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

FORM 8-K/A

CURRENT REPORT

Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): November 15, 2021 (October 29, 2021)

Lottery.com Inc.
(Exact name of registrant as specified in its charter)

Delaware	**001-38508**	**81-1996183**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

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

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

N/A
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8−K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a−12 under the Exchange Act (17 CFR 240.14a−12)

☐ Pre−commencement communications pursuant to Rule 14d−2(b) under the Exchange Act (17 CFR 240.14d−2(b))

☐ Pre−commencement communications pursuant to Rule 13e−4(c) under the Exchange Act (17 CFR 240.13e− 4(c))

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

Title of each class	Trading Symbol	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 is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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. ☐

Introductory Note

This Current Report on Form 8-K/A is filed as amendment no. 1 (this "Amendment") to the Current Report on Form 8-K filed on November 4, 2021 (the "Original Form 8-K") by Lottery.com Inc. (formerly known as Trident Acquisitions Corp., "TDAC"), a Delaware corporation (the "Company") in accordance with the guidance set forth under Topic 12 of the Division of Corporation Finance Financial Reporting Manual so that there is no lapse in periodic reporting for the quarter ended September 30, 2021.

As previously reported in the Original Form 8-K, on October 29, 2021, the Company completed the previously announced business combination (the "Closing") contemplated by the business combination agreement, dated as of February 21, 2021 (the "Business Combination Agreement"), by and among Company, Trident Merger Sub II Corp., a wholly-owned subsidiary of the Company ("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." in connection with the Closing (the "Merger" and, together with the other transactions contemplated by the Business Combination Agreement, the "Business Combination"). Unless the context otherwise requires, the "Company" refers to the registrant and its subsidiaries, including AutoLotto and its subsidiaries, after the Closing, and "TDAC" refers to the registrant prior to the Closing.

The Original Form 8-K incorporated by reference, among other items, the financial statements of AutoLotto as of and for the fiscal years ended December 31, 2020 and 2019, and as of and for the three and six months ended June 30, 2021 and 2020 from the Definitive Proxy Statement/Prospectus filed by TDAC with the Securities and Exchange Commission on October 18, 2021 (the "Proxy Statement").

The Original Form 8-K is amended by this Amendment to provide (i) the unaudited financial statements of AutoLotto as of and for the three and nine months ended September 30, 2021 and 2020, (ii) the Management's Discussion and Analysis of Financial Condition and Results of Operations of AutoLotto for the three and nine months ended September 31, 2021 and 2020, and (iii) the unaudited pro forma condensed combined financial information of TDAC and AutoLotto as of and for the nine months ended September 30, 2021, each of which are included under Item 9.01 hereto, in accordance with the rules and regulations of the Securities and Exchange Commission, as well as the additional corresponding information for the relevant fiscal period. This Amendment does not amend any other item of the Original Form 8-K or purport to provide an update or a discussion of any developments at the Company subsequent to the filing date of the Original Form 8-K.

Item 2.01 Completion of Acquisition of Assets.

Management's Discussion and Analysis of Financial Condition and Results of Operations

The Management's Discussion and Analysis of Financial Condition and Results of Operations of AutoLotto for the three and nine months ended September 30, 2021 and September 30, 2020 is included in this Amendment as Exhibit 99.1 and is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(a) *Financial Statements*

The unaudited financial statements of AutoLotto as of and for the three and nine months ended September 30, 2021 and 2020 are attached hereto as Exhibit 99.2 and are incorporated by reference herein.

(b) *Pro forma financial information*

The unaudited pro forma condensed combined financial information of TDAC and AutoLotto as of and for the nine months ended September 30, 2021 is set forth in Exhibit 99.3 and is incorporated herein by reference.

(d) *Exhibits*:

Exhibit No.	Description
2.1+	Business Combination Agreement, dated as of February 21, 2021, by and among Trident Acquisitions Corp., Trident Merger Sub II Corp., and AutoLotto, Inc. (incorporated by reference to Exhibit 2.1 of Trident Acquisition Corp.'s Current Report on Form 8-K, filed with the SEC on February 23, 2021).
3.1	Second Amended and Restated Certificate of Incorporation of Lottery.com Inc.
3.2	Amended and Restated Bylaws of Lottery.com Inc.
4.1	Warrant Agreement, dated as of May 29, 2018, between TDAC and Continental Stock Transfer & Trust Company, as warrant agent (incorporated by reference to Exhibit 4.1 of TDAC's Current Report on Form 8-K (File No. 001-38508), filed with the SEC on June 4, 2018).
10.1	Letter Agreement among Trident Acquisitions Corp., Trident Acquisitions Corp.'s officers, directors and stockholders (incorporated by reference to Exhibit 10.2 to Amendment No. 2 to the Registration Statement on Form S-1/A (File No. 333-223655) filed with the SEC on May 21, 2018).
10.2	Stock Escrow Agreement between Trident Acquisitions Corp., Continental Stock Transfer & Trust Company and the initial stockholders of Trident Acquisitions Corp (incorporated by reference to Exhibit 10.4 of TDAC's Current Report on Form 8-K (File No. 001-38508), filed with the SEC on June 4, 2018).
10.3	Employment Agreement, dated as of February 21, 2021, by and between Lawrence Anthony DiMatteo III and AutoLotto, Inc.
10.4	Employment Agreement, dated as of February 21, 2021, by and between Matthew Clemenson and AutoLotto, Inc.
10.5	Employment Agreement, dated as of February 21, 2021, by and between Ryan Dickinson and AutoLotto, Inc.
10.6	Form of Indemnification Agreement.
10.7	Lottery.com 2021 Incentive Plan (incorporated by reference to Exhibit 10.7 of Trident Acquisitions Corp.'s Registration Statement on Form S-4 (Reg. No. 333-257734), filed with the SEC on October 5, 2021).
10.8	AutoLotto, Inc. 2015 Stock Option/Stock Issuance Plan.
10.9	Form of Restricted Stock Award Agreement under the AutoLotto, Inc. 2015 Stock Option/Stock Issuance Plan.
10.10	Services Agreement, dated as of March 10, 2020, by and between AutoLotto, Inc. and Master Goblin Games LLC (incorporated by reference to Exhibit 10.8 of Trident Acquisitions Corp.'s Registration Statement on Form S-4 (Reg. No. 333-257734), filed with the SEC on October 5, 2021).
10.11	Amendment No. 1 to Services Agreement, dated as of June 28, 2021, by and between AutoLotto, Inc. and Master Goblin Games LLC (incorporated by reference to Exhibit 10.9 of Trident Acquisitions Corp.'s Registration Statement on Form S-4 (Reg. No. 333-257734), filed with the SEC on October 5, 2021).
10.12	Investor Rights Agreement, dated as of October 29, 2021, by and among Lottery.com Inc., AutoLotto, Inc. and the security holders party thereto.
10.13	Initial Stockholder Forfeiture Agreement, dated as of October 29, 2021, by and among Lottery.com Inc., AutoLotto, Inc. and the security holders party thereto.
21.1	List of Subsidiaries of Lottery.com Inc.
99.1*	Management's Discussion and Analysis of Financial Condition and Results of Operations of AutoLotto, Inc. for the three and nine months ended September 30, 2021 and 2020.
99.2*	Unaudited financial statements of AutoLotto, Inc. as of and for the three and nine months ended September 30, 2021 and 2020.
99.3*	Unaudited Pro Forma Condensed Combined Financial Information as of September 30, 2021.
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

* Filed herewith.

SIGNATURE

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, hereunto duly authorized.

LOTTERY.COM INC.

Dated: November 15, 2021

By: /s/ Kathryn Lever
Name: Kathryn Lever
Title: Chief Legal Officer

Exhibit 99.1

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of the financial condition and results of operations of AutoLotto, Inc. ("AutoLotto", "Lottery.com," "we," "us" and "our") should be read together with our unaudited condensed consolidated financial statements as of and for the three and nine month periods ended September 30, 2021 and 2020, together with related notes thereto, and our pro forma financial information as of and for the nine-month period ended September 30, 2021 included as exhibits to this amendment to our Current Report on Form 8-K, which was originally filed with the SEC on November 4, 2021 (as originally filed, the "Original Report" and, as amended hereby, the "Amended Report"). The discussion and analysis should also be read together with our audited consolidated financial statements as of December 31, 2020 and 2019 and for the years ended December 31, 2020 and 2019 and the sections entitled "Business of Lottery.com" and "Lottery.com Management's Discussion and Analysis of Financial Condition and Results of Operations" incorporated by reference into the Original Report. The following discussion contains forward-looking statements. Our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ materially from those projected in the forward-looking statements include, but are not limited to, those discussed in the sections entitled "Risk Factors" and "Cautionary Statement Regarding Forward Looking Statements" incorporated by reference into the Original Report. For purposes of this section, "Lottery.com", "we", "us", "our" and the "Company" generally refer to AutoLotto, Inc. and its subsidiaries prior to the Closing and Lottery.com Inc. following the Closing.

Overview

We are a leading provider of domestic and international lottery products and services. As an independent third-party lottery game service, we offer a platform that we architected, developed, and operate to enable the remote purchase of legally sanctioned lottery games in the United States and abroad (the "Platform"). Our revenue generating activities are focused on (i) offering the Platform via our Lottery.com app and our websites to users located in the United States and international jurisdictions where the sale of lottery games is legal and our services are enabled for the remote purchase of sanctioned lottery games (our "B2C Platform"); (ii) offering an internally developed, created, and operated business-to-business application programming interface ("API") of the Platform to enable our commercial partners, in permitted United States and international jurisdictions, to purchase certain legally operated lottery games from us and resell them to users located within their respective jurisdictions ("B2B API"); and (iii) delivering global lottery data, such as winning numbers and results, to commercial digital subscribers and subscriptions to data sets of our proprietary, anonymized transaction data pursuant to multi-year contracts ("Data Service").

We currently derive substantially all of our revenue from service fees paid to us by users of our B2C Platform, revenue share arrangements with commercial partners participating in our B2B API, and subscription fees from users of our Data Service. We intend to pursue growth by implementing new products and features within our B2C Platform services, expanding our B2C offering into new domestic and international jurisdictions, entering into additional agreements with new commercial partners for our B2B API, executing on strategic acquisitions and other synergistic opportunities, including gaining access to complimentary and new technology through such acquisitions, and investing in and developing new technology and enhancing our existing technology in each of our business lines, including distributed ledger technology.

In addition, we also expect to grow our brand and commitment to social awareness through our affiliation with WinTogether. WinTogether is a registered 501(c)(3) charitable trust that supports charitable, educational and scientific causes. Messrs. DiMatteo and Clemenson formed WinTogether and continue to act as trustees. We operate the WinTogether website at *http://wintogether.org* (the "WinTogether Platform") on behalf of WinTogether, as well as the sweepstakes offered through the WinTogether Platform, which support charitable causes selected by the trustees of WinTogether. These sweepstakes work to incentivize participants to donate to those chosen causes. Donors to each campaign are automatically entered into the sweepstakes for the chance to win cash prizes, luxury items, and exceptional experiences. In exchange for operating the WinTogether Platform and the sweepstakes on behalf of WinTogether, we receive a fee from the gross donations from each sweepstakes. While the revenue received from the Company's services relating to the WinTogether Platform are currently nominal, we believe that our operation of the WinTogether website and sweepstakes could be a scalable source of revenue in the future as well as a mechanism to increase our brand reputation and recognition by sweepstake participants, which could result in the acquisition and monetization of new users to our B2C Platform.

Recent Developments

Business Combination

On October 29, 2021, subsequent to quarter end, we consummated our previously announced business combination (the "Business Combination") with Trident Acquisitions Corp. ("TDAC" and after the Business Combination described herein, the "Company"), pursuant to the terms of that certain 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." in connection with the Closing. The aggregate value of the consideration paid by TDAC to the holders of AutoLotto common stock in the Business Combination (excluding shares that may be issued to former AutoLotto stockholders (the "Sellers") as earnout consideration) was approximately $440 million, consisting of approximately 40,000,000 shares of common stock (the "Common Stock") valued at $11.00 per share. In addition, the Sellers will also be entitled to receive up to 6,000,000 additional shares of Common Stock to the extent that certain share price targets are achieved following the Closing. Additionally, TDAC's founders will also be entitled to receive up to 4,000,000 additional shares of Common Stock to the extent that certain share price targets are achieved.

COVID-19

The outbreak of COVID-19, which was declared a global pandemic by the World Health Organization in March 2020, has significantly impacted economic conditions worldwide, particularly as federal, state and local governments reacted and instituted lockdown and other restrictive, stay-at-home measures to combat this public health crisis. During 2020, lockdown measures impacted our business because they led to a rise in popularity and viewership of virtual sports, or "esports", which we believe has created momentum for our sports lottery services. We believe that the increase in esports viewership, and therefore demand for sports lotteries, is likely to continue into 2021. For more information, see "Business — Our Industry".

In addition, the interruption of physical sports as a result of the COVID-19 pandemic, coupled with a strong cross-promotion of games and esports, catalyzed demand for the mobile and online delivery of lottery games. Even though professional sports leagues have resumed play, other sporting events remain postponed, and it is unknown when they will restart. As a result, the demand for, and revenue from, lottery products and services for in-person, physical sports could continue to be negatively impacted until sports leagues resume play at their pre-pandemic levels. At the same time, as an early entrant in the delivery of digitized representation of lottery games with an established and growing user base in the United States and abroad, we believe that we are well positioned to capitalize on the shift towards esports and the increase of new patrons using online gaming. For example, we experienced a 217% year-over-year increase in the sale of unique lottery games between 2019 and 2020, which we attribute to the shift in consumer purchasing habits to mobile and online purchases due to COVID-19.

As steps taken to mitigate the spread of COVID-19 have necessitated a shift away from a traditional office environment, the Company worked to institute business continuity programs to ensure that employees are safe, that the business continues to function with minimal disruptions to normal work operations while employees work remotely, and that demand for our products and services remains consistent.

We continue to closely monitor the impact of COVID-19 on all aspects of our business and geographies, including its impact on our customers, employees, suppliers, vendors, business partners and distribution channels. Any significant or prolonged decrease in consumer spending on entertainment or leisure activities could have an adverse effect on the demand for the Company's product offerings, reducing cash flows and revenues, and thereby materially harming the Company's business, financial condition and results of operations. In addition, a recurrence of COVID-19 cases or an emergence of additional variants or strains could cause other widespread or more severe impacts depending on where infection rates are highest.

International Expansion

In June 2021, we closed the acquisition of Global Gaming Enterprises, Inc., a Delaware corporation ("Global Gaming"), which holds 80% of the equity of each of Electronicos y de Comunicacion, S.A.P.I de C.V. ("Aganar") and JuegaLotto, S.A. de C.V. ("JuegaLotto"). Aganar operates in the licensed iLottery market in Mexico and is licensed to sell Mexican National Lottery draw games, instant win tickets, and other games of chance online with access to a federally approved online casino and sportsbook gaming license. JeugoLotto is licensed by Mexico authorities to sell international lottery games in Mexico through an authorized gaming portal and is licensed for games of chance in other countries throughout Latin America. Latin America's estimated lottery market is approximately $9.8 billion across 26 countries. The addressable market in the countries that JuegaLotto and Aganar cover includes 652 million people and potential customers. We believe these acquisitions will provide significant inroads for the Company throughout Mexico and Latin America as we expand our international operations, expand our portfolio of products, and expose our domestic products to new markets.

Key Elements of our Business

Mobile Lottery Game Platform Services

Both our B2C Platform and our B2B API provide users with the ability to purchase legally sanctioned draw lottery games via a mobile device or computer, securely maintain their acquired lottery game, automatically redeem a winning lottery game, as applicable, and receive support, if required, for the redemption and claims process. Our registration and user interfaces are intentionally designed to be easy to use, provide for the creation of an account and purchase of a lottery game with minimum friction and without the creation of a mobile wallet or requirement to pre-load minimum funds and — importantly — to provide instant confirmation of the user's lottery game numbers, whether selected at random or picked by the user. In consideration of our B2C Platform services, users pay a service fee and, in certain jurisdictions, if acquiring a lottery game from a commercial partner via the B2B API, a mark-up on the purchase price. We generate revenue from that service fee and mark-up.

In the third quarter of 2021, we began the initial phase of our global affiliate marketing plan, which will leverage third party partners across multiple industries and marketing channels to acquire users on our behalf. The initial phase of this plan involved the sale and transfer of marketing credits to a master third party partner for use in providing affiliate marketing packages to other third party partners. Affiliate marketing packages include advertising credits, marketing collateral, development services credits and customer service credits (collectively, "Affiliate Marketing Credits"). Subsequently, in the next phase of this plan such third party partners will be able to use Affiliate Marketing Credits in the promotion and distribution of our products on their platforms. We believe that we may generate additional revenue through this plan in the future by these third party partners purchasing more Affiliate Marketing Credits.

Data Services

Our application and websites offer comprehensive multi-jurisdiction lottery result information, without the requirement to create an account. Additionally, our Data Service delivers daily results of domestic and international lottery games from more than 40 countries to over 400 digital publishers and media organizations, pulled from real time primary source data. Subscribers to this service pay a subscription for access and, at times, an additional per record fee. We consider this to be a complimentary, relatively high margin and high cash flow operation that we anticipate continuing to grow.

The Company additionally enters into multi-year contracts pursuant to which it sells proprietary, anonymized transaction data pursuant to multi-year agreements and in accordance with our Terms of Service in consideration of a fee.

The WinTogether Platform

Unlike lottery games and other games of chance, participation in sweepstakes is permissible in every state within the United States and most international jurisdictions and sweepstakes offered on the WinTogether Platform are open to participants within the United States and internationally. When a participant donates to a campaign cause on the WinTogether Platform, they are automatically entered to win a prize; provided, however, in accordance with the sweepstakes requirements of most jurisdictions and the terms of service for each sweepstakes, no purchase or donation is required for entry into sweepstakes offered on the WinTogether Platform.

The Company is the operator and administrator of all sweepstakes on the WinTogether Platform. In consideration of the Company's operation of the WinTogether Platform and administration of the sweepstakes, the Company receives a percentage of the gross donations to a campaign, from which the Company pays certain dividends and all administration costs. We expect that participation in sweepstakes offered on the WinTogether Platform will continue to grow as we and WinTogether's trustees continue to develop its offerings. In addition to the benefit of the philanthropic opportunities generated by the WinTogether Platform, we view its operation as a scalable source of revenue as well as a mechanism to increase the Company's brand reputation and recognition.

Synergistic Growth

In addition to organic growth of our B2C Platform by users in existing jurisdictions and expansion into new jurisdictions, the execution of agreements with commercial partners for our B2B API for its offering in new jurisdictions, the marketing of our Platform through affiliate marketing agreements, and our operation of the WinTogether Platform, we additionally believe in the pursuit of synergistic growth, as evidenced by our recent acquisition of 80% of Aganar and JuegaLotto, which we believe will provide significant opportunity in the Mexican and Latin American markets, and our recently announced agreement to acquire the "Sports.com" domain as part of the Company's plan to enter sports betting..

Performance Measures

In managing our business and assessing financial performance, we supplement the information provided by our financial statements with other operating metrics. We utilize these metrics to evaluate our business, measure our performance, identify trends affecting our business, formulate projections and make strategic decisions. The primary operating metrics we use are:

- transactions per user;
- tickets per transaction;

- gross revenue per transaction;
- gross profit per transaction; and
- gross margin per transaction.

These metrics enable us to evaluate pricing, cost and customer profitability. We believe it is useful to provide investors with the same financial information that we use internally to make comparisons of our historical operating results, identify trends in our underlying operating results and evaluate our business.

	Three Months Ended September 30,		Nine Months Ended September 30,		Year Ended December 31,	
	2021	2020	2021	2020	2020	2019
Transactions Per User	12.44	11.23	14.36	15.09	16.23	5.67
Tickets Per Transaction	3.84	3.51	4.06	3.33	3.63	3.70
Revenue Per Transaction	$ 9.52	$ 8.20	$ 9.83	$ 8.42	$ 8.81	$ 8.68
Gross Profit Per Transaction	$ 1.69	$ 0.93	$ 1.56	$ 1.05	$ 1.34	$ 0.25
Gross Margin per Transaction	17.73%	11.35%	15.86%	12.52%	15.17%	2.93%

Transactions Per User

Transactions per user is the average number of individual transactions per user in a given period. Individual transactions is defined as the placement of an order by a user on our platform. We utilize this measure to determine the overall performance of our products on a per user basis. When considered with the other operating metrics, transactions per user provides insight into user stickiness and buying patterns and is a useful tool to identify our most active users, which enables us to deploy more targeted marketing and other strategic initiatives. This metric also gives us the ability to categorize users based on their performance and determine where to expend marketing and/or operational resources. Transactions per user may be subject to variables that are outside of our control, for instance the size and popularity of a particular lottery game.

Tickets Per Transaction

Tickets per transaction is the average number of lottery game tickets purchased by a user per transaction. We utilize this measure to analyze the impact of product performance with our customers on the number of tickets sold in one transaction. We believe this metric is useful for our investors because it gives insight into the buying habits of our users. Similar to transactions per user, tickets per transaction may be subject to variables that are outside of our control, for instance the size and popularity of a particular lottery game.

Gross Revenue Per Transaction

Gross revenue per transaction is the average gross amount of revenue per transaction. We utilize this measure to determine how our top line revenue is performing on a per transaction basis, which helps us to identify and evaluate pricing trends. We believe this metric is useful for our investors because it provides insight into our revenue growth potential on a per transaction basis.

Gross Profit Per Transaction

Gross profit per transaction is our average gross profit per transaction, calculated as gross revenue less the cost of the lottery game ticket and any processing fees, per transaction. We believe this metric to be useful to evaluate and analyze our costs and fee structure across product offerings and user cohorts. We believe this metric is useful for our investors because it provides insight into our profit growth potential on a per transaction basis.

Gross Margin Per Transaction

Gross margin per transaction is calculated by dividing gross profit per transaction by gross revenue per transaction. We consider this metric to be a measure of overall performance that provides useful information about the profitability of our business.

Components of Our Results of Operations

Our Revenue

Revenue from B2C Platform. Our revenue is the retail value of the acquired lottery game and the service fee charged to the user, which we impose on each lottery game purchased from our B2C Platform. The amount of the service fee is based upon several factors, including the retail value of the lottery game purchased by a user, the number of lottery games purchased by a user, and whether such user is located within the United States or internationally. Currently, in the U.S., the minimum service fee is $0.50 for the purchase of a $1 lottery game and $1 for the purchase of a $2 lottery game; the service fee for additional lottery games purchased in the same transaction is 6% of the face value of all lottery games purchased. For example, the service fee for the purchase of five $2 tickets is $1.60, being the $1 base service fee, plus 6% of the aggregate value of the face value of all lottery games purchased. In 2020, our domestic B2C Platform users purchased an average of 3.4 lottery games per transaction at an average service fee of $0.33 per lottery game. In 2020, we had an average gross profit per domestic B2C Platform user of approximately $17.20, with a customer acquisition cost of $4.01 per new user; between 2019 and 2020, we had a year-over-year retention rate of domestic users of 69%, which results in a lifetime user value, on average, of $55.30.

Internationally, we impose a mark-up on the cost to be imposed on the sale of each lottery game together with a service fee to be charged to the user. In 2020, our international B2C Platform users purchased an average of 2.1 lottery games per transaction at an average service fee of $2.27 per lottery game. We typically charge a higher service fee on lottery games in our international jurisdictions, and as a result, in 2020, the gross profit on these sales was 90% higher as compared to domestic sales. In 2020, our average gross profit per international user of our B2C Platform was $32.60, with a customer acquisition cost of $4.26. The year-over-year retention rate was slightly lower internationally, at 66%, resulting in a user lifetime value of $94.50. Although revenues from our international jurisdictions currently only comprised 3% of our total revenues in 2020, we are focused on the growth of this business organically and through the pursuit of strategic acquisitions and other synergistic opportunities.

In 2020, we delivered 1,291,870 lottery games to users of our B2C Platform worldwide, and our B2C Platform hosted 29,190 daily average users, including 11,092 daily average repeat users and gross revenues generated from our B2C Platform accounted for 38% of our total gross revenues.

Revenue from B2B Platform. Together with our third-party commercial partner, we agree on the amount of the mark-up on the cost to be imposed on the sale of each lottery game purchased through the B2B API, if any, together with a service fee to be charged to the user; we receive up to 50% of the net revenues from such mark-up and service fee pursuant to our commercial agreement with each commercial partner. In the U.S., our commercial partners do not charge a mark-up; the average service fee charged by a commercial partner in 2020 was $0.41 and the Company’s average gross revenue of such lottery game sale was $2.31. Internationally, the average markup imposed by a commercial partner in 2020 was $0.97 and the Company’s average gross revenue was $2.87. We currently do not charge our commercial partners a fee for the use of the B2B API.

In the third quarter of 2021, we began the initial phase of our global affiliate marketing plan, which will leverage third party partners across multiple industries and marketing channels to acquire users on our behalf. The initial phase of this plan involved the sale and transfer of marketing credits to a master third party partner for use in providing affiliate marketing packages to other third party partners. Affiliate marketing packages include advertising credits, marketing collateral, development services credits and customer service credits (collectively, "Affiliate Marketing Credits"). Subsequently, in the next phase of this plan such third party partners will be able to use Affiliate Marketing Credits in the promotion and distribution of our products on their platforms. We believe that we may generate additional revenue through this plan in the future by these third party partners purchasing more Affiliate Marketing Credits.

In 2020, we had agreements to acquire and sell lottery games through the B2B API with three international third-party commercial partners, including a French betting solution and one U.S. third-party commercial partner, which operates a proprietary mobile wallet for use at traditionally coin-operated machines, such as arcade games, vending machines, and laundry machines, which enabled our offerings on its mobile application. Collectively, these agreements provided us with access to over 420,000 unique points of sale for users to acquire lottery games from via our B2B API.

In 2020, we delivered over 413,184 lottery games to end users of our B2B API, worldwide. In 2019, the first year the Company offered the B2B API, revenues generated from out B2B API accounted for only 0.75% of the Company's total gross revenues; in 2020, gross revenues generated from our B2B API accounted for more than 31% of our total gross revenues and represented an increase in B2B API gross revenue of more than 142 times.

Data Services. Commercial acquirers of our Data Service pay a subscription for access to the Data Service and, for acquisition of certain large data sets, an additional per record fee. The Company additionally enters into multi-year contracts pursuant to which it sells proprietary, anonymized transaction data pursuant to multi-year agreements and in accordance with our Terms of Service in consideration of a fee.

In 2020 and 2019, Data Services contributed 40.2% and 36.7%, respectively, to our overall revenue. Between 2019 and 2020, Data Service's growth was approximately 541%. We consider it to be a relatively high margin and high cash flow operation that we anticipate continuing to grow.

Our Operating Costs and Expenses

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

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

General and Administration. General and administrative expenses include marketing and advertising, expenses, office and facilities lease payments, travel expenses, bank fees, software dues and subscriptions, expensed R&D costs and other fees and expenses.

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

Results of Operations

Three Months Ended September 30, 2021 Compared to Three Months Ended September 30, 2020

The following table summarizes our results of operations for the three months ended September 30, 2021 and September 30, 2020, respectively.

	Three Months Ended September 30,			
	2021	2020	$ Change	% Change
	(unaudited)			
Revenue	$ 32,248,036	$ 1,602,916	$ 30,645,120	1911.8%
Cost of revenue	11,920,721	722,363	11,198,358	1550.2%
Gross profit	20,327,315	880,554	19,446,761	2208.5%
Operating expenses:				
Personnel costs	1,614,063	974,139	639,924	65.7%
Professional fees	976,679	182,502	794,177	435.2%
General and administration	1,085,431	163,691	921,740	563.1%
Depreciation and amortization	1,530,026	355,671	1,174,355	330.2%
Total operating expenses	5,206,199	1,676,004	3,530,195	210.6%
Income (loss) from operations	15,121,116	(795,450)	15,916,566	(2,001.0)%
Other expenses				
Interest expense	3,789,316	296,517	3,492,799	1177.9%
Other expense	178,952	68,218	110,734	162.3%
Total other expenses, net	3,968,268	364,735	3,603,533	988.0%
Net income (loss)	$ 11,152,848	$ (1,160,185)	$ 12,313,033	(1,061.3)%

<u>*Revenues.*</u>

Revenue. Revenue increased $30.65 million, or 1911.8%, to $32.25 million for the three months ended September 30, 2021, from $1.6 million for the three months ended September 30, 2020. The increase in revenue was driven by a $30 million sale of affiliate marketing credits during the three months ended September 30, 2021.

Cost of Revenue. Cost of revenue increased $11.2 million, or 1550.2%, to $11.9 million for the three months ended September 30, 2021, from $0.72 million for the three months ended September 30, 2020. The increase in the cost of revenue primarily resulted from the $10 million cost of the aforementioned sale of affiliate marketing credits. Cost of revenue includes product costs, commission expense to affiliates and commercial partners, and merchant processing fees, with the largest change in the quarter coming from the affiliate marketing credit expense.

Gross Profit. Gross profit increased $19.4 million, or 2,208%, to $20.3 million for the three months ended September 30, 2021, from $0.88 million for the three months ended September 30, 2020. Gross profit as a percent of revenue increased for the three months ending September 30, 2021 to 63% compared to 55% for the three months ending September 30, 2020, as a result of the affiliate marketing credit sale referenced above which had a 66.7% gross margin.

Operating Costs and Expenses.

	Three Months Ended September 30,			
	2021	2020	$ Change	% Change
Operating expenses				
Personnel costs	$ 1,614,063	$ 974,139	$ 639,924	65.7%
Professional fees	976,679	182,502	794,177	433.8%
Sales & marketing	168,274	31,979	136,295	563.1%
General and Administration	917,157	131,712	785,445	402.1%
Depreciation and amortization	1,530,026	355,671	1,174,355	330.2%
Total operating expenses	$ 5,206,199	$ 1,676,004	3,530,195	210.6%

Personnel Costs. Personnel costs increased by $0.64 million, or 65.7%, for the three months ended September 30, 2021, as compared to the three months ended September 30, 2020. This increase was primarily attributable to an increase in headcount in 2021.

Professional Fees. Professional fees increased by $0.79 million, or 433.8%, for the three months ended September 30, 2021, as compared to the three months ended September 30, 2020. This increase was primarily attributable to an increase in legal, accounting, and other affiliated professional services largely attributed to the Business Combination in 2021.

Sales and Marketing. Sales and marketing expense increased by $0.14 million, or 563.1%, for the three months ended September 30, 2021, as compared to the three months ended September 30, 2020. This increase was primarily the result of the Company's increased spending in pursuit of brand awareness, advertising, and public relations opportunities.

Other General Administration. Other general administration expense increased by $0.79 million, or 406.2%, for the three months ended September 30, 2021, as compared to the three months ended September 30, 2020. This increase can be attributed to increased spending on international travel in 2021 as compared to 2020 as well as increased spending on software subscriptions and expenses incurred by Global Gaming, which was not a part of the Company in 2020.

Depreciation and Amortization. Depreciation and amortization expense increased by $1.19 million, or 335.8%, for the three months ended September 30, 2021, as compared to the three months ended September 30, 2020. This increase was the result of a newly acquired domain name in February of 2021 as well as an additional investment in a software agreement during the second quarter of 2021.

Other Expense, Net.

	Three Months Ended September 30,			
	2021	2020	$ Change	% Change
Other expenses	-			
Interest expense	$ 3,789,316	$ 296,517	$ 3,492,799	1177.9%
Other expense	178,952	68,218	110,733	162.3%
Total other expenses, net	$ 3,968,267	$ 364,735	$ 3,603,532	988.0%

Interest Expense. Interest expense increased by $3.49 million, or 1177.9%, for the three months ended September 30, 2021, as compared to the three months ended September 30, 2020. The increase was primarily attributable to the issuance of Series B convertible promissory notes in the fourth quarter of 2020 and the first quarter of 2021 as well as new notes issued in the third quarter of 2021.

Other Expense. Other expense increased by $0.11 million, or 162.3%, for the three months ended September 30, 2021, as compared to the three months ended September 30, 2020. This increase is related to revenue share agreements the Company has with certain third parties and resulted from increased revenue in the three months ending September 30, 2021. This increase was partially offset by $0.49 forgiveness of a PPP loan.

Net Income (Loss).

Net income for the three months ended September 30, 2021 was $11.15 million and net loss was $1.16 million for the same period in 2020, which represents an increase of $12.31 million, or 1061.3%. The increase was primarily driven by the $30 million sale of affiliate marketing credits, and a $0.49 million PPP loan forgiveness, which increase was offset by expenses from the Business Combination and subsequent public relations and marketing efforts.

Nine Months Ended September 30, 2021 Compared to Nine Months Ended September 30, 2020

The following table summarizes our results of operations for the nine months ended September 30, 2021 and September 30, 2020, respectively.

	Nine Months Ended September 30,			
	2021	2020	$ Change	% Change
	(unaudited)			
Revenue	$ 47,035,327	$ 4,197,314	$ 42,838,013	1020.6%
Cost of revenue	15,925,072	1,770,885	14,154,187	799.3%
Gross profit	31,110,255	2,426,429	28,683,826	1182.1%
Operating expenses:				
Personnel costs	4,138,240	2,975,464	1,162,776	39.1%
Professional fees	5,174,378	638,878	4,535,500	709.9%
General and administration	4,355,760	593,380	3,762,380	634.1%
Depreciation and amortization	2,904,000	1,065,490	1,838,510	172.6%
Total operating expenses	16,572,378	5,273,211	11,299,167	214.3%
Income (loss) from operations	14,537,877	(2,846,782)	17,384,659	(610.7)%
Other expenses				
Interest expense	9,318,638	881,553	8,437,085	957.1%
Other expense	1,656,540	416,858	1,239,682	297.4%
Total other expenses, net	10,975,178	1,298,411	9,676,767	745.3%
Net income (loss)	$ 3,562,699	$ (4,145,193)	$ 7,707,892	(185.9)%

Revenues.

Revenue. Revenue increased $42.84 million, or 1020.6%, to $47.04 million for the nine months ended September 30, 2021, from $4.20 million for the nine months ended September 30, 2020. The increase in revenue was driven by several factors including a $30 million sale of affiliate marketing credits during the three months ended September 30, 2021; a new revenue contract for development of a promotional offering which generated $3 million in revenue during the second quarter of 2021, and $7 million of deferred revenue from a December 2020 third-party transaction that was recognized for the nine months ended September 30, 2021, as compared to the prior period.

The increase in revenue for the nine months ended September 30, 2021 as compared with the prior year period was also largely due to an increase in lottery game sales volume as a result of large multi-state lottery game jackpots in early 2021, as well as increased average service fees per transaction. In October 2020, we changed the service fees that we charge with respect to the quantity of lottery ticket purchases by our users. This change resulted in a moderate increase in average revenue per transaction from $8.42 in the nine months ended September 30, 2020 to $9.83 in the nine months ended September 30, 2021.

Cost of Revenue. Cost of revenue increased $14.15 million, or 799.3%, to $15.93 million for the nine months ended September 30, 2021, from $1.77 million for the nine months ended September 30, 2020. The increase in the cost of revenue resulted from the $30 million sale of affiliate marketing credits at a cost of $10 million in addition to the increase in lottery game sales in the nine months ended September 30, 2021 as compared to the prior period. Cost of revenue includes product costs, commission expense to affiliates and commercial partners, and merchant processing fees.

Gross Profit. Gross profit increased $28.68 million, or 1,182%, to $31.11 million for the nine months ended September 30, 2021, from $2.43 million for the nine months ended September 30, 2020. Gross profit as a percent of revenue increased for the nine months ending September 30, 2021 to 66% compared to 58% for the nine months ending September 30, 2020. This increase was primarily the result of higher margin data sales and the affiliate marketing credit sale.

Operating Costs and Expenses.

	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020	$ Change	% Change
Operating expenses				
Personnel costs	$ 4,138,240	$ 2,975,464	$ 1,162,776	39.1%
Professional fees	5,174,378	638,878	4,535,500	709.9%
Sales & marketing	2,762,992	121,128	2,641,864	2181.0%
General and Administration	1,592,768	472,252	1,120,516	237.3%
Depreciation and amortization	2,904,000	1,065,490	1,838,510	172.6%
Total operating expenses	$ 16,572,378	$ 5,273,211	$ 11,299,167	214.3%

Personnel Costs. Personnel costs increased by $1.16 million, or 39.1%, for the nine months ended September 30, 2021, as compared to the nine months ended September 30, 2020. This increase was primarily attributable to an increase in headcount in 2021.

Professional Fees. Professional fees increased by $4.54 million, or 709.9%, for the nine months ended September 30, 2021, as compared to the nine months ended September 30, 2020. This increase was primarily attributable to an increase in legal, accounting, and other affiliated professional services largely attributed to the Business Combination.

Sales and Marketing. Sales and marketing expense increased by $2.64 million, or 2,181%, for the nine months ended September 30, 2021, as compared to the nine months ended September 30, 2020. This increase was primarily the result of the Company's increased spending in pursuit of brand awareness, advertising, and public relations opportunities. Additionally, the Company utilized $1.9 million of prepaid affiliate marketing credits in the nine months ending September 30, 2021.

Other General Administration. Other general administration expense increased by $1.12 million, or 237.3%, for the nine months ended September 30, 2021, as compared to the nine months ended September 30, 2020. This increase was primarily the result of increased software subscription costs due to increased business activity, increased operating expense from Global Gaming and an increase in international travel during the third quarter of 2021.

Depreciation and Amortization. Depreciation and amortization expense increased by $1.84 million, or 172.6%, for the nine months ended September 30, 2021, as compared to the nine months ended September 30, 2020. This increase was the result of the acquisition of a new domain name in February of 2021 as well as an additional investment in a software agreement during the nine months ending September 30, 2021.

Other Expense, Net.

	Nine Months Ended September 30,			
	2021	**2020**	**$ Change**	**% Change**
Other expenses				
Interest expense	$ 9,318,638	$ 881,553	$ 8,437,085	957.1%
Other expense	1,656,540	416,858	1,239,683	297.4%
Total other expenses, net	$ 10,975,178	$ 1,298,411	$ 9,676,767	745.3%

Interest Expense. Interest expense increased by $8.44 million, or 957.1%, for the nine months ended September 30, 2021, as compared to the nine months ended September 30, 2020. This increase was primarily attributable to the issuance of Series B convertible promissory notes in the fourth quarter of 2020, the first quarter of 2021 and the third quarter of 2021.

Other Expense. Other expense increased by $1.24 million, or 297.4%, for the nine months ended September 30, 2021, as compared to the nine months ended September 30, 2020. Other expense increased primarily due to a loss on the forgiveness of a loan owed to the Company of $0.69 million. Additionally, royalty payments that the Company pays pursuant to revenue sharing agreements with certain third parties resulted in an increase of $1.10 million. These increases in expenses were offset by the forgiveness of a PPP loan in the amount of $0.49 million during the period.

Net Income (Loss).

Net income for the nine months ended September 30, 2021 was $3.56 million and net loss was $4.15 million in 2020, which represents an increase of $7.71 million, or 185.9%. The increase was primarily driven by the $30 million sale of affiliate marketing credits and the $0.49 million PPP loan forgiveness which was offset by fees associated with various professional services in connection with the Business Combination, and amortization from the issuance of the convertible promissory notes in the fourth quarter of 2020 and the nine months ended September 30, 2021.

Year Ended December 31, 2020 Compared to Year Ended December 31, 2019

The following table summarizes our results of operations for the years ended December 31, 2020 and December 31, 2019, respectively.

	Year Ended December 31,			
	2020	**2019**	**$ Change**	**% Change**
Revenue	$ 7,459,514	$ 1,887,386	$ 5,572,128	295.2%
Cost of revenue	2,952,415	846,209	2,106,206	248.9%
Gross profit	$ 4,507,099	$ 1,041,177	$ 3,465,922	332.9%
Operating expenses:				
Personnel costs	4,477,955	3,613,151	864,804	23.9%
Professional fees	1,121,218	1,141,057	(19,839)	(1.7)%
General and administration	1,084,784	4,974,806	(3,890,022)	(78.2)%
Depreciation and amortization	1,533,994	1,499,274	34,720	2.3%
Total operating expenses	8,217,951	11,228,288	3,010,337	26.8%
Loss from operations	(3,710,852)	(10,187,111)	6,476,259	(63.6)%
Other expenses				
Interest expense	1,221,928	619,617	602,311	97.2%
Other expense	879,083	29,058	850,025	2925.3%
Total other expenses, net	2,101,011	648,675	1,452,336	223.9%
Net loss before income tax	$ (5,811,863)	$ (10,835,786)	$ 5,023,923	(46.4)%
Income tax expense	800	800	—	0.0%
Net loss after income tax	$ (5,812,663)	$ (10,836,586)	$ 5,023,923	(46.4)%

Revenues.

Revenue. Revenue for the year ended December 31, 2020 was $7.46 million, an increase of $5.57 million, or 295.2%, compared to revenue of $1.89 million for the year ended December 31, 2019. The increase in revenue was driven by increased lottery game sales as a result of the availability of large multi-state lottery game jackpots in the fourth quarter of 2020. Additionally, several large transactions involving the subscription to lottery data occurred in 2020 resulting in $3.64 million of revenue in 2020.

Cost of Revenue. Cost of revenue for the year ended December 31, 2020 was $2.95 million, an increase of $2.11 million, or 249%, compared to $0.85 million of cost of revenue for the year ended December 31, 2019. The increase in the cost of revenue was directly proportional to the increase in lottery game sale revenue from 2019 to 2020. Cost of revenue includes product costs, commission expense to affiliates and commercial partners, and merchant processing fees.

Gross Profit. Gross profit for the year ended December 31, 2020 was $4.51 million, compared to $1.04 million for the year ended December 31, 2019, an increase of $3.47 million, or 333%. This is due to the increased portion of revenue being driven by Data Services and not lottery game sales.

	Year Ended December 31,			
	2020	**2019**	**$ Change**	**% Change**
Operating expenses				
Personnel costs	$ 4,477,955	$ 3,613,151	$ 862,804	23.9%
Professional fees	1,121,218	1,141,057	(19,839)	(1.7)%
Sales & marketing	313,442	4,414,696	(4,101,254)	(92.9)%
Other general administration	771,342	560,110	211,232	37.7%
Depreciation and amortization	1,533,994	1,499,274	34,720	2.3%
Total operating expenses	$ 8,217,951	$ 11,228,288	$ (3,010,337)	(26.8)%

Operating Costs and Expenses.

Operating expenses for the year ended December 31, 2020 were $8.22 million, a decrease of $3.01 million, or 27%, compared to $11.23 million for the year ended December 31, 2019. The primary decrease is driven by the use of affiliate marketing credits in 2019, which was not continued in 2020.

Personnel Costs. Personal costs increased by $0.86 million, or 24%, from $3.61 million for the year ended December 31, 2019, to $4.48 million for the year ended December 31, 2020. The increase is due to increases in headcount as the cash position for the Company improved from 2019 and to support the growth of the Company's business operations.

Professional Fees. Professional fees decreased by $20 thousand, or 2%, from $1.14 million for the year ended December 31, 2019, to $1.12 million for the year ended December 31, 2020.

Sales and Marketing. Sales and marketing expenses for the year ended December 31, 2020 was $0.31 million, compared to $4.41 million for the year ended December 31, 2019, a decrease of $4.10 million, or 93%. The Company utilized $3.89 million of affiliate marketing credits from iHeart Radio in 2019, which credits were received by the Company in consideration of the issuance of the Company's equity, in addition to $0.45 million of Gatehouse media credits used, which credits were received by the Company in consideration of the issuance of the Company's stock warrants. No iHeart Radio credits were used by the Company in 2020.

Other General Administration. Other general administrative expenses increased $0.21 million, or 38%, from $0.56 million for the year ended December 31, 2019 to $0.77 million for the year ended December 31, 2020. Fees related to the establishment of the Trust Account and increased business activity and headcount within the Company drove this increase.

Depreciation and Amortization. Depreciation and amortization increased $0.03 million, or 2%, from $1.5 million for the year ended December 31, 2019 to $1.53 million for the year ended December 31, 2020. The increase was driven by assets purchased through 2019 and 2020 resulting in additional depreciation and amortization.

Other Expense, Net.

	Year Ended December 31,			
	2020	**2019**	**$ Change**	**% Change**
Other Expenses (Income)				
Interest Expense	$ 1,221,928	$ 619,617	$ 602,311	97.2%
Other Expense	879,083	29,058	850,025	2925.3%
Total Other Expenses (Net)	$ 2,101,011	$ 648,675	$ 1,452,336	223.9%

Interest Expense. Interest expense increased by $0.60 million, or 97.2%, for the year ended December 31, 2020, as compared to the year ended December 31, 2019. This increase relates to issuance of additional convertible debt.

Other Expense. Other expense increased by $0.85 million, or 2,925% for the year ended December 31, 2020 as compared to the year ended December 31, 2019. This increase relates to donations made in the year ending December 31, 2020, including relating to the UNICEF sweepstakes, as well as an increase in revenue-based royalty expenses.

Liquidity and Capital Resources

Our primary need for liquidity is to fund working capital requirements of our business, growth, capital expenditures and for general corporate purposes. Our primary source of liquidity is funds generated by financing activities. Our ability to fund our operations and to undertake anticipated growth activities and make planned capital expenditures depends on our future operating performance and cash flows, which are subject to prevailing economic conditions and financial, business and other factors, some of which are beyond our control.

As of September 30, 2021, we had $1.179 million of cash and cash equivalents and $22.3 million of working capital (current assets minus current liabilities), compared with $10.78 million of cash and negative $0.48 million of working capital as of December 31, 2020. The increase of $2.68 million in our working capital was primarily due to the $30 million prepaid advertising sale which is currently a receivable.

We expect that our cash on hand and cash provided by operations will allow us to meet our capital requirements and operational needs for the next twelve months. As of September 30, 2021, there were no regulatory capital requirements applicable to our industry.

We expect to deploy capital to fund our growth through implementing new products and features within our B2C Platform services, expanding our B2C offering into new domestic and international jurisdictions, entering into additional agreements with new commercial partners for our B2B API, executing on strategic acquisitions and other synergistic opportunities, investing in and developing new technology and enhancing our existing technology in each of our business lines, including distributed ledger technology.

Further expansion of our business to new states and international jurisdictions will likely require additional capital, which we may seek through the issuance of equity or debt securities. If the needed financing is not available, or if the terms of financing are less desirable than we expect, we may be forced to decrease our level of investment in new product launches and related marketing initiatives or to scale back our existing operations, which could have an adverse impact on our business and financial prospects. See "*Risk Factors— We may require additional capital to support our growth plans, including in connection with our expansion into new markets and our strategic acquisitions, and such capital may not be available on reasonable terms or at all. This could hamper our growth and adversely affect our business*" included in the Definitive Proxy. Upon the Closing of the Business Combination, Lottery.com received net proceeds of approximately $42.8 million in cash.

Convertible Debt Obligations

We have historically funded our operations through the issuance of convertible promissory notes.

From August to October 2017, the Company entered into seven Convertible Promissory Note Agreements with unaffiliated investors for an aggregate amount of $821,500. The notes bear interest at 10% per year, were unsecured, and were due and payable on June 30, 2019. The Company and the noteholders executed amendments in February 2021 to extend to maturity date to December 21, 2021. As of September 30, 2021 and December 31, 2020, the balance of these notes was $821,500.

From November 2019 through September 30, 2021, we issued approximately $48.2 million in aggregate principal amount of Series B convertible promissory notes. The notes bear interest at 8% per year, were unsecured, and were due and payable on dates ranging from December 2020 to December 2022. For those promissory notes that would have matured on or before December 31, 2020, the parties extended the maturity date to December 21, 2021 through amendments executed in February 2021. The amendments also allowed for automatic conversion to equity as a result of the Business Combination. Each of the aforementioned promissory notes automatically converted into shares of Common Stock or was terminated pursuant to its terms, as applicable, in connection with the Closing.

Immediately prior to the Closing, approximately $60.0 million of convertible debt was converted into equity of AutoLotto. Upon the Closing, we had no convertible debt outstanding.

Cash Flows

Net cash used in operating activities was $7.3 million for the nine months ended September 30, 2021 compared to net cash used by operating activities of $1.5 million for the nine months ended September 30, 2020. Factors affecting changes in operating cash flows are increased expenses for professional fees personnel costs, and sales and marketing activities. Net cash used in investing activities during the nine months ended September 30, 2021 were $14.1 million, compared to $0.02 million for the prior year. The increase was primarily the result of the acquisition of a domain name as well as the acquisition of Global Gaming completed in June 30, 2021. Net cash provided by financing activities was $11.9 million for the nine months ended September 30, 2021, compared to $1.48 million for the nine months ended September 30, 2020. The increase was primarily due to the issuance of convertible debt.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

Changes in or Adoption of Accounting Practices

The following U.S. GAAP standards have been recently issued by the FASB. We are in the process of assessing the impact of these new standards on future consolidated financial statements. Pronouncements that are not applicable or where it has been determined do not have a significant impact to the Company have been excluded herein.

ASC 606, Revenue from Contracts with Customers

Between May 2014 and December 2016, the FASB issued several ASU's on ASC 606, which updates superseded nearly all previous revenue recognition guidance under U.S. GAAP. The core principle is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. A five-step process has been defined to achieve this core principle, and, in doing so, more judgment and estimates may be required within the revenue recognition process than are required under existing U.S. GAAP. The standards are effective for annual periods beginning after December 15, 2017 using either of the following transition methods: (i) a full retrospective approach reflecting the application of the standards in each prior reporting period with the option to elect certain practical expedients; or (ii) a retrospective approach with the cumulative effect of initially adopting the standards recognized at the date of adoption (which includes additional footnote disclosures). The Company adopted these standards effective on January 1, 2018, and management concluded the adoption of this standard did not result in any financial statement impacts or changes to revenue recognition policies or processes as revenue is primarily derived from arrangements in which the transfer of control coincides with the fulfilment of performance obligations.

Critical Accounting Policies

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

Revenue and Cost Recognition

Revenue

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, Revenue from Contracts with Customers (Topic 606) ("ASC 606"), amending revenue recognition guidance and requiring a more structured approach to measuring and recognizing revenue as well as provide more detailed disclosures to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The amended guidance is effective for accounting periods commencing on or after January 1, 2018.

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

Revenues are recognized upon the application of the following steps:

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

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

3. Determination of the transaction price;

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

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

Contracts with users and customers for lottery game sales are at the point of sale and may include transfer of multiple products to a user or a customer and generally do not require future obligations. In these situations, the Company generally considers each transferred product as a separate performance obligation. The Company also has contracts with subscribers for the continued delivery of lottery and anonymized transaction set related data over a defined period of time. In accounting for these contracts, the Company generally considers each set of data as a separate performance obligation and recognizes revenue on their delivery ratably over the service period of the agreement. The Company's products are sold without a right of return or refund; the Company's terms of service and contracts generally include specific language that disclaims any warranties.

In addition, the Company's performance obligation in agreements with certain customers is to transfer previously acquired affiliate marketing credits ("credits"). Customers' payment for these credits is priced on a per-contract basis. The performance obligation in these agreements is to provide title rights of the previously acquired credits to the customer. This transfer is point-in-time when the revenue is recognized, and there are no variable considerations related to this performance obligation.

Income Taxes

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

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

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

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

Generally, the taxing authorities can audit the previous three years of tax returns and in certain situations audit additional years. For federal tax purposes, the Company's 2018 through 2020 tax years generally remain open for examination by the tax authorities under the normal three-year statute of limitations. For state tax purposes, the Company's 2018 through 2020 tax years remain open for examination by the tax authorities under the normal four-year statute of limitations.

Business combination

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

Fair value of financial assets and financial liabilities

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

Fair value of stock options and warrants

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

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

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

Goodwill and intangible assets

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

Deferred Tax Asset and Valuation Allowance

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

Emerging Growth Company Accounting Election

Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can choose not to take advantage of the extended transition period and comply with the requirements that apply to non-emerging growth companies, and any such election to not take advantage of the extended transition period is irrevocable. Lottery.com is an "emerging growth company" as defined in Section 2(a) of the Securities Act of 1933, as amended, and have elected to take advantage of the benefits of this extended transition period. We expect to remain an emerging growth company at least through the end of the 2021 fiscal year and we expect to continue to take advantage of the benefits of the extended transition period. This may make it difficult or impossible to compare the financial results with the financial results of another public company that is either not an emerging growth company or is an emerging growth company that has chosen not to take advantage of the extended transition period exemptions for emerging growth companies because of the potential differences in accounting standards used.

Exhibit 99.2

AutoLotto, Inc.
Condensed Consolidated Balance Sheets

	As of September 30, 2021 (unaudited)	As of December 31, 2020
Assets		
Cash	$ 1,179,467	$ 3,825,511
Restricted cash	-	6,950,000
Accounts receivable	33,072,278	26,195
Prepaid expenses	10,815,458	22,013,110
Other current assets	238,627	788,033
Total current assets	45,305,830	33,602,849
Investments	250,000	250,000
Goodwill	17,937,691	12,997,048
Intangible assets, net	27,820,753	3,211,250
Property and equipment, net	1,297,885	670,952
Total assets	$ 92,612,159	$ 50,732,099
Liabilities		
Trade payables	$ 2,986,762	$ 2,176,621
Deferred revenue	598,214	7,763,593
Convertible debt, net - current	8,912,163	8,882,665
Notes payable - current	4,077,982	12,207,180
Accrued interest	3,435,111	721,717
Accrued and other expenses	4,992,522	2,335,350
Total current liabilities	25,002,754	34,087,126
Convertible debt, net - non current	31,569,218	10,000
Other long term liabilities	1,600,000	-
Total liabilities	58,171,972	34,097,126
Commitments and contingencies - see Note 11		
Stockholders' Equity		
Controlling Interest		
Common stock	5,912	5,159
Par value $.001, 8,610,000 shares authorized, 5,910,980 and 5,158,607 issued and outstanding as of September 30, 2021 and December 31, 2020 respectively		
Preferred stock - series seed	63	63
Par value $.0001, 633,000 shares authorized, 633,000 issued and outstanding as of September 30, 2021 and December 31, 2020 respectively		
Preferred stock - series A	122	122
Par value $.0001, 1,220,000 shares authorized, 1,220,000 issued and outstanding as of September 30, 2021 and December 31, 2020 respectively		
Preferred stock - series A1	22	22
Par value $.0001, 225,000 shares authorized, 223,749 issued and outstanding as of September 30, 2021 and December 31, 2020 respectively		
Preferred stock - series A2	30	30
Par value $.0001, 305,000 shares authorized, 302,668 issued and outstanding as of September 30, 2021 and December 31, 2020 respectively		
Additional paid-in capital	123,368,737	111,770,147
Accumulated deficit	(91,577,868)	(95,140,570)
Total AutoLotto Inc. stockholder's equity	31,797,018	16,634,973
Noncontrolling Interest	2,643,169	-
Total Stockholders' Equity	34,440,187	16,634,973
Total Liabilities & Stockholders' Equity	$ 92,612,159	$ 50,732,099

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

AutoLotto, Inc.
Condensed Consolidated Statements of Operations
Three Months Ended September 30, 2021 and 2020 and Nine Months Ended September 30, 2021 and 2020

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
	(unaudited)		(unaudited)	
Revenue	$ 32,248,036	$ 1,602,916	$ 47,035,327	$ 4,197,314
Cost of revenue	11,920,721	722,363	15,925,072	1,770,885
Gross profit	20,327,315	880,554	31,110,255	2,426,429
Operating expenses:				
Personnel costs	1,614,063	974,139	4,138,240	2,975,464
Professional fees	976,679	182,502	5,174,378	638,878
General and administration	1,085,431	163,691	4,355,760	593,380
Depreciation and amortization	1,530,026	355,671	2,904,000	1,065,490
Total operating expenses	5,206,199	1,676,004	16,572,378	5,273,211
Income (loss) from operations	15,121,116	(795,450)	14,537,877	(2,846,782)
Other expenses				
Interest expense	3,789,316	296,517	9,318,638	881,553
Other expense	178,952	68,218	1,656,540	416,858
Total other expenses, net	3,968,268	364,735	10,975,178	1,298,411
Net income (loss)	$ 11,152,848	$ (1,160,185)	$ 3,562,699	$ (4,145,193)
Net income (loss) per common share				
Basic	$ 1.89	$ (0.22)	$ 0.64	$ (0.80)
Diluted	$ 0.24	$ (0.22)	$ 0.08	$ (0.80)
Weighted average common shares outstanding				
Basic	5,900,980	5,158,607	5,534,794	5,158,607
Diluted	45,956,427	5,158,607	45,590,241	5,158,607

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

AutoLotto, Inc.

Condensed Consolidated Statements of Changes in Stockholders' Equity

	Common Stock		Preferred Stock - Series Seed		Preferred Stock - Series A		Preferred Stock - Series A1		Preferred Stock - Series A2		Paid-in Capital - Common	Paid-in Capital - Preferred	Accumulated Deficit	Total AutoLotto Inc. Stockholders' Equity	Non controlling Interest	Total Stockholders' Equity
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount						
Balance as of December 31, 2020	5,158,607	$ 5,159	633,000	$ 63	1,220,000	$ 122	223,749	$ 22	302,668	$ 30	$ 9,103,865	$ 102,666,282	$ (95,140,570)	$ 16,634,973	$ -	$ 16,634,973
Issuance of common stock upon stock option exercise	5,000	5	-	-	-	-	-	-	-	-	895	-	-	900	-	900
Conversion of convertible debt	465,171	465	-	-	-	-	-	-	-	-	934,535	-	-	935,000	-	935,000
Beneficial conversion feature	-	-	-	-	-	-	-	-	-	-	-	9,149,683	-	9,149,683	-	9,149,683
Issuance of digital securities	-	-	-	-	-	-	-	-	-	-	-	108,331	-	108,331	-	108,331
Stock based compensation	-	-	-	-	-	-	-	-	-	-	2,160	-	-	2,160	-	2,160
Net loss	-	-	-	-	-	-	-	-	-	-	-	-	(5,456,033)	(5,456,033)	-	(5,456,033)
Balance as of March 31, 2021	5,628,778	$ 5,629	633,000	$ 63	1,220,000	$ 122	223,749	$ 22	302,668	$ 30	$ 10,041,454	$ 111,924,296	$ (100,596,604)	$ 21,375,013	$ -	$ 21,375,013
Issuance of common stock upon stock option exercise	33,500	34	-	-	-	-	-	-	-	-	5,997	-	-	6,030	-	6,030
Issuance of common stock in business acquisition	228,702	229	-	-	-	-	-	-	-	-	459,462	-	-	459,691	-	459,691
Stock based compensation	-	-	-	-	-	-	-	-	-	-	2,160	-	-	2,160	-	2,160
Minority interest in acquisition	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,643,169	2,643,169
Net loss	-	-	-	-	-	-	-	-	-	-	-	-	(2,134,113)	(2,134,113)	-	(2,134,113)
Balance as of June 30, 2021	5,890,980	$ 5,891	633,000	$ 63	1,220,000	$ 122	223,749	$ 22	302,668	$ 30	$ 10,509,073	$ 111,924,296	$ (102,730,717)	$ 19,708,780	$ 2,643,169	$ 22,351,949
Issuance of common stock upon stock option exercise	20,000	20	-	-	-	-	-	-	-	-	40,180	-	-	40,200	-	40,200
Beneficial conversion feature	-	-	-	-	-	-	-	-	-	-	-	893,028	-	893,028	-	893,028
Stock based compensation	-	-	-	-	-	-	-	-	-	-	2,160	-	-	2,160	-	2,160
Minority interest in acquisition	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net income (loss)	-	-	-	-	-	-	-	-	-	-	-	-	11,152,848	11,152,848	-	11,152,848
Balance as of September 30, 2021	5,910,980	$ 5,911	633,000	$ 63	1,220,000	$ 122	223,749	$ 22	302,668	$ 30	$ 10,551,413	$ 112,817,324	$ (91,577,869)	$ 31,797,017	$ 2,643,169	$ 34,440,186

	Common Stock		Preferred Stock - Series Seed		Preferred Stock - Series A		Preferred Stock - Series A1		Preferred Stock - Series A2		Paid-in Capital - Common	Paid-in Capital - Preferred	Accumulated Deficit	Total AutoLotto Inc. Stockholders' Equity	Non controlling Interest	Total Stockholders' Equity
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount						
Balance as of December 31, 2019	5,158,607	$ 5,159	633,000	$ 63	1,220,000	$ 122	223,749	$ 22	302,668	$ 30	$ 9,087,766	$ 100,610,949	$ (89,327,905)	$ 20,376,206	$ -	$ 20,376,206
Issuance of digital securities	-	-	-	-	-	-	-	-	-	-	-	162,498	-	162,498	-	162,498
Stock based compensation	-	-	-	-	-	-	-	-	-	-	4,905	-	-	4,905	-	4,905
Net loss	-	-	-	-	-	-	-	-	-	-	-	-	(949,252)	(949,252)	-	(949,252)
Balance as of March 31, 2020	5,158,607	$ 5,159	633,000	$ 63	1,220,000	$ 122	223,749	$ 22	302,668	$ 30	$ 9,092,671	$ 100,773,447	$ (90,277,156)	$ 19,594,357	$ -	$ 19,594,357
Issuance of digital securities	-	-	-	-	-	-	-	-	-	-	-	162,498	-	162,498	-	162,498
Stock based compensation	-	-	-	-	-	-	-	-	-	-	4,904	-	-	4,904	-	4,904
Net loss	-	-	-	-	-	-	-	-	-	-	-	-	(2,035,757)	(2,035,757)	-	(2,035,757)
Balance as of June 30, 2020	5,158,607	$ 5,159	633,000	$ 63	1,220,000	$ 122	223,749	$ 22	302,668	$ 30	$ 9,097,576	$ 100,935,945	$ (92,312,913)	$ 17,726,003	$ -	$ 17,726,003
Issuance of digital securities	-	-	-	-	-	-	-	-	-	-	-	162,498	-	162,498	-	162,498
Stock based	-	-	-	-	-	-	-	-	-	-	4,063	-	-	4,063	-	4,063

compensation																
Net loss	-	-	-	-	-	-	-	-	-	-	-	-	(1,160,185)	(1,160,185)	-	(1,160,185)
Balance as of September 30, 2020	5,158,607	$ 5,159	633,000	$ 63	1,220,000	$ 122	223,749	$ 22	302,668	$ 30	$ 9,101,639	$ 101,098,443	$ (93,473,098)	$ 16,732,379	$ -	$ 16,732,379

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

AutoLotto, Inc.
Condensed Consolidated Statements of Cash Flows

	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
	(unaudited)	
Cash flow from operating activities		
Net income (loss)	$ 3,562,698	$ (4,145,193)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	2,904,000	1,065,490
Amortization of debt discount	2,296,747	126,096
Amortization of beneficial conversion feature	4,191,530	494,639
Stock based compensation expense	6,479	13,872
Forgiveness of PPP Loan	(493,225)	-
Loss on extinguishment of debt	71,174	-
Issuance of debt to pay expenses	1,003,983	-
Changes in assets & liabilities:		
Accounts receivable	(33,046,083)	1,625
Prepaid expenses	11,202,143	103,253
Other current assets	561,321	(23,975)
Trade payables	808,670	(391,352)
Deferred revenue	(7,165,379)	578,759
Accrued interest	2,758,009	260,818
Accrued and other expenses	3,979,552	399,445
Net cash used in operating activities	(7,358,379)	(1,516,522)
Cash flow from investing activities		
Purchases of property and equipment	(1,097,993)	(21,915)
Purchases of intangible assets	(3,000,000)	-
Cash paid for acquisitions, net of cash acquired	(10,012,540)	-
Net cash used in investing activities	(14,110,533)	(21,915)
Cash flow from financing activities		
Issuance of digital securities	108,332	487,494
Proceeds from exercise of options	47,130	-
Proceeds from issuance of convertible debt	13,483,500	365,000
Proceeds from government loan	-	643,125
Proceeds from issuance of notes payable	-	27,699
Principal payments on notes payable	(1,766,093)	(44,148)
Net cash provided by financing activities	11,872,869	1,479,170
Net change in net cash and restricted cash	(9,596,044)	(59,266)
Cash at beginning of period	10,775,511	158,492
Cash at end of period	$ 1,179,467	$ 99,226
SUPPLEMENTAL DISCLOSURES:		
Interest paid in cash	$ 40,916	$ -
Non cash investing and financing activities		
Conversion of convertible debt into common stock	$ 935,000	$ -
Capitalization of interest from loan extinguishment	$ 44,614	-
Purchase of intangible assets through the issuance of convertible debt	$ 15,450,000	$ -
Issuance of convertible debt in exchange for outstanding liabilities	$ 2,108,983	$ -
Issuance of convertible debt in exchange for notes payable	$ 4,531,250	
Common stock issued as part of acquisition	$ 459,691	$ -

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

1. Nature of Operations

Description of Business

AutoLotto, Inc. (dba Lottery.com) ("AutoLotto" or "the Company") was incorporated in the State of Delaware as a C-Corp on February 2, 2015. In February 2018, the Company moved its headquarters from San Francisco, California to Spicewood, Texas.

The Company is a leading provider of domestic and international lottery products and services. As an independent third-party lottery game service, the Company offers a platform that it developed and operates to enable the remote purchase of legally sanctioned lottery games in the U.S. and abroad (the "Platform"). The Company's revenue generating activities are focused on (i) offering the Platform via the Lottery.com app and our websites to users located in the U.S. and international jurisdictions where the sale of lottery games is legal and our services are enabled for the remote purchase of legally sanctioned lottery games (our "B2C Platform"); (ii) offering an internally developed, created and operated business-to-business application programming interface ("API") of the Platform to enable commercial partners in permitted U.S. and international jurisdictions to purchase certain legally operated lottery games from the Company and resell them to users located within their respective jurisdictions ("B2B API"); and (iii) delivering global lottery data, such as winning numbers and results, to commercial digital subscribers and provide access to other proprietary, anonymized transaction data pursuant to multi-year contracts ("Data Service").

As a provider of lottery products and services, the Company is required to comply, and its business is subject to, regulation in each jurisdiction in which the Company offers the B2C Platform, or a commercial partner offers users access to lottery games through the B2B API. In addition, it must also comply with the requirements of federal and other domestic and foreign regulatory bodies and governmental authorities in jurisdictions in which the Company operates or with authority over its business. The Company's business is additionally subject to multiple other domestic and international laws, including those relating to the transmission of information, privacy, security, data retention, and other consumer focused laws, and, as such, may be impacted by changes in the interpretation of such laws.

On June 30, 2021, the Company acquired interest in Medios Electronicos y de Comunicacion, S.A.P.I de C.V. ("Aganar") and JuegaLotto, S.A. de C.V. ("JuegaLotto"). Aganar has been operating in the licensed iLottery market in Mexico since 2007 as an online retailer of Mexican National Lottery draw games, instant digital scratch-off games and other games of chance. JuegaLotto is licensed by the Mexican federal regulatory authorities to sell international lottery games in Mexico.

On October 29, 2021 (the "Closing Date"), Trident Acquisitions Corp. ("TDAC") consummated the previously announced business combination (the "Closing") pursuant to the terms of the Business Combination Agreement, dated as of February 21, 2021 (as it may be amended or supplemented from time to time, the "Business Combination Agreement"), by and among TDAC, Trident Merger Sub II Corp., a wholly-owned subsidiary of TDAC ("Merger Sub"), and the Company. Pursuant to the terms of the Business Combination Agreement, Merger Sub merged with and into the Company with the Company surviving the merger as a wholly owned subsidiary of TDAC, which was renamed "Lottery.com Inc." immediately prior to the Closing.

2. Significant Accounting Policies

Basis of Presentation and Principle of Consolidation

The accompanying unaudited condensed financial statements have been prepared in conformity with generally accepted accounting principles in the United States ("U.S. GAAP") and pursuant to the rules and regulations of the U.S. Securities and Exchange Commission for interim financial information. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America ("GAAP") for complete financial statements. The accompanying unaudited condensed consolidated financial statements as of September 30, 2021 and for the three and nine months ended September 30, 2021 and 2020 and the related interim information contained within the notes to the financial statements are unaudited. The unaudited interim financial statements have been prepared on the same basis as the audited consolidated financial statements and in the opinion of management, reflect all normal recurring adjustments necessary for a fair statement of the Company's financial position as of September 30, 2021 and the results of operations and cash flows for the nine months ended September 30, 2021 and 2020. The results of operations for the three and nine months ended September 30, 2021 are not necessarily indicative of the results to be expected for the year ended December 31, 2021 or for other future interim periods or years. The unaudited condensed financial statements should be read in conjunction with the Company's audited financial statements as of and for the year ended December 31, 2020 set forth elsewhere in TDAC's Form S-4 as amended and filed with the U.S. Securities and Exchange Commission.

Non-controlling Interests

Non-controlling interests represent the proportionate ownership of Aganar and JuegaLotto, held by minority members and reflect their capital investments as well as their proportionate interest in subsidiary losses and other changes in members' equity, including translation adjustments.

Use of Estimates

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

Reclassifications

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

Going Concern

The Company has experienced operating losses and negative operating cash flows for the years ended December 31, 2020 and 2019. As of the date of the issuance date of these financial statements, our existing cash resources, net proceeds from the Business Combination, and cash to be generated from future operations, 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 November 15, 2021.

Cash and Restricted Cash

As of September 30, 2021 and December 31, 2020, cash comprised of cash deposits, and deposits with some banks exceeded federally insured limits with the majority of cash held in one financial institution. Management believes all financial institutions holding its cash are of high credit quality and does not believe the Company is subject to unusual credit risk beyond the normal credit risk associated with commercial banking relationships.

The Company had no marketable securities as of September 30, 2021 and December 31, 2020.

As of December 31, 2020, restricted cash included $6,950,000 escrow deposit related to the Company's future performance obligations to provide data access to a third party under a Master Service Agreement dated December 12, 2020. As of September 30, 2021, the restricted cash balance was $0 as the Company met all requirements in the agreement.

Accounts Receivable

The Company through its various merchant providers pre-authorizes forms of payment prior to the sale of digital representation of lottery games to minimize exposure to losses related to uncollected payments and does not extend credit to the user of the B2C Platform or the commercial partner of the B2B API, being its customers, in the normal course of business. The Company estimates its bad debt exposure each period and records a bad debt provision for accounts receivable it believes it may not collect in full. The Company did not record any allowance for uncollectible receivables as of September 30, 2021 and December 31, 2020. The Company has not incurred bad debt expense historically.

Prepaid Expenses

Prepaid expenses consist of payments made on contractual obligations for services to be consumed in future periods. The Company entered into an agreement with a third party to provide advertising services and issued equity instruments as compensation for the advertising services. The Company expenses the service as it is performed. The value of the services provided were used to value these contracts. The current portion of prepaid expenses is included in current assets on the consolidated balance sheet.

Investments

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

Property and equipment, net

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

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

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

Leases

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

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

Goodwill and Other Intangibles
Goodwill represents the excess of the cost of assets acquired over the fair value of the net assets at the date of acquisition. Intangible assets represent the fair value of separately recognizable intangible assets acquired in connection with the Company's business combinations. The Company evaluates its goodwill and other intangibles for impairment on an annual basis or whenever events or circumstances indicate that an impairment may have occurred in accordance with the provisions of ASC 350, "*Goodwill and Other Intangible Assets*". The Company reviewed for impairment and determined that no impairment indicators exist as of September 30, 2021 and December 31, 2020. See Footnote 5 for further discussion.

Revenue Recognition
Under the new standard, Accounting Standards Update ("ASU") 2014-09, "*Revenue from Contracts with Customers (Topic 606)*", the Company recognizes revenues when the following criteria are met: (i) persuasive evidence of a contract with a customer exists; (ii) identifiable performance obligations under the contract exist; (iii) the transaction price is determinable for each performance obligation; (iv) the transaction price is allocated to each performance obligation; and (v) when the performance obligations are satisfied. Revenues are recognized when control of the promised goods or services is transferred to the customers in an amount that reflects the consideration expected to be entitled to in exchange for those goods or services.

Lottery game revenue

Items that fall under this revenue classification include:

Lottery game sales
The Company's performance obligations of delivering lottery games are satisfied at the time in which the digital representation of the lottery game is delivered to the user of the B2C Platform or the commercial partner of the B2B API, therefore, are recognized at a point in time. The Company receives consideration for lottery game sales at the time of delivery to the customer, being the user or commercial partner, as applicable. There is no variable consideration related to lottery game sales. As each individual lottery game delivered represents a distinct performance obligation and consideration for each game sale is fixed, representing the standalone selling price, there is no allocation of consideration necessary.

Other associated revenue

Items that fall under this revenue classification include:

Data licensing
The Company's performance obligations in agreements with certain customers is to provide a license of intellectual property related to the Company's compiled customer data. Customers pay a combination of a license issue fee paid up front and sales-based royalties. The transaction price is deemed to be the license issue fee stated in the contract. The licenses offered by the Company can be in the form of both functional and symbolic licenses. Those licenses designated as functional licenses are those with significant standalone functionality and provides customers with the right to use the Company's intellectual property. This allows the Company to recognize revenue on the license issue fee at a point in time at the beginning of the contract, which is when the customer begins to have use of the license. Those licenses designated as symbolic provide the customer with the right to use the Company's data on an ongoing basis with continued updates through the term of the agreement in the form of newly gathered data being made available to the customer. Variable consideration related to sales-based royalties is recognized only when (or as) the later of the following events occur: (i) the subsequent sale or usage occurs; or (ii) the performance obligation to which some or all of the sales-based or usage-based royalty has been allocated has been satisfied (or partially satisfied). For current performance obligations, the Company has included zero variable consideration in the transaction price as this represents the most likely amount as of the current reporting period.

Other licensing revenue
The Company's performance obligations in agreements with certain customers is to provide a license of intellectual property related to the use of the Company's tradename for marketing purposes by partners of the Company. Customers pay a license fee up front. The transaction price is deemed to be the license issue fee stated in the contract. The license offered by the Company represents a symbolic license which provides the customer with the right to use the Company's intellectual property on an ongoing basis with continued support throughout the term of the contract in the form of ongoing maintenance of the underlying intellectual property. There is no variable consideration related to these performance obligations.

Affiliate marketing credit revenue
The Company's performance obligation in agreements with certain customers is to transfer previously acquired affiliate marketing credits ('credits'). Customers' payment for these credits is priced on a per-contract basis. The performance obligation in these agreements is to provide title rights of the previously acquired credits to the customer. This transfer is point-in-time when the revenue is recognized, and there are no variable considerations related to this performance obligation.

Arrangements with multiple performance obligations
The Company's contracts with customers may include multiple performance obligations. For such arrangements, management allocates revenue to each performance obligation based on its relative standalone selling price. Management generally determines standalone selling prices based on the prices charged to customers.

Deferred Revenue
The Company records deferred revenue when cash payments are received or due in advance of any performance, including amounts which are refundable.

Payment terms vary by the type and location of the customer and the products or services offered. The term between invoicing and when payment is due is not significant. For certain products or services and customer types, management requires payment before the products or services are delivered to the customer.

Contract Assets
Given the nature of the Company's services and contracts, it has no contract assets.

Taxes
Taxes assessed by a governmental authority that are both imposed on and concurrent with specific revenue-producing transactions, that are collected by us from a customer, are excluded from revenue.

Cost of Revenue

Cost of revenue consists primarily of variable costs, comprising (i) the cost of procurement of lottery games, minus winnings to users, additional expenses related to the sale of lottery games, including, commissions, affiliate fees and revenue shares; and (ii) payment processing fees on user fees, including, chargebacks imposed on the Company. Other non-variable costs included in cost of revenue include affiliate marketing credits acquired on a per-contract basis.

Stock Based Compensation

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

Recent Accounting Pronouncements

ASU No. 2020-09 (Topic 470), Debt

Amendments to SEC paragraphs pursuant to SEC release NO. 33-10762 amends terms related to Debt Guarantors and Issuers of Guaranteed Securities Registered or to be Registered with the SEC. The Company is currently evaluating the timing of adoption and impact of the updated guidance on its financial statements.

3. Business Combination

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

The net purchase price was allocated to the assets and liabilities acquired as per the table below. Goodwill represents the future economic benefits arising from other assets acquired that could not be individually identified and separately recognized. The fair values of the acquired intangible assets were determined using Level 3 inputs which were not observable in the market.

The total purchase price of $10,989,691, consisting cash of $10,530,000 and 228,702 shares of common stock of Lottery.com at $2.01 per share. The total consideration transferred was approximately $10,055,214, reflecting the purchase price, net of cash on hand at Global Gaming and the principal amount of certain loans acquired. The purchase price is for an 80% ownership interest and is therefore grossed up to $13,215,843 as to reflect the 20% minority interest in the acquirees. The purchase price was allocated to the identified tangible and intangible assets acquired based on their estimated fair values at the acquisition date as follows:

Cash	$	517,460
Accounts receivable, net		34,134
Prepaids		5,024
Property and equipment, net		2,440
Other assets, net		65,349
Intangible assets		8,590,000
Goodwill		4,940,643
Total assets	$	14,155,051
Accounts payable and other liabilities	$	(387,484)
Customer deposits		(134,707)
Related party loan		(417,017)
Total liabilities	$	(939,208)
Total net assets of Acquirees	$	13,215,843

Goodwill recognized in connection with the acquisition is primarily attributed to an anticipated growing lottery market in Mexico that are expected to be achieved from the integration of these Mexican entities. None of the goodwill is expected to be deductible for income tax purposes.

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

Category	**Fair Value**
Customer Relationships	$ 410,000
Gaming Licenses	$ 4,020,000
Trade Names and Trademarks	$ 2,540,000
Technology	$ 1,620,000
Total Intangibles	$ 8,590,000

The following unaudited pro forma condensed consolidated results of operations for the three and nine months ended September 30, 2021 have been prepared as if the acquisition of Global Gaming had occurred on January 1, 2021 and includes adjustments for amortization of intangibles and the addition to basic and diluted weighted average number of shares outstanding. For the three months ending September 30, 2021, Global Gaming's financial results are included in the number for Lottery.com

	For the three months ended September 30, 2021		**For the nine months ended September 30, 2021**		
	Lottery.com (As presented above)	**Proforma Lottery.com**	**Lottery.com (As presented above)**	**Global Gaming Acquisition (Historical)**	**Proforma Lottery.com**
Total revenues	$ 32,248	$ 32,248	$ 47,035	$ 1,962	$ 48,998
Net income (loss)	11,153	11,153	3,563	(86)	3,477
Net income (loss) attributable to common shareholders	$ 11,153	$ 11,153	$ 3,563	$ (86)	$ 3,477
Net income (loss) per common share					
Basic	$ 1.89	$ 1.89	$ 0.64		$ 0.63
Diluted	$ 0.24	$ 0.24	$ 0.08		$ 0.08
Weighted average common shares outstanding					
Basic	5,900,980	5,900,980	5,534,794		5,534,794
Diluted	45,956,427	45,956,427	45,590,241		45,590,241

4. Property and Equipment, net

Property and equipment, net as of September 30, 2021 and December 31, 2020, consisted of the following:

	As of September 30, 2021	**As of December 31, 2020**
Computers and equipment	$ 99,342	$ 85,004
Furniture and fixtures	22,767	14,301
Software	2,980,100	1,903,121
Property and equipment	3,102,209	2,002,426
Accumulated depreciation	(1,804,324)	(1,331,474)
Property and equipment, net	$ 1,297,885	$ 670,952

Depreciation expense was $250,875 and $157,588 for the three months ended September 30, 2021 and 2020, respectively. Depreciation expense was $473,500 and $471,132 for the nine months ended September 30, 2021 and 2020, respectively.

5. Intangible assets, net

TinBu Acquisition

The following intangible assets, net relate to the acquisition of TinBu LLC ("TinBu"):

Customer Relationships
Customer relationships represent the valuation of acquired customer accounts. The cost is amortized on the straight-line method over its estimated useful life of six years.

	As of September 30, 2021	As of December 31, 2020
Cost basis	$ 940,000	$ 940,000
Less: accumulated amortization	(483,056)	(365,556)
	$ 456,944	$ 574,444

Amortization expense for the three months ended September 30, 2021 and 2020 was $39,167 and $39,167, respectively. Amortization expense for the nine months ended September 30, 2021 and 2020 was $117,500 and $117,500, respectively.

Estimated amortization expense for the three months remaining in 2021 will be $39,167 and each of the ensuing years through December 31, 2024 will be $156,667 (except for 2024, which will be $104,443).

Trade Name
Trade name consists of the valuation of the Company's trademarks and brand identity. The trade name is being amortized on the straight-line method over its respective term of six years.

	As of September 30, 2021	As of December 31, 2020
Cost basis	$ 10,000	$ 10,000
Less: accumulated amortization	(5,139)	(3,889)
	$ 4,861	$ 6,111

Amortization expense for the three months ended September 30, 2021 and 2020 was $417 and $417, respectively. Amortization expense for the nine months ended September 30, 2021 and 2020 was $1,250 and $1,250, respectively.

Estimated amortization expense for the three months remaining in 2021 will be $417 and each of the ensuing years through December 31, 2024 will be $1,667 (except for 2024, which will be $1,110).

Technology
Technology represents the valuation of acquired technology. The cost is amortized on the straight-line method over its estimated useful life of six years.

	As of September 30, 2021	As of December 31, 2020
Cost basis	$ 1,430,000	$ 1,430,000
Less: accumulated amortization	(734,861)	(556,111)
	$ 695,139	$ 873,889

Amortization expense for the three months ended September 30, 2021 and 2020 was $59,583 and $59,583, respectively. Amortization expense for the nine months ended September 30, 2021 and 2020 was $178,750 and $178,750, respectively.

Estimated amortization expense for the three months remaining in 2021 will be $59,583 and each of the ensuing years through December 31, 2024 will be $238,333 (except for 2024, which will be $158,890).

Software Agreements
The Company entered into a software agreement with a third party. As part of the agreement, the Company paid $2,000,000 for unlimited access to the software of the third party. The cost of this software agreement is amortized on the straight-line method over its estimated useful life of six years.

	As of September 30, 2021	As of December 31, 2020
Cost basis	$ 2,000,000	$ 2,000,000
Less: accumulated amortization	(1,194,444)	(944,444)
	$ 805,556	$ 1,055,556

Amortization expense for the three months ended September 30, 2021 and 2020 was $83,333 and $83,333, respectively. Amortization expense for the nine months ended September 30, 2021 and 2020 was $250,000 and $250,000, respectively.

Estimated amortization expense for the three months remaining in 2021 will be $83,333 and each of the ensuing years through December 31, 2024 will be $333,333 (except for 2024, which will be $83,333).

On March 9, 2018, the Company and Playsino Inc. executed a Merger Agreement (the "Playsino Agreement"), which included a provision that, in the event of the Playsino Agreement's termination, the Company would receive a non-exclusive license to certain programs, databases and operating systems owned by Playsino, Inc. without further action required by either the Company or Playsino, Inc. On February 15, 2021, the Company terminated the majority of the Playsino Agreement, to pursue a business combination with Trident. The surviving provision was the non-exclusive license for which the Company issued Playsino, Inc. a Series B notes in the principal amount to $12.45 million. The Company's non-exclusive license to certain programs, databases and operating systems became effective as of the date of the termination of the Playsino Agreement, being February 15, 2021, on which both parties were able to agree on the value for the non-exclusive license. The non-exclusive license is treated as an intangible asset under ASC 350 "Intangibles — Goodwill and Other". The useful life of the intangible asset is five years. The cost of the intangible asset is amortized on the straight-line method over its estimated useful life. As of the date of this filing, the Company's management assessed that were no triggering events or circumstances that indicated that the asset carrying value would be impaired. Management will continue to evaluate for impairment periodically in accordance with ASC 360-10 "Overall — Recoverability of Carrying Amounts — Assets to Be Held and Used".

	As of September 30, 2021
Cost basis	$ 12,450,000
Less: accumulated amortization	(1,245,000)
	$ 11,205,000

Amortization expense for the three and nine months ended September 30, 2021 was $622,500 and $1,245,000, respectively.

Estimated amortization expense for the three months remaining in 2021 will be $622,500 and each of the ensuing years through December 31, 2026 will be $2,490,000 (except for 2026, which will be $622,500).

Sports.com Domain Acquisition
In February 2021, the Company purchased the domain name sports.com. The total purchase price for the unlimited use of the domain name was $6,000,000 which was partially paid in cash for $3,000,000 and the balance was settled by issuing Series B convertible debt of $3,000,000 (see Note 6). The cost is amortized n the straight-line method over its estimated useful life of fifteen years.

	As of September 30, 2021
Cost basis	$ 6,000,000
Less: accumulated amortization	(233,333)
	$ 5,766,667

Amortization expense for the three and nine months ended September 30, 2021 was $100,000 and $233,333, respectively.

Estimated amortization expense for the three months remaining in 2021 will be $100,000 and each of the ensuing years through December 31, 2036 will be $400,000 (except for 2036, which will be $66,666).

Lottery.com Domain Acquisition
In March 2017, the Company purchased the domain name lottery.com. The total purchase price was $935,000 for the domain name. The cost is amortized on the straight-line method over its estimated useful life of fifteen years.

	As of September 30, 2021	As of December 31, 2020
Cost basis	$ 935,000	$ 935,000
Less: accumulated amortization	(280,500)	(233,750)
	$ 654,500	$ 701,250

Amortization expense for the three months ended September 30, 2021 and 2020 was $15,583 and $15,583, respectively. Amortization expense for the nine months ended September 30, 2021 and 2020 was $46,750 and $46,750, respectively.

Estimated amortization expense for the three months remaining in 2021 will be $15,583 and each of the ensuing years through December 31, 2032, will be $62,333 (except for 2032, which will be $15,588).

Aganar and JuegaLotto Acquisition
The following intangible assets, net relate to the acquisition of Aganar and JuegaLotto:

Customer Relationships
Customer relationships represent the valuation of acquired customer accounts. The asset will be amortized on the straight-line method over its estimated useful life of six years.

	As of September 30, 2021
Cost basis	$ 410,000
Less: accumulated amortization	(17,083)
	$ 392,917

Amortization expense for the three and nine months ended September 30, 2021 was $17,083.

Estimated amortization expense for the three months remaining in 2021 will be $17,083 and each of the ensuing years through December 31, 2027 will be $68,333 (except for 2027, which will be $34,167).

Trade Name
Trade name consists of the valuation of the Company's trademarks and brand identity. The trade name is being amortized on the straight-line method over its respective term of six years.

	As of September 30, 2021
Cost basis	$ 2,540,000
Less: accumulated amortization	(105,833)
	$ 2,434,167

Amortization expense for the three and nine months ended September 30, 2021 was $105,833.

Estimated amortization expense for the three months remaining in 2021 will be $105,833 and each of the ensuing years through December 31, 2027 will be $423,333 (except for 2027, which will be $211,667).

Technology
Technology represents the valuation of acquired technology. The asset will be amortized on the straight-line method over its estimated useful life of six years.

	As of September 30, 2021
Cost basis	$ 1,620,000
Less: accumulated amortization	(67,500)
	$ 1,552,500

Amortization expense for the three and nine months ended September 30, 2021 was $67,500.

Estimated amortization expense for the three months remaining in 2021 will be $67,500 and each of the ensuing years through December 31, 2027 will be $270,000 (except for 2027, which will be $135,000).

Gaming Licenses
Gaming licenses represent the valuation of licenses allowing the entities to operate in certain jurisdictions. The asset will be amortized on the straight-line method over its estimated useful life of six years.

	As of September 30, 2021
Cost basis	$ 4,020,000
Less: accumulated amortization	(167,500)
	$ 3,852,500

Amortization expense for the three and nine months ended September 30, 2021 was $167,500.

Estimated amortization expense for the three months remaining in 2021 will be $167,500 and each of the ensuing years through December 31, 2027 will be $670,000 (except for 2027, which will be $335,000).

6. Notes Payable and Convertible Debt

Secured Convertible Note
In connection with the Lottery.com domain purchase, the Company issued a secured convertible promissory note (“Secured Convertible Note”) with a fair value of $935,000 that matured in March 2021. The Company used the fair value of the Secured Convertible Note to value the debt instrument issued. In March 2021, the Secured Convertible Note was fully converted into 465,170 shares of the Company’s common stock (see Note 7), which were issued as of September 30, 2021.

Series A Notes
From August to October 2017, the Company entered into seven Convertible Promissory Note Agreements with unaffiliated investors for an aggregate amount of $821,500. The notes bear interest at 10% per year, are unsecured, and were due and payable on June 30, 2019. The parties have verbally agreed to extend the maturity of the notes to December 31, 2021. As of September 30, 2021 and December 31, 2020, the balance amount due on these notes was $821,500. The Company cannot prepay the loan without consent from the noteholders. As of September 30, 2021, there have been no Qualified Financing events that trigger conversion.

Series B Notes

From November 2018 to December 2020, the Company entered into multiple Convertible Promissory Note agreements with unaffiliated investors for an aggregate amount of $8,592,828. The notes bear interest at 8% per year, are unsecured, and were due and payable on dates ranging from December 2020 to December 2021. For those notes maturing on or before December 31, 2020, the parties entered into amendments in February 2021 to extend the maturity of the notes to December 21, 2021. The Company cannot prepay the loan without consent from the noteholders. As of September 30, 2021, there have been no Qualified Financing events that trigger conversion.

During the three months ended March 31, 2021, the Company entered into multiple Convertible Promissory Note agreements with unaffiliated investors for an aggregate amount of $36,598,733. The notes bear interest at 8% per year, are unsecured, and are due and payable on dates ranging from December 2021 to December 2022. The Company cannot prepay the loan without consent from the noteholders. As of September 30, 2021, the Series B Convertible Notes had a balance of $48,032,280. During the three months ended September 30, 2021, the company issued additional Series B convertible notes for the aggregate amount of $2,992,500.

During the three months ended September 30, 2021, the Company entered into amendments with six of the Series B promissory noteholders to increase the principal value of the notes. The additional principal associated with the amendments totaled $527,500. The amendments were accounted for as a debt extinguishment, whereby the old debt was derecognized and the new debt was recorded at fair value. The Company recorded loss on extinguishment of $71,812 as a result of the amendment which is mapped in “Other expenses” on the consolidated statements of operations.

As of September 30, 2021 and December 31, 2020, the outstanding balances of the Series A and B notes was as follows;

	As of September 30, 2021	As of December 31, 2020
Total face value of series A convertible notes payable	$ 821,500	$ 821,500
Total face value of series B convertible notes payable	47,982,280	8,607,802
Total face value of secured convertible prommisory note	-	935,000
Total face value of convertible notes payable	48,803,780	10,364,302
Less: unamortized beneficial conversion feature	(7,020,725)	(1,240,716)
Less: unamortized debt discount	(1,301,674)	(230,921)
Total convertible notes payable, net	40,481,381	8,892,665
Less: current portion of convertible notes payable	**(8,912,163)**	**(8,882,665)**
Convertible notes payable, net of current portion	**$ 31,569,218**	**$ 10,000**

Maturities of the Series A and B notes are as follows:

Years ending December 31,	**Series A Amount**	**Series B Amount**	**Total Amount**
2021 (three months remaining)	821,500	9,198,547	10,020,047
2022	-	38,783,733	38,783,733
	$ 821,500	$ 47,982,280	$ 48,803,780

PPP Loan
On May 1, 2020, the Company entered into a Promissory Note with Cross River Bank, which provides for a loan in the aggregate amount of $493,225, pursuant to the Paycheck Protection Program, ("PPP"). The PPP, established under Division A, Title I of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") enacted on March 27, 2020, provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after eight weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities ("Qualified Expenses"), and maintains its payroll levels. On August 24, 2021, the PPP loan and accrued interest was forgiven by the U.S. Small Business Administration ("SBA") in full. The Company recorded the full amount related to the forgiveness of the PPP loan as a gain on extinguishment of debt during our third quarter of fiscal year 2021.

Short term loans
On June 29, 2020, the Company entered into a Promissory Note with the U.S. Small Business Administration ("SBA") for $150,000. The loan has a thirty-year term and bears interest at a rate of 3.75% per annum. Monthly principal and interest payments are deferred for twelve months after the date of disbursement. The loan may be prepaid at any time prior to maturity with no prepayment penalties. The Promissory Note contains events of default and other provisions customary for a loan of this type. As of September 30, 2021 and December 31, 2020, the balance of the loan was $150,000.

In August 2020, the Company entered into three separate note payable agreements with three individuals for an aggregate amount of $37,199. The notes bear interest at a variable rate, are unsecured, and the parties have verbally agreed the notes will be due upon a qualifying financing event. As of September 30, 2021 and December 31, 2020, the balance of the loans totaled $2,976 and $17,700, respectively.

Notes payable
On August 28, 2018. in connection with the purchase of the entire membership interest of TinBu, the Company entered into several notes payable for $12,674,635 with the sellers of the TinBu and a broker involved in the transaction. The notes have an interest rate of 0%, and they mature on January 25, 2022. As of September 30, 2021 and December 31, 2020, the balance of the notes was $5,496,393 and $11,067,643, respectively.

7. Stockholders' Equity

Common Stock
As of September 30, 2021 and December 31, 2020, 5,910,980 shares and 5,158,607 shares, respectively, were outstanding. During the nine months ended September 30, 2021, the Company issued 20,000 common shares upon the exercise of stock options and 465,170 common shares as the secured convertible note matured (see Note 6). There were no stock option exercises during the nine months ended September 30, 2020.

Common Stock Warrants
All 190,749 outstanding shares are fully vested and have a weighted average remaining life of 4.1 years. The Company did not incur any expense for the three months ended September 30, 2021 and 2020 and the nine months ended September 30, 2021 and 2020.

Beneficial Conversion Feature – Convertible Debt
As detailed in Note 6 – Notes Payable and Convertible Debt, the Company has issued two series of convertible debt. Both issuances resulted in the recognition of the beneficial conversion features contained within both of the instruments. The Company recognized the proceeds allocable to the beneficial conversion feature as additional paid in capital and a corresponding debt discount. This additional paid in capital is reflected in the accompanying unaudited condensed consolidated Statements of Changes in Stockholders' Equity.

8. Stock Based Compensation Expense

The following table shows stock option activity for the nine months ended September 30, 2021:

	Shares Available for Grant	Outstanding Stock Awards	Weighted Average Exercise Price per Share	Weighted Average Remaining Contractual Life (years)	Aggregate Intrinsic Value
Balance, December 31, 2020	12,444	437,556	$ 0.90	5.5	
Exercised	-	(58,500)	(0.81)		
Forfeited/Cancelled	56,250	(56,250)	(0.18)		
Balance, September 30, 2021	68,694	322,806	$ 1.17	4.9	$ 310,686
Exercisable, September 30, 2021	-	337,598	$ 1.09	5.0	$ 310,686

The intrinsic value for the options exercised for the nine months ended September 30, 2021 was approximately $70,000.

Stock based compensation expense related to the employee options was $2,160 and $3,657 for the three months ended September 30, 2021 and 2020, respectively. Stock based compensation expense related to the employee options was $9,007 and $10,982 for the nine months ended September 30, 2021 and 2020, respectively. Stock based compensation expense related to the non-employee options was $0 and $1,671 for the three months ended September 30, 2021 and 2020, respectively. Stock based compensation expense related to the non-employee options was $0 and $6,682 for the nine months ended September 30, 2021 and 2020, respectively. No income tax benefit has been recognized related to the stock based compensation expense, and no tax benefits have been realized from the exercised stock options. As of September 30, 2021, unrecognized stock based compensation associated with stock options amounted to $3,598. These costs are expected to be recognized over a weighted-average period of 0.42 years for the stock options awards.

9. Income (Loss) Per Share

The following table sets forth the computation of basic and diluted net income (loss) per share:

	For the Three Months Ended September 30, 2021	For the Three Months Ended September 30, 2020	For the Nine Months Ended September 30, 2021	For the Nine Months Ended September 30, 2020
Net gain (loss) attributable to common stockholders	$ 11,152,848	$ (1,160,185)	$ 3,562,699	$ (4,145,193)
Weighted average common shares outstanding				
Basic	5,900,980	5,158,607	5,534,794	5,158,607
Diluted	45,956,427	5,158,607	45,590,241	5,158,607
Net income (loss) per common share				
Basic	$ 1.89	$ (0.22)	$ 0.64	$ (0.80)
Diluted	$ 0.24	$ (0.22)	$ 0.08	$ (0.80)

As of September 30, 2021, the Company included 152,600 stock options, 19,468,450 convertible preferred shares, 33,881,102 common shares issuable upon the conversion of debt, and 110,765 warrants, all of which were included in the calculation of diluted net income (loss) per share.

As of September 30, 2020, the Company excluded 339,306 stock options and 190,749 warrants from the computation of diluted net income (loss) per share since the intrinsic value of these instruments was zero with the effect being anti-dilutive.

10. Income Taxes

The Company did not record any income tax expense or benefit for the three and nine months ended September 30, 2021 or 2020. Management increased the valuation allowance and reduced the net deferred tax assets to zero. The assessment of the realization of the deferred tax assets has not changed, and, as a result, management continues to maintain a full valuation allowance for the net deferred assets as of September 30, 2021 and 2020.

As of September 30, 2021, the Company did not have any unrecognized tax benefits. There were no significant changes to the calculation since December 31, 2020.

11. Commitments and Contingencies

Digital Securities
In 2018, the Company commenced a sale offering and issuance (the “LDC Offering”) of 285 million revenue participation interests (the “Digital Securities”) of the net raffle revenue of LDC Crypto Universal Public Company Limited (“LDC”). The Digital Securities do not have any voting rights, redemption rights, or liquidation rights, nor are they tied in any way to other equity securities of LDC or the Company nor do they otherwise hold any rights that a holder of equity securities of LDC or the Company may have or that a holder of traditional equity securities or capital stock may have. Rather, each of the holders of the Digital Securities has a pro rata right to receive 7% of the net raffle revenue. If the net raffle revenue is zero for a given period, holders of the Digital Securities are not eligible to receive any cash distributions from any raffle sweepstakes of LDC for such period. For the three months ended September 30, 2021, the Company did not incur any obligation to pay and distribute as no net raffle revenue was generated. For the nine months ended September 30, 2021, the Company incurred an obligation and satisfied its obligation to pay an aggregate amount of approximately $5,705 to holders of the outstanding Digital Securities. For the three and nine months ended September 30, 2020, the Company incurred obligations and satisfied obligations to pay $1,458 and $17,937, respectively, to holders of the outstanding Digital Securities.

Leases

The Company leases office space in Spicewood, Texas which expires January 21, 2022. For the three months ended September 30, 2021 and 2020, the Company's total rent expense was approximately $75,056 and $13,732, respectively. For the nine months ended September 30, 2021 and 2020, the Company's total rent expense was approximately $121,512 and $34,291, respectively.

As of September 30, 2021, future minimum rent payments due under non-cancellable leases with initial maturities greater than one year are as follows:

Years ending December 31,	Amount
2021 (remaining 3 months)	33,448
2022	117,659
2023	82,435
2024	30,404
	$ 263,945

12. Related Party Transactions

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

During the year ended December 31, 2020, the Company entered into borrowing arrangements with the individual founders to provide operating cash flow for the Company. As of September 30, 2021, the Company recorded payables associated with these borrowings in the amount of $13,000.

During the years ended December 31, 2020 and 2019, the Company entered into a services agreement with Master Goblin Games, LLC ("Master Goblin Games"), an entity owned by an officer of the Company, to facilitate the establishment of receipt of retail lottery licenses in certain jurisdictions. As of September 30, 2021, the Company had no outstanding related party payables.

13. Revenue Disaggregation

Revenue disaggregation consists of the following:

	Nine Months Ended September 30,	
	2021	2020
	(unaudited)	
Lottery Game Revenue	$ 6,372,896	$ 2,461,667
Other Associated Revenue	40,662,431	1,735,647
Total Revenue	$ 47,035,327	$ 4,197,314

14. Subsequent Events

Management has evaluated subsequent events through November 15, 2021, which is the date the financial statements were available to be issued.

On February 22, 2021, the Company entered into a definitive agreement for a business combination with Trident Acquisitions Corp that resulted in the Company becoming a publicly listed Company. Prior to the execution of the definitive agreement, the Series B Convertible Debt conversion agreements were revised to include restructuring of Series B Convertible Debt conversion actions to be in effect immediately prior to the consummation of a transaction with Trident Acquisitions Corp. Immediately prior to the consummation of the transaction and without any further action by the noteholder, the outstanding principal amount of the notes and any unpaid accrued interest automatically converted in whole into shares of common stock of the Company.

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

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

Defined terms used and not otherwise defined herein have the meanings ascribed to them in this amendment to our Current Report on Form 8-K, which was originally filed with the SEC on November 4, 2021 (as originally filed, the "Original Report" and, as amended hereby, the "Amended Report"). Unless the context otherwise requires, references to "TDAC" refers to Trident Acquisitions Corp. prior to the Closing, "Lottery.com" and "AutoLotto, Inc." refer to AutoLotto, Inc. prior to the Closing and "Combined Company" refers to Lottery.com Inc. and its consolidated subsidiaries after the Closing.

The unaudited pro forma condensed combined financial information has been prepared in accordance with Article 11 of Regulation S-X and presents the combination of the historical financial information of TDAC and Lottery.com, adjusted to give effect to the Business Combination and the other events contemplated by the Business Combination Agreement.

The unaudited pro forma condensed combined balance sheet as of September 30, 2021 combines the historical balance sheet of TDAC as of September 30, 2021, and the historical balance sheet of Lottery.com as of September 30, 2021, on a pro forma basis as if the Business Combination and the other events contemplated by the Business Combination Agreement had been consummated on September 30, 2021. The unaudited pro forma condensed combined statement of operations for the year ended December 31, 2020 and the nine months ended September 30, 2021, combine the historical statements of operations of TDAC for the year ended December 31, 2020 and the nine months ended September 30, 2021, respectively, and the historical statements of operations of Lottery.com for the year ended December 31, 2020 and the nine months ended September 30, 2021, respectively, on a pro forma basis as if the Business Combination and the other events contemplated by the Business Combination Agreement had been consummated on January 1, 2020, the beginning of the earliest period presented.

The unaudited pro forma condensed combined financial information and accompanying notes have been derived from and should be read in conjunction with:

- the historical unaudited financial statements of TDAC as of and for the nine months ended September 30, 2021 and the related notes;
- the historical audited financial statements of TDAC as of and for the year ended December 31, 2020 and the related notes;
- the historical unaudited financial statements of Lottery.com as of and for the nine months ended September 30, 2021 and the related notes; and
- the historical audited financial statements of Lottery.com as of and for the year ended December 31, 2020 and the related notes; and
- other information relating to TDAC and Lottery.com incorporated by reference into the Form 8-K, including the Business Combination Agreement, which is filed as Exhibit 2.1 thereto, and the description of certain terms thereof set forth in the section entitled "*The Business Combination Agreement*" of the Definitive Proxy.

The unaudited pro forma condensed combined financial information should also be read together with the sections titled "*Information about Trident — Management's Discussion and Analysis of Financial Condition and Results of Operations*," "*Information about Lottery.com — Management's Discussion and Analysis of Financial Condition and Results of Operations*," as well as other financial information included in the Definitive Proxy. For information regarding projected financial information for Lottery.com, see the section titled "*Certain Lottery.com Projected Financial Information*" in the Definitive Proxy.

Description of the Business Combination

On February 21, 2021, TDAC, Merger Sub and Lottery.com entered into the Business Combination Agreement pursuant to which, at the Closing, Merger Sub merged with and into Lottery.com, with Lottery.com surviving the Merger. Lottery.com became a wholly owned subsidiary of TDAC and TDAC was renamed "Lottery.com Inc." Upon the consummation of the Business Combination, the Merger Consideration was distributed as follows (in each case, rounded down to the nearest whole share):

- each outstanding share of Autolotto, Inc. common stock was cancelled and converted into the right to receive the Per Share Merger Consideration;

- each outstanding share of Lottery.com preferred stock was converted into Autolotto, Inc. common stock pursuant to the conversion rate for such shares of Autolotto, Inc. preferred stock effective immediately prior to the Closing;

- At the Effective Time, each AutoLotto, Inc. Option that was outstanding as of immediately prior to the Effective Time was assumed by TDAC, and continues to have, and be subject to, the same terms and conditions (including vesting terms and, to the extent applicable, holding period restrictions) as applied to such AutoLotto, Inc. 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; and

- At the Effective Time, by virtue of the Merger and without any action on the part of any person, each AutoLotto, Inc. Warrant that was issued and outstanding immediately prior to the Effective Time and was not terminated pursuant to its terms automatically became a warrant exercisable for shares of Common Stock on the same terms and conditions as applied to the AutoLotto, Inc. warrants with adjustments to the number of shares underlying the warrant and the exercise price as are set forth in the Business Combination Agreement.

Other Related Events in connection with the Business Combination

Other related events that took place in connection with the Business Combination are summarized below:

- the contingent issuance of up to 6,000,000 shares of Combined Company common stock (the "Contingent Consideration"), comprised of two separate tranches of 3,000,000 shares per tranche, to current stockholders of Lottery.com for no consideration upon the occurrence of certain triggering events, as described further in the Business Combination Agreement. As these triggering events have not yet been achieved, the Contingent Consideration is treated as contingently issuable in the unaudited pro forma condensed combined financial information. The issuance of the Contingent Consideration would dilute all Combined Company common stock outstanding at that time. Assuming the expected capital structure as of the Closing, the 3,000,000 shares issued in connection with each earnout triggering event would represent approximately 5.5% and 5.0% of shares outstanding for the no redemptions scenario and 5.8% and 5.3% for the maximum redemption scenario, respectively.

- the Founder Holders will be entitled to receive up to 4,000,000 additional shares of Common Stock that may be issuable from time to time as set forth in the Business Combination Agreement.

Acquisition of Global Gaming

In June 2021, the Company acquired 100% of the equity of Global Gaming Enterprises, Inc., a Delaware corporation ("Global Gaming"), which holds 80% of the equity of Medios Electronicos y de Comunicacion, S.A.P.I de C.V. ("Aganar") and JuegaLotto, S.A. de C.V. ("JuegaLotto"). The pro forma adjustment for the acquisition of Global Gaming was derived from the historical financial statements of Global Gaming as of and for the year ended December 31, 2020. Since these financials are denominated in Mexican pesos, the December 31, 2020 exchange rate of 19.88 pesos per dollar was used to translate the statement of operations for the year ended December 31, 2020 into US dollars.

Accounting for the Business Combination

Notwithstanding the legal form of the Business Combination pursuant to the Business Combination Agreement, the Business Combination will be accounted for as a reverse recapitalization in accordance with GAAP. Under this method of accounting, TDAC will be treated as the acquired company and Lottery.com will be treated as the acquirer for financial reporting purposes. Accordingly, for accounting purposes, the financial statements of the Combined Company will represent a continuation of the financial statements of Lottery.com, with the Business Combination treated as the equivalent of Lottery.com issuing stock for the net assets of TDAC, accompanied by a recapitalization. The net assets of TDAC will be stated at historical cost, with no goodwill or other intangible assets recorded. Operations prior to the Business Combination will be those of Lottery.com. Lottery.com has been determined to be the accounting acquirer based on an evaluation of the following facts and circumstances:

- Lottery.com's existing stockholders have a majority of the voting power in Combined Company, irrespective of whether existing stockholders of TDAC exercise their right to redeem their shares of common stock;

- The Combined Company Board consists of six directors, five of whom were designated by Lottery.com and one of whom was designated by TDAC;

- Lottery.com's existing senior management team comprises the senior management of the Combined Company; and

- Lottery.com's operations prior to the Business Combination comprise the ongoing operations of Combined Company.

The Contingent Consideration is expected to be accounted for as equity classified instruments that are earned upon achieving certain triggering events, which include events that are solely indexed to the common stock of Combined Company.

Basis of Pro Forma Presentation

The unaudited pro forma condensed combined financial information has been prepared in accordance with Article 11 of Regulation S-X. The adjustments in the unaudited pro forma condensed combined financial information have been identified and presented to provide relevant information necessary for an illustrative understanding of Combined Company upon consummation of the Business Combination in accordance with GAAP.

Assumptions and estimates underlying the unaudited pro forma adjustments set forth in the unaudited pro forma condensed combined financial information are described in the accompanying notes. The unaudited pro forma condensed combined financial information has been presented for illustrative purposes only and is not necessarily indicative of the operating results and financial position that would have been achieved had the Business Combination occurred on the dates indicated, and does not reflect adjustments for any anticipated synergies, operating efficiencies, tax savings or cost savings. Any cash proceeds remaining after the consummation of the Business Combination and the other events contemplated by the Business Combination Agreement are expected to be used for general corporate purposes. Further, the unaudited pro forma condensed combined financial information does not purport to project the future operating results or financial position of Combined Company following the consummation of the Business Combination. The unaudited pro forma adjustments represent management's estimates based on information available as of the date of these unaudited pro forma condensed combined financial information and are subject to change as additional information becomes available and analyses are performed. TDAC and Lottery.com have not had any historical relationship prior to the transactions discussed in this Form 8-K. Accordingly, no pro forma adjustments were required to eliminate activities between the companies.

Pursuant to TDAC's Charter, TDAC's public stockholders had the opportunity to elect to redeem their shares upon the closing of the Business Combination for cash equal to their pro rata share of the aggregate amount on deposit (as of two business days prior to the Closing) in the Trust Account. As of the Effective Date, stockholders elected to redeem 20,955 shares at a redemption price of $10.94 per share, totaling $229,248.

The following summarizes the pro forma Combined Company common stock issued and outstanding immediately after the Business Combination:

	Pro Forma Combined	
	Number of Shares	% Ownership
Combined Company public shares[(1)]	11,384,718	22.6%
Combined Company shares issued in Business Combination to Lottery.com stockholders[(2)]	38,995,762	77.4%
Shares outstanding	50,380,480	100.0%

(1) Represents TDAC shares outstanding, including shares issued in Initial Public Offering, Private Placements and Founder Shares.

(2) Excludes potential Combined Company shares related to shares reserved for the future issuance of Lottery.com vested options and warrants and Contingent Consideration.

Following the Closing, the Lottery.com stockholders will have the right to receive the Contingent Consideration upon the occurrence of certain triggering events, as described further in the Business Combination Agreement. Because these Contingent Consideration are contingently issuable based upon the price of Combined Company common stock reaching certain thresholds that have not yet been achieved, the pro forma Combined Company common stock issued and outstanding immediately after the Business Combination excludes the Contingent Consideration.

The following summarizes the total Combined Company common stock issued to Lottery.com:

Combined Company shares issued in merger to Lottery.com stockholders	38,995,762
Additional Combined Company shares reserved for the future issuance of Lottery.com vested options and warrants	1,004,238
Merger consideration	40,000,000
Contingent consideration	6,000,000
Total shares potentially issued to Lottery.com	46,000,000

The following unaudited pro forma condensed combined balance sheet as of September 30, 2021 and the unaudited pro forma condensed combined statements of operations for the nine months ended September 30, 2021 and the year ended December 31, 2020 are based on the historical financial statements of TDAC and AutoLotto, Inc. The unaudited pro forma adjustments are based on information currently available, assumptions, and estimates underlying the unaudited pro forma adjustments are described in the accompanying notes. Actual results may differ materially from the assumptions used to present the accompanying unaudited pro forma condensed combined financial information.

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
(in thousands)

	As of September 30, 2021 TDAC (Historical)	As of September 30, 2021 Lottery.com (Historical)	Transaction Accounting Adjustments (Note 2)		As of September 30, 2021 Pro Forma Combined
ASSETS					
Current assets					
Cash and cash equivalents	$ 65	$ 1,179	$ 63,537	**(1)**	$ 45,585
			(804)	**(3)**	
			(13,132)	**(4)**	
			(5,031)	**(5)**	
			(229)	**(9)**	
Accounts receivable	-	33,072	-		33,072
Prepaid expenses	28	10,815	-		10,843
Other current assets	-	239	-		239
Investments	-	250	-		250
Prepaid income taxes	12	-	-		12
Total current assets	105	45,555	44,341		90,001
Net fixed assets	-	1,298	-		1,298
Indefinite life assets and goodwill	-	17,938			17,938
Net intangible assets	-	27,821	-		27,821
Marketable securities held in Trust Account	63,537	-	(63,537)	**(1)**	-
Deferred tax asset	419	-	-		419
Security deposit	1	-	-		1
Total assets	**$ 64,062**	**$ 92,612**	**$ (19,196)**		**$ 137,478**
LIABILITIES, REDEEMABLE CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' (DEFICIT) EQUITY					
Current liabilities					
Accounts payable and accruals	$ 1,171	$ 2,987	$ (946)	**(4)**	3,212
Deferred revenue	-	598	-		598
Convertible debt, current portion	-	8,912	(8,912)	**(3)**	-
Note payable	-	2,078	-		2,078
Accrued interest	-	3,435	(3,435)	**(3)**	-
Promissory note - related party	5,455	-	-		5,455
Other accrued expenses	-	4,993	-		4,993
Total current liabilities	6,626	23,003	(13,293)		16,336
Convertible debt, net of current portion		31,569	(31,569)	**(3)**	-
Warrant liabilities	3,112	-	(242)	**(8)**	2,870
Other long-term liabilities	-	3,600	-		3,600
Deferred underwriters' discount payable	5,031	-	(5,031)	**(5)**	-
Total liabilities	14,769	58,172	(50,135)		22,806
Commitments and contingencies					
Class A common stock subject to possible redemption	63,478	-	(63,478)	**(2)**	-
Stockholders' (deficit) equity					
Series Seed, A, A-1, and A-2 redeemable convertible preferred stock	-	-	-		-
Common stock	6	6	4	**(2)**	51
			35	**(6)**	
			(0)	**(9)**	
Additional paid-in capital	1	123,369	63,474	**(2)**	210,764
			51,434	**(3)**	
			(13,300)	**(4)**	
			(35)	**(6)**	
			(14,192)	**(7)**	
			242	**(8)**	
			(229)	**(9)**	
Accumulated (deficit) equity	(14,192)	(91,578)	(8,322)	**(3)**	(98,786)
			1,114	**(4)**	
			14,192	**(7)**	
Total stockholders' (deficit) equity attributed to the Company	(14,185)	31,797	94,417		112,029
Non-controlling interests	-	2,643	-		2,643
Total stockholders' (deficit) equity	(14,185)	34,440	94,417		114,672
Total liabilities, redeemable convertible preferred stock and stockholders' (deficit) equity	**$ 64,062**	**$ 92,612**	**$ (19,196)**		**$ 137,478**

UNAUDITED PRO FORMA CONDENSED COMBINED
STATEMENT OF OPERATIONS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021
(in thousands, except share and per share data)

	TDAC (Historical)	Lottery.com (Historical)	Transaction Accounting Adjustments (Note 2)		Pro Forma Combined
Revenue	$ -	$ 47,035	$ -		$ 47,035
Cost of goods sold	-	15,925	-		15,925
Gross pofit (loss)	-	31,110	-		31,110
Expenses					
Administrative expenses	2,027	17,260	(72)	**(1)**	19,215
Total expenses	2,027	17,260	(72)		19,215
Operating loss	(2,027)	13,850	72		11,895
Other income (expense)					
Interest income	3	-	(3)	**(2)**	-
Interest expense	-	(9,319)	2,709	**(3)**	(6,610)
Change in fair value of warrant liability	3,604	-	-		3,604
Other income	-	-	-		-
Other expense	-	(968)	-		(968)
Total other income (expense)	3,607	(10,287)	2,706		(3,974)
Net income before income taxes	1,580	3,563	2,778		7,921
Benefit from income taxes	-	-	-	**(4)**	-
Net income	**$ 1,580**	**$ 3,563**	**$ 2,778**		**$ 7,921**
Weighted average shares outstanding, subject to possible redemption - basic and diluted	4,037,448				
Net earnings per share subject to possible redemption - basic and diluted	**$ 0.39**				
Weighted average shares outstanding, non-redeemable common stock - basic and diluted	7,930,225				
Net loss per share, non-redeemable common stock - basic and diluted	**$ 0.20**				
Net income per shae of common stock					
Basic		**$ 0.60**			**$ 0.16**
Diluted		**$ 0.09**			**$ 0.15**
Weighted average shares of common stock outstanding:					
Basic		5,920,980	44,459,500	**(5)**	50,380,480
Diluted		40,055,447	13,159,711	**(5)**	53,215,158

UNAUDITED PRO FORMA CONDENSED COMBINED
STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2020
(in thousands, except share and per share data)

		Lottery.com					
	TDAC (Historical)	**Lottery.com (Historical)**	**Mexican Acquisitions (Historical)**	**Pro Forma Lottery.com**	**Transaction Accounting Adjustments (Note 2)**		**Pro Forma Combined**
Revenue	$ -	$ 7,460	$ 2,885	$ 10,345	$ -		$ 10,345
Cost of goods sold	-	2,953	2,508	5,461	-		5,461
Gross pofit (loss)	-	4,507	377	4,884	-		4,884
Expenses							
Administrative expenses	1,386	8,218	384	8,602	-		9,988
Total expenses	1,386	8,218	384	8,602	-		9,988
Operating loss	(1,386)	(3,711)	(7)	(3,718)	-		(5,104)
Other income (expense)							
Interest income	349	-	-	-	(349)	**(1)**	-
Interest expense	-	(1,222)	(15)	(1,237)	1,218	**(2)**	(8,341)
					(8,322)	**(5)**	
Change in fair value of warrant liability	(2,358)	-	-	-	2,358	**(6)**	-
Other income	11	-	-	-	-		11
Other expense	-	(879)	(8)	(887)	-		(887)
Total other income (expense)	(1,998)	(2,101)	(23)	(2,124)	(5,095)		(9,217)
Net loss before income taxes	(3,384)	(5,812)	(30)	(5,842)	(5,095)		(14,321)
Benefit from income taxes	217	-	-	-	(217)	**(3)**	-
Net loss	**$ (3,167)**	**$ (5,812)**	**$ (30)**	**$ (5,842)**	**$ (5,312)**		**$ (14,321)**
Weighted average shares outstanding, subject to possible redemption - basic and diluted	5,207,431						
Net loss per share, subject to possible redemption - basic and diluted	**$ 0.05**						
Weighted average shares outstanding, non-redeemable common stock - basic and diluted	7,272,058						
Net loss per share, non-redeemable common stock - basic and diluted	**$ (0.47)**						
Weighted average shares outstanding		5,158,607		5,158,607	44,508,475	**(4)**	49,646,127
Basic and diluted net loss per share		**$ (1.13)**		**$ (1.13)**			**$ (0.29)**

Notes to Unaudited Pro Forma Condensed Combined Financial Statements

1. Basis of Presentation

The Business Combination will be accounted as a reverse recapitalization in accordance with GAAP. Under this method of accounting, TDAC will be treated as the "acquired" company for financial reporting purposes. Accordingly, for accounting purposes, the financial statements of the Combined Company will represent a continuation of the financial statements of Lottery.com, and the Business Combination will be treated as the equivalent of Lottery.com issuing stock for the net assets of TDAC, accompanied by a recapitalization. The net assets of TDAC will be stated at historical cost, with no goodwill or other intangible assets recorded. Operations prior to the Business Combination will be those of Lottery.com.

The unaudited pro forma condensed combined balance sheet as of September 30, 2021 gives pro forma effect to the Business Combination and other related events as if they had been consummated on September 30, 2021. The unaudited pro forma condensed combined statement of operations for the year ended December 31, 2020 and the nine months ended September 30, 2021, gives pro forma effect to the Business Combination and other related events as if they had been consummated on January 1, 2020.

The unaudited pro forma condensed combined financial information and the accompanying notes have been derived from and should be read in conjunction with:

- the historical unaudited financial statements of TDAC as of and for the nine months ended September 30, 2021 and the related notes;
- the historical audited financial statements of TDAC as of and for the year ended December 31, 2020 and the related notes;
- the historical unaudited financial statements of Lottery.com as of and for the nine months ended September 30, 2021 and the related notes; and
- the historical audited financial statements of Lottery.com as of and for the year ended December 31, 2020 and the related notes; and
- other information relating to TDAC and Lottery.com contained in this Form 8-K, including the Business Combination Agreement, attached as Exhibit 2.1 thereto, and the description of certain terms thereof set forth in the section entitled "The Business Combination Agreement" of the Definitive Proxy;

The unaudited pro forma condensed combined financial information should also be read together with the sections of the Definitive Proxy titled "*Information about Trident — Management's Discussion and Analysis of Financial Condition and Results of Operations*," "*Information about Lottery.com — Management's Discussion and Analysis of Financial Condition and Results of Operations*," as well as other financial information incorporated by reference into this Form 8-K.

Management has made significant estimates and assumptions in its determination of the pro forma adjustments. As the unaudited pro forma condensed combined financial information has been prepared based on these preliminary estimates, the final amounts recorded may differ materially from the information presented.

The pro forma adjustments reflecting the consummation of the Business Combination are based on information available as of the date of this Form 8-K and certain assumptions and methodologies that management believes are reasonable under the circumstances. The unaudited condensed pro forma adjustments, which are described in these notes, may be revised as additional information becomes available and is evaluated. Therefore, the actual adjustments may materially differ from the pro forma adjustments that appear in this Form 8-K. Management considers this basis of presentation to be reasonable under the circumstances.

2. Transaction Accounting Adjustments to Unaudited Pro Forma Condensed Combined Financial Information

Transaction Accounting Adjustments to Unaudited Pro Forma Condensed Combined Balance Sheet

The transaction accounting adjustments included in the unaudited pro forma condensed combined balance sheet as of September 30, 2021 are as follows:

(1) Reflects the liquidation and reclassification of cash and investments held in the Trust Account that becomes available for general use by Combined Company following the Business Combination.

(2) Reflects the transfer of TDAC's common stock subject to possible redemptions as of September 30, 2021 to permanent equity. Actual redemptions have been de minimis to date.

(3) Reflects the conversion of all Lottery.com preferred stock (Series Seed preferred, Series A preferred, Series A-1 preferred and Series A-2 preferred) into Lottery.com common stock pursuant to the conversion rate for such shares of Lottery.com preferred stock effective immediately prior to the Closing.

Reflects the conversion of all Lottery.com convertible debt (except for approximately $471,000 plus accrued interest as of September 30, 2021 of approximately $332,000 to be paid in cash) into Lottery.com common stock pursuant to the conversion rate for such shares of Lottery.com preferred stock effective immediately prior to the Closing.

(4) Reflects the preliminary estimated payment of direct and incremental transaction costs incurred prior to or concurrent with the Business Combination of approximately $13.3 million (including approximately $168,000, which has already been paid and expensed and excluding the $5.0 million of deferred underwriters' discount payable), which are to be cash settled upon Closing in accordance with the Business Combination Agreement. Approximately $722,000 of the $13.3 million has been accrued and expensed. Transaction costs includes legal, accounting, financial advisory and other professional fees related to the Business Combination.

(5) Reflects the payment of the deferred underwriters' discount payable related to TDAC's Initial Public Offering.

(6) Reflects the recapitalization of equity as a result of the exchange ratio.

(7) Reflects the elimination of TDAC's accumulated deficit to additional paid-in capital.

(8) Reflects expected cancelation of 561,932 promote shares and all private warrants and the private warrant liability.

(9) Reflects the cash disbursement for the redemption of 20,955 shares of TDAC common stock at a redemption price of $10.94 per share, totaling $229,248.

Transaction Accounting Adjustments to Unaudited Pro Forma Condensed Combined Statement of Operations

The transaction accounting adjustments included in the unaudited pro forma condensed combined statement of operations for the nine months ended September 30, 2021 are as follows:

(1) Reflects the elimination of the approximately $72,000 in transaction costs incurred in the period by Lottery.com.

(2) Reflects an adjustment to eliminate interest income related to the Trust Account.

(3) Reflects the elimination of interest expense and amortization of discount and beneficial conversion feature associated with the convertible debt which was converted and the small amount that was paid off.

(4) Reflects reversal of income tax benefits.

(5) Reflects the increase in the weighted average shares of Combined Company common stock outstanding due to the issuance of common stock (and redemptions in the maximum redemption) in connection with the Business Combination, which is described further in Note 3.

(6) The historical financials do not contain any material non-recurring transaction costs for the nine months ended September 30, 2021, other than (1).

The transaction accounting adjustments included in the unaudited pro forma condensed combined statement of operations for the year ended December 31, 2020 are as follows:

(1) Reflects an adjustment to eliminate interest income related to the Trust Account.

(2) Reflects the elimination of interest expense and amortization of discount and beneficial conversion feature associated with the convertible debt which was converted and the small amount that was paid off.

(3) Reflects reversal of income tax benefits.

(4) Reflects the increase in the weighted average shares of Combined Company common stock outstanding due to the issuance of common stock (and redemptions in the maximum redemption) in connection with the Business Combination, which is described further in Note 3.

(5) Reflects the September 30, 2021 discount and beneficial conversion feature balances on the convertible debt as additional interest expense.

(6) Reflects the elimination of the change in fair value of warrant liability related to the private warrants.

(7) The historical financials do not contain any material non-recurring transaction costs for the year ended December 31, 2020.

There were approximately $1,114,000 (approximately $946,000 accrued and approximately $168,000 paid) in transaction costs during the nine months ended September 30, 2021 and $0 in the year ended December 31, 2020.

3. Earnings per Share

For the twelve months ended December 31, 2020, represents loss per share calculated using the historical weighted average shares of TDAC common stock outstanding, and the issuance of additional shares in connection with the Business Combination and other related events, assuming the shares were outstanding since January 1, 2020. As the Business Combination and other related events are being reflected as if they had occurred at the beginning of the period presented, the calculation of weighted average shares outstanding for basic and diluted net loss per share assumes that the shares issuable in connection with the Business Combination have been outstanding for the entire period presented. Under the maximum redemption scenario, the shares assumed to be redeemed by TDAC's public stockholders were eliminated as of January 1, 2020. No unexercised stock options and warrants were included in the earnings per share calculation as they would be anti-dilutive.

For the nine months ended September 30, 2021, represents basic and diluted earnings per share calculated using the historical weighted average shares of TDAC common stock outstanding, and the issuance of additional shares in connection with the Business Combination and other related events, assuming the shares were outstanding since January 1, 2021. As the Business Combination and other related events are being reflected as if they had occurred at the beginning of the period presented, the calculation of weighted average shares outstanding for basic and diluted net earnings per share assumes that the shares issuable in connection with the Business Combination have been outstanding for the entire period presented.

	Nine Months Ended September 30, 2021
	Pro Forma Combined
Pro forma net income	$ 7,920,584
Weighted average shares outstanding - basic	50,380,480
Weighted average shares outstanding - diluted	53,215,158
Net earnings per share - basic	$ 0.16
Net earnings per share - diluted	$ 0.15
Lottery.com public shares	11,384,718
Lottery.com shares issued in merger to AutoLotto	38,995,762
Shares outstanding - basic	50,380,480
Dilutive effect of outstanding options	942,322
Dilutive effect of outstanding warrants	1,892,356
Shares outstanding - diluted	53,215,158

	Year Ended December 31, 2020
	Pro Forma Combined
Pro forma net loss	$ (14,321,000)
Weighted average shares outstanding - basic and diluted	49,646,127
Net loss per share - basic and diluted (1)	$ (0.29)
Lottery.com public shares	11,384,718
Lottery.com shares issued in merger to AutoLotto	38,995,762
Shares outstanding	50,380,480

(1) Outstanding options and warrants are anti-dilutive and are not included in the calculation of diluted net loss per share.