-half percent (2.5%) of the gross proceeds of the Initial Public Offering, or \$5,031,250. The deferred fee will be paid in cash upon the Closing from the amounts held in the Trust Account.

In addition, we have agreed to pay the underwriter a warrant solicitation fee of five percent (5%) of the exercise price of each Public Warrant exercised during the period commencing thirty days after the consummation of the Business Combination, including warrants acquired by security holders in the open market, but excluding warrants exercised during the 30 day period following notice of a proposed redemption. The warrant solicitation fee will be payable in cash. There is no limitation on the maximum warrant solicitation fee payable to the underwriter, except to the extent it is limited by the number of Public Warrants outstanding.



## Critical Accounting Policies

In the notes to our consolidated financial statements and in “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in our Form 10-K, as amended, we have disclosed those accounting policies that we consider to be significant in determining our results of operations and financial condition. There have been no material changes to those policies that we consider to be significant since the filing of our Form 10-K, as amended. The accounting principles used in preparing our unaudited condensed consolidated financial statements conform in all material respects to accounting principles generally accepted in the U.S.

The preparation of condensed consolidated financial statements as of and for the three and nine month period ended September 30, 2021 and the condensed consolidated financial statements as of December 31, 2020 and the three and nine month period ended September 30, 2020 and related disclosures in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and income and expenses during the periods reported. Actual results could materially differ from those estimates. We have identified the following critical accounting policies:

### *Derivative Financial Instruments*

We evaluate our financial instruments (including the warrants issuable upon exercise of the unit purchase option issued to the underwriter in our initial public offering (the “UPO Warrants”)) to determine if such instruments are derivatives or contain features that qualify as embedded derivatives in accordance with ASC Topic 815, “Derivatives and Hedging”. For derivative financial instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair value on the grant date and is then re-valued at each reporting date, with changes in the fair value reported in the statements of operations. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is evaluated at the end of each reporting period.

### *Warrant Liabilities*

We account for warrants in accordance with the guidance contained in ASC 815-40 under which the warrants that do not meet the criteria for equity treatment and must be recorded as liabilities. As the Private Warrants and UPO Warrants meet the definition of a derivative as contemplated in ASC 815, we classify the Private Warrants and UPO Warrants as liabilities at their fair value and adjust the warrants to fair value at each reporting period. This liability is subject to re-measurement at each balance sheet date until exercised, and any change in fair value is recognized in our statements of operations. The fair value of the Private Warrants and UPO Warrants was estimated using a Black-Scholes option-pricing model within a Monte Carlo simulation model framework.

### *Common Stock Subject to Possible Redemption*

We account for our common stock subject to possible redemption in accordance with the guidance in Accounting Standards Codification (“ASC”) Topic 480 “Distinguishing Liabilities from Equity.” Common stock subject to mandatory redemption is classified as a liability instrument and is measured at fair value. Conditionally redeemable common stock (including common stock that features redemption rights that are either within the control of the holder or subject to redemption upon the occurrence of uncertain events not solely within our control) is classified as temporary equity. At all other times, common stock is classified as stockholders’ equity. Our common stock features certain redemption rights that are considered to be outside of our control and subject to occurrence of uncertain future events. Accordingly, common stock subject to possible redemption is presented at redemption value as temporary equity, outside of the stockholders’ equity section of our condensed consolidated balance sheets.

### *Net Income (Loss) Per Common Share*

Net loss per common share is computed by dividing net loss by the weighted average number of common stock outstanding during the period. Remeasurement associated with the redeemable shares of common stock is excluded from earnings per share as the redemption value approximates fair value.

### *Recent Accounting Standards*

In August 2020, the FASB issued Accounting Standards Update (“ASU”) 2020-06, Debt -- Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging -- Contracts in Entity’s Own Equity (Subtopic 815-40) (“ASU 2020-06”) to simplify accounting for certain financial instruments. ASU 2020-06 eliminates the current models that require separation of beneficial conversion and cash conversion features from convertible instruments and simplifies the derivative scope exception guidance pertaining to equity classification of contracts in an entity’s own equity. The new standard also introduces additional disclosures for convertible debt and freestanding instruments that are indexed to and settled in an entity’s own equity. ASU 2020-06 amends the diluted earnings per share guidance, including the requirement to use the if-converted method for all convertible instruments. ASU 2020-06 is effective January 1, 2022 and should be applied on a full or modified retrospective basis, with early adoption permitted beginning on January 1, 2021. We are currently assessing the impact, if any, that ASU 2020-06 would have on our financial position, results of operations or cash flows.

Management does not believe that any other recently issued, but not yet effective, accounting standards, if currently adopted, would have a material effect on our condensed consolidated financial statements.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

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

### **Item 4. Controls and Procedures.**

Disclosure controls and procedures are designed to ensure that information required to be disclosed by us in our Exchange Act reports is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

As required by Rules 13a-15 and 15d-15 under the Exchange Act, our Chief Executive Officer and Chief Financial Officer carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of December 31, 2020. On March 30, 2021, we filed our original 10-K. Based upon their evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) were effective. Subsequently, and in connection with Amendment No. 1 to our Annual Report on Form 10-K (the "10K/A"), our certifying officers re-evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2020, pursuant to Rule 13a-15(b) under the Exchange Act.

On April 12, 2021, the staff of the SEC issued a new Staff Statement on Accounting and Reporting Considerations for Warrants Issued by Special Purpose Acquisition Companies ("SPACs") (the "SEC Statement"). The SEC Statement addresses certain accounting and reporting considerations related to warrants. In the SEC Statement, the staff of the SEC expressed its view that certain terms and conditions common to SPAC warrants may require the warrants to be classified as liabilities on the SPAC's balance sheet as opposed to equity. Based upon that evaluation and in light of the SEC Statement, our certifying officers concluded that, due solely to the material weakness identified that resulted in the restatement of the Company's financial statements to reclassify the Company's Private Warrants and UPO Warrants as described in the Explanatory Note to the 10K/A, our disclosure controls and procedures were not effective as of September 30, 2021.

We do not expect that our disclosure controls and procedures will prevent all errors and all instances of fraud. Disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the disclosure controls and procedures are met. Further, the design of disclosure controls and procedures must reflect the fact that there are resource constraints, and the benefits must be considered relative to their costs. Because of the inherent limitations in all disclosure controls and procedures, no evaluation of disclosure controls and procedures can provide absolute assurance that we have detected all our control deficiencies and instances of fraud, if any. The design of disclosure controls and procedures also is based partly on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

### **Changes in Internal Control Over Financial Reporting**

Other than what was described in the 10-K/A, there were no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) during the most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. In light of the restatement of our financial statements included in the 10-K/A, we plan to enhance our processes to identify and appropriately apply applicable accounting requirements to better evaluate and understand the nuances of the complex accounting standards that apply to our financial statements. Our plans at this time include providing enhanced access to accounting literature, research materials and documents and increased communication among our personnel and third-party professionals with whom we consult regarding complex accounting applications. The elements of our remediation plan can only be accomplished over time, and we can offer no assurance that these initiatives will ultimately have the intended effects.

## PART II - OTHER INFORMATION

### **Item 1. Legal Proceedings.**

None.

### **Item 1A. Risk Factors.**

None.

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

None.

### **Item 3. Defaults Upon Senior Securities.**

None.

### **Item 4. Mine Safety Disclosures.**

Not Applicable.

### **Item 5. Other Information.**

None.

## Item 6. Exhibits

The following exhibits are filed as part of, or incorporated by reference into, this Quarterly Report on Form 10-Q.

<b>No.</b>	<b>Description of Exhibit</b>
31.1*	<a href="#">Certification of Principal Executive Officer Pursuant to Securities Exchange Act Rules 13a-14(a), as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
31.2*	<a href="#">Certification of Principal Financial Officer Pursuant to Securities Exchange Act Rules 13a-14(a), as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
32.1*	<a href="#">Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
32.2*	<a href="#">Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
101.INS*	Inline XBRL Instance Document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

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\* Filed herewith.

**SIGNATURES**

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

**LOTTERY.COM INC.**

Date: November 15, 2021

By: /s/ Ryan Dickinson

Name: Ryan Dickinson

Title: Acting Chief Financial Officer  
(Principal Financial Officer and  
Authorized Signatory)

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER  
PURSUANT TO RULE 13A-14(A) UNDER THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Lawrence Anthony DiMatteo III, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Lottery.com Inc. for the quarterly period ended September 30, 2021;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, is made known to us by others within those entities, particularly during the period in which this report is being prepared; and
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles; and
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 15, 2021

/s/ Lawrence Anthony DiMatteo III

Name: Lawrence Anthony DiMatteo III

Title: Chief Executive Officer

(Principal Executive Officer)

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER  
PURSUANT TO RULE 13A-14(A) UNDER THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Ryan Dickinson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Lottery.com Inc. for the quarterly period ended September 30, 2021;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, is made known to us by others within those entities, particularly during the period in which this report is being prepared; and
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles; and
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 15, 2021

/s/ Ryan Dickinson

Name: Ryan Dickinson

Title: Acting Chief Financial Officer  
(Principal Financial Officer)

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

In connection with the Quarterly Report of Lottery.com Inc. (the "Company") on Form 10-Q for the quarterly period ended September 30, 2021, as filed with the Securities and Exchange Commission (the "Report"), I, Lawrence Anthony DiMatteo III, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as added by §906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. To my knowledge, the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the period covered by the Report.

Date: November 15, 2021

/s/ Lawrence Anthony DiMatteo III

Name: Lawrence Anthony DiMatteo III

Title: Chief Executive Officer  
(Principal Executive Officer)



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

In connection with the Quarterly Report of Lottery.com Inc. (the "Company") on Form 10-Q for the quarterly period ended September 30, 2021, as filed with the Securities and Exchange Commission (the "Report"), I, Ryan Dickinson, Acting Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as added by §906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. To my knowledge, the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the period covered by the Report.

Date: November 15, 2021

/s/ Ryan Dickinson

Name: Ryan Dickinson

Title: Acting Chief Financial Officer  
(Principal Financial Officer)