

**LOTTERY.COM INC.
20808 STATE HWY 71 W, UNIT B
SPICEWOOD, TX 78669**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON AUGUST 7, 2023 AT 10 A.M CENTRAL TIME**

Dear Stockholders of Lottery.com Inc.:

You are cordially invited to attend the 2023 Annual Meeting of Stockholders (the "Annual Meeting") of Lottery.com Inc., a Delaware corporation (the "Company"). The meeting will be held on August 7, 2023 at 10 a.m. Central Time. The Annual Meeting will be a virtual meeting of stockholders, which will be conducted only via a live audio webcast. You will be able to attend the Annual Meeting, submit your questions and vote online during the meeting by visiting <https://www.cstproxy.com/lottery/2023>. To participate in the Annual Meeting, you will need to register to attend the meeting by 5:30 p.m., Eastern time, on August 2, 2023 using the control number located on your proxy card or voting instruction form. For purposes of attendance at the Annual Meeting, all references in the accompanying Proxy Statement to "present in person" or "in person" shall mean virtually present at the Annual Meeting.

We are holding the Annual Meeting for the following purposes, as more fully described in the accompanying proxy statement:

1. To elect one nominee for Class II director named in the accompanying proxy statement to serve until the 2026 annual meeting of stockholders and until their successor is duly elected and qualified;
2. To approve an amendment to the Company's second amended and restated certificate of incorporation to effect a reverse stock split of our common stock, par value \$0.001 per share (the "Common Stock") at a ratio in the range of one-for-two to one-for-thirty of our Common Stock, with the exact ratio to be determined in the discretion of our board of directors and with such reverse stock split to be effected at such time and date, if at all, as determined by our board of directors in its sole discretion (the "Reverse Stock Split Proposal");
3. To ratify the appointment by the audit committee of our board of directors of Yusufali & Associates, LLC as our independent registered public accounting firm for the year ending December 31, 2023;
4. To approve, on an advisory basis, a proposal to adjourn the Annual Meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes at the time of the Annual Meeting to approve the Reverse Stock Split Proposal; and
5. To transact any other business that may properly come before the Annual Meeting and any adjournments or postponements thereof.

These items of business are more fully described in the Proxy Statement accompanying this Notice of Annual Meeting of Stockholders. The record date for the Annual Meeting is June 28, 2023. Only stockholders of record at the close of business on that date may vote at the meeting or any adjournment thereof. Additional details regarding access to the Annual Meeting and the business to be conducted at the Annual Meeting are described in the accompanying proxy statement.

Your attention is directed to the proxy statement accompanying this notice for a more complete description of each of the proposals. We urge you to read the accompanying proxy statement carefully. If you have any questions or need assistance voting your shares of the Company's common stock, please contact Morrow Sodali LLC, our proxy solicitor, by calling (800) 662-5200, or banks and brokers can call collect at (203) 658-9400, or by emailing LTRY.info@investor.morrow sodali.com.

Important Notice Regarding the Availability of Proxy Materials for the Stockholders' Meeting to Be Held on August 7, 2023 at 10 a.m. Central Time online at <https://www.cstproxy.com/lottery/2023>.

The proxy statement and 2022 annual report to stockholders are available at www.proxyvote.com

By Order of the Board of Directors,

/s/ Matthew McGahan

Matthew McGahan
Chairman of the Board
June 26, 2023

All stockholders are cordially invited to attend the Annual Meeting, which will be held virtually via the Internet. Whether or not you expect to attend the Annual Meeting, please vote over the telephone or the internet as instructed in these materials, or, if you receive a paper proxy card by mail, by completing and returning the proxy card mailed to you, as promptly as possible in order to ensure your representation at the meeting. Even if you have voted by proxy, you may still attend the meeting. Please note, however, that if your shares are held of record by a broker, bank or other nominee and you wish to vote at the meeting, you may need to obtain a proxy issued in your name from that record holder. Please contact your broker, bank or other nominee for information about specific requirements if you would like to vote your shares at the meeting.

TABLE OF CONTENTS

| | Page |
|-----------------------------------------------------------------------------------------------------------------------------------|-------------|
| QUESTIONS AND ANSWERS ABOUT THESE PROXY MATERIALS AND VOTING..... | 1 |
| PROPOSAL NO. 1: ELECTION OF DIRECTORS..... | 6 |
| NOMINEE FOR ELECTION TO THE BOARD OF DIRECTORS IN 2023..... | 7 |
| THE BOARD OF DIRECTORS AND CERTAIN GOVERNANCE MATTERS..... | 8 |
| PROPOSAL NO. 2: APPROVAL OF REVERSE STOCK SPLIT..... | 12 |
| PROPOSAL NO. 3: RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM..... | 20 |
| AUDIT COMMITTEE REPORT..... | 21 |
| REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS..... | 22 |
| PROPOSAL NO.4: APPROVAL, ON AN ADVISORY BASIS, TO ADJOURN ANNUAL MEETING TO SOLICIT ADDITIONAL PROXIES FOR PROPOSAL NO. 2..... | 23 |
| EXECUTIVE OFFICERS..... | 24 |
| EXECUTIVE COMPENSATION..... | 25 |
| DIRECTOR COMPENSATION..... | 27 |
| SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT..... | 28 |
| CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS..... | 29 |
| OTHER MATTERS..... | 30 |
| OTHER INFORMATION..... | 31 |

LOTTERY.COM INC.
PROXY STATEMENT
FOR THE 2023 ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD AT 10 A.M. CENTRAL TIME ON AUGUST 7, 2023

QUESTIONS AND ANSWERS ABOUT THESE PROXY MATERIALS AND VOTING

We are providing you with these proxy materials because the Board of Directors of Lottery.com Inc. (the “Board”) is soliciting your proxy to vote at Lottery.com’s 2023 Annual Meeting of Stockholders (the “Annual Meeting”), including at any adjournments or postponements thereof, to be held via a live audio webcast on August 7, 2023 at 10 a.m. Central Time. The Annual Meeting can be accessed virtually by visiting <https://www.cstproxy.com/lottery/2023> where you will be able to listen to the meeting live, submit questions and vote online.

You are invited to attend the Annual Meeting to vote on the proposals described in this Proxy Statement. However, you do not need to attend the Annual Meeting to vote your shares. Instead, you may simply follow the instructions below to submit your proxy. The proxy materials, including this Proxy Statement and our Annual Report on Form 10-K for the year ended December 31, 2022 (the “2022 Annual Report”), are being distributed and made available on or about July 7, 2023. As used in this Proxy Statement, references to “we,” “us,” “our,” “Lottery.com” and the “Company” refer to Lottery.com Inc. and its subsidiaries.

When and where is the Annual Meeting?

The Annual Meeting will be held virtually on Monday, August 7, 2023, at 10 a.m. Central Time, via live audio webcast on the Internet. You may attend, vote and ask questions at the Annual Meeting by following the instructions provided on the Notice to log into <https://www.cstproxy.com/lottery/2023>. *The Annual Meeting will be a virtual meeting, which will be conducted entirely online via audio webcast to allow greater participation. **You will not be able to attend the Annual Meeting physically in person.** You are entitled to attend the Annual Meeting if you were a stockholder of record as of June 28, 2023 (the “Record Date”).*

The audio webcast of the Annual Meeting will begin promptly at 10 a.m. Central Time. We encourage you to access the meeting prior to the start time. You should allow a reasonable time for the check-in procedures on the meeting date. Information on how to vote online during the Annual Meeting is discussed below.

How can I attend and vote at the Annual Meeting?

To be admitted into the virtual Annual Meeting, you must register by going to <https://www.cstproxy.com/lottery/2023>. You may gain access in the following ways, depending on how your shares are held. For more information, see “*What is the difference between a record holder and holding shares of Common Stock in street name?*” below.

- **Stockholders of record.** A stockholder deemed to be a “record holder” as of the Record Date must enter the control number found on their proxy card, voting instruction form or Notice that they previously received. Once registered, such stockholders will receive a confirmation email that they have successfully requested to join the Annual Meeting.
- **Stockholders holding their shares in “street name.”** A stockholder holding their shares in “street name,” or through a broker, bank or other nominee, must obtain a legal proxy reflecting the number of shares of Common Stock that they held as of the Record Date, along with their name, email address, and a request for registration to: Continental Stock Transfer & Trust Company: by email to proxy@continentalstock.com, or by mail to Continental Stock Transfer & Trust Company, 1 State Street, 30th Floor, New York, New York, 10004. Requests for registration must be labeled as “Legal Proxy” and be received by Continental Stock Transfer & Trust Company no later than 5:30 p.m. New York City Time on August 2, 2023.

Why is the Company holding the Annual Meeting virtually?

We are holding the Annual Meeting online and providing internet voting to facilitate stockholder attendance and participation by enabling all stockholders to participate fully, equally and without cost, using an Internet-connected device from any location around the world, with procedures designed to ensure the authenticity and correctness of your voting instructions. In addition, the virtual-only meeting format increases our ability to engage with all stockholders, regardless of size, resources or physical location. Lottery.com stockholders will be afforded the same opportunities to participate at the virtual Annual Meeting as they would at an in-person Annual Meeting.

Where can I get technical assistance?

If you have difficulty accessing the meeting, please call the phone number listed at <https://www.cstproxy.com/lottery/2023>.

How do I ask a question at the Annual Meeting?

As part of the Annual Meeting, we will hold a question and answer session during which we intend to answer questions submitted prior to the meeting in accordance with the rules of conduct posted on the meeting website, as time permits. Only stockholders of record as of the Record Date who have registered in advance to attend the Annual Meeting may submit questions prior to the meeting that may be addressed during the Annual Meeting. If you would like to submit a question, you may do so when you register to attend the Annual Meeting at <https://www.cstproxy.com/lottery/2023> using the control number provided in the Notice and typing your question in the appropriate box in the registration form.

In accordance with the rules of conduct, we ask that you limit your questions to one brief question that is relevant to the Annual Meeting and that such questions are respectful of your fellow stockholders and meeting participants. Questions and answers may be grouped by topic, and substantially similar questions may be grouped and answered once. In addition, questions may be ruled as out of order if they are, among other things, irrelevant to the business to be conducted at the Annual Meeting, related to pending or threatened litigation, disorderly, repetitious of statements already made, or in furtherance of the stockholder's own personal, political or business interests.

Who can vote at the Annual Meeting?

Only stockholders of record at the close of business on the Record Date will be entitled to vote at the Annual Meeting. On the date of this proxy statement, there were 50,925,271 shares of common stock outstanding and entitled to vote.

What matters am I being asked to vote on?

There are four matters scheduled for a vote:

- The election of the one nominee for Class II director named herein to serve until our 2026 annual meeting of stockholders and until their successor is duly elected and qualified, subject to their earlier death, resignation or removal ("Proposal 1" or the "Director Election Proposal");
- The approval of an amendment to the Company's second amended and restated certificate of incorporation (the "Certificate of Incorporation") to effect a reverse stock split of our common stock, par value \$0.001 per share (the "Common Stock") at a ratio in the range of one-for-two to one-for-thirty of our Common Stock, with the exact ratio to be determined in the discretion of the Board and with such reverse stock split to be effected at such time and date, if at all, as determined by the Board in its sole discretion ("Proposal 2" or the "Reverse Stock Split Proposal");
- The ratification of the appointment by the Audit Committee of the Board (the "Audit Committee") of Yusufali & Associates, LLC ("Yusufali") as our independent registered public accounting firm for the year ending December 31, 2023 ("Proposal 3" or the "Ratification Proposal"); and
- The approval, on an advisory basis, of a proposal to adjourn the Annual Meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes at the time of the Annual Meeting to approve the Reverse Stock Split Proposal ("Proposal 4" or the "Adjournment Proposal").

How does the Board recommend that I vote?

The Board recommends that you vote your shares of our Common Stock:

- **"FOR"** the Class II director nominee named in this Proxy Statement;
- **"FOR"** the approval of the Reverse Stock Split Proposal;
- **"FOR"** the ratification of the appointment of Yusufali as our independent registered public accounting firm for the year ending December 31, 2023; and
- **"FOR"** the approval, on an advisory basis, of the Adjournment Proposal.

How do I vote my shares without attending the Annual Meeting?

Stockholders of record. You may vote by granting a proxy in the following ways:

- *By Internet:* go to <https://www.cstproxy.com/lottery/2023> and follow the on-screen instructions. You will need the Notice or proxy card in order to vote by Internet.

- *By Mail:* request a proxy card from us and indicate your vote by completing, signing and dating the card where indicated and by mailing or otherwise returning the card in the envelope that will be provided to you. You should sign your name exactly as it appears on the proxy card. If you are signing in a representative capacity, indicate your name and title or capacity.

Stockholders with shares held in street name. You may vote by submitting voting instructions to their bank, broker or other nominee. In most instances, such stockholders will be able to do this on the Internet or by mail as indicated above. Please refer to information from your bank, broker or other nominee on how to submit voting instructions.

Internet voting facilities will close at 11:59 p.m., Eastern Time, on August 6, 2023 for the voting of shares held by stockholders of record or held in street name.

Mailed proxy cards with respect to shares held of record or in street name must be received no later than 5:30 p.m., Eastern Time, on **August 4, 2023**.

What is the difference between being a record holder and holding shares of Common Stock in street name?

A record holder holds shares in its name through Lottery.com’s transfer agent, Continental Stock Transfer & Trust Company (“Continental”). A “beneficial owner,” or a person or entity that holds their or its shares in “street name,” holds shares in the name of a bank, broker or other nominee on that person or entity’s behalf.

How many votes do I have?

On each matter to be voted upon, you have one vote for each share of Common Stock you own as of June 28, 2023.

What am I voting on, how many votes are required to approve each item, how are votes counted and how does the Board recommend I vote?

The table below summarizes the proposals that will be voted on, the vote required to approve each item, how votes are counted and how the Board recommends you vote:

| <u>Proposal</u> | <u>Vote Required</u> | <u>Voting Options</u> | <u>Board Recommendation⁽¹⁾</u> | <u>Impact of Broker Non-Votes</u> | <u>Impact of Abstain Vote</u> |
|--------------------------------------------|-------------------------------------|---------------------------|-------------------------------------------|-------------------------------------------------------------------------------|-------------------------------|
| Proposal 1 — Director Nominee | Plurality of the votes cast | “FOR” “WITHHOLD” | “FOR” | No impact | No impact |
| Proposal 2 — Reverse Stock Split Proposal | Majority of shares entitled to vote | “FOR” “AGAINST” “ABSTAIN” | “FOR” | Against | Against |
| Proposal 3 — Auditor Ratification Proposal | Majority of votes cast | “FOR” “AGAINST” “ABSTAIN” | “FOR” | No broker non-votes (uninstructed shares may be voted in broker’s discretion) | No impact |
| Proposal 4 — Adjournment Proposal | Majority of votes cast | “FOR” “AGAINST” “ABSTAIN” | “FOR” | No impact | No impact |

(1) If you sign and submit your proxy card without indicating your voting instructions, your shares will be voted in accordance with the Board’s recommendation.

*If you are a beneficial owner of shares held in street name, in order to ensure your shares are voted in the way you would prefer, you **must** provide voting instructions to your broker, bank or other agent by the deadline provided in the materials you receive from your broker, bank or other agent.*

Can I revoke my proxy or change my vote after I submit my proxy?

Yes, you may revoke or change your vote after submitting your proxy card.

Stockholders of record. Whether you have voted by Internet or mail, you may revoke your proxy or change your vote at any time before it is actually voted. A record holder may revoke their or its proxy by:

- signing and delivering another proxy with a later date that is received no later than 5:30 p.m., Eastern Time, on August 4, 2023;

- voting again by Internet at a later time before the closing of those voting facilities at 11:59 p.m., Eastern Time, on August 6, 2023;
- sending a written statement to that effect to the Company’s Chief Compliance Officer at compliance@lottery.com, provided that such statement is received no later than 5:30 p.m., Eastern Time, on August 4, 2023; or
- voting at the Annual Meeting.

Stockholders with shares held in street name. If you wish to revoke your proxy or vote at the Annual Meeting, you must follow the instructions provided to you by your bank, broker or other record holder and/or obtain from the record holder a proxy issued in your name. Your virtual attendance at the Annual Meeting will not, by itself, revoke your proxy.

Stockholders who have questions or need assistance in completing or submitting their proxy cards should contact our proxy solicitor, Morrow, at (800) 662-5200 or by sending a letter to 333 Ludlow Street, 5th Floor, South Tower Stamford, Connecticut.

Who will count the votes?

The Company’s transfer agent, Continental, will tabulate and certify the votes. A representative of the transfer agent may serve as an inspector of election.

Who is paying for this proxy solicitation?

We will pay for the entire cost of soliciting proxies. In addition to these proxy materials, our directors and employees may also solicit proxies in person, by email, by telephone, or by other means of communication. Directors and employees will not be paid any additional compensation for soliciting proxies. We have also retained Morrow Sodali LLC as our “proxy solicitor” to assist in the solicitation of proxies. For these proxy solicitation services, Morrow Sodali LLC will receive an estimated fee of approximately \$12,500 plus reasonable out-of-pocket expenses and fees for any additional services. We may also reimburse brokerage firms, banks and other agents for the cost of forwarding proxy materials to beneficial owners.

Who can help answer my questions?

If you have questions about the proposals or if you need additional copies of the proxy statement or the enclosed proxy card you should contact:

Lottery.com Inc.
20808 State Hwy 71 W, Unit B
Spicewood, TX 78669
Attn: Chief Compliance Officer
Telephone: (737) 309-4500

You may also contact the Company’s proxy solicitor at:

Morrow Sodali LLC
333 Ludlow Street, 5th Floor, South Tower
Stamford, Connecticut 06902
Telephone: (800) 662-5200 (banks and brokers call collect at (203) 658-9400)
Email: LTRY.info@investor.morrowsodali.com

What does it mean if I receive more than one Notice?

If you receive more than one Notice, your shares may be registered in more than one name or in different accounts. Please follow the voting instructions on the Notices to ensure that all of your shares are voted.

What is the quorum requirement?

A quorum of stockholders is necessary to hold a valid meeting. A quorum will be present if stockholders holding a majority of the voting power of the outstanding shares entitled to vote are present in person, by remote communication, or represented by proxy at the meeting. On the date of this proxy statement, there were 50,925,271 shares outstanding and entitled to vote. Thus, the holders of 25,462,636 shares must be present by remote communication at the meeting or represented by proxy at the meeting to have a quorum.

Your shares will be counted towards the quorum only if you submit a valid proxy (or one is submitted on your behalf by your broker, bank or other nominee) or if you vote by telephone, online or at the meeting. Abstentions and broker non-votes will be counted towards the quorum requirement. If there is no quorum, the holders of a majority of the voting power of the shares present by remote communication at the meeting or represented by proxy and entitled to vote may adjourn the meeting to another date.

Will a list of record stockholders as of the Record Date be available?

A list of our record stockholders as of the close of business on the Record Date will be made available to stockholders for the ten days ending the day prior to the Annual Meeting. The list will be available for examination by any stockholder of record for any purpose germane to the Annual Meeting at our corporate headquarters during normal business hours.

What if another matter is properly brought before the meeting?

The Board knows of no other matters that will be presented for consideration at the Annual Meeting. If any other matters are properly brought before the meeting, it is the intention of the persons named in the accompanying proxy to vote on those matters in accordance with their best judgment.

How can I find out the results of the voting at the Annual Meeting?

Preliminary voting results will be announced at the Annual Meeting. In addition, final voting results will be published in a current report on Form 8-K that we expect to file within four business days after the Annual Meeting. If final voting results are not available to us in time to file a Form 8-K within four business days after the meeting, we intend to file a Form 8-K to publish preliminary results and, within four business days after the final results are known to us, file an additional Form 8-K to publish the final results.

PROPOSAL NO. 1
ELECTION OF CLASS II DIRECTOR

Under our Second Amended and Restated Certificate of Incorporation (the “Certificate of Incorporation”) and Amended and Restated Bylaws (the “Bylaws”), the Board is divided into three classes. Only one class of directors is elected in each year and each class serves a three-year term. The term length of each Class is, for the Class II director, a term that expires at this Annual Meeting; for the Class III director, a term that expires at the Company’s 2024 annual meeting of stockholders; and, for Class I director, a term that expires at the Company’s 2025 annual meeting of stockholders.

There are currently three directors serving on the Board. The Board has considered and nominated the following Class II director nominee, for a three-year term expiring at the Company’s 2026 annual meeting of stockholders: Nick Kounoupas. Action will be taken at the Annual Meeting for the election of this director nominee.

It is intended that the proxies delivered pursuant to this solicitation will be voted by the proxy holders in favor of the election of Mr. Kounoupas except where proxies bear contrary instructions. In the event that the director nominee should become unavailable for election due to any presently unforeseen reason, the proxy holders will have the right to use their discretion to vote for a substitute or substitutes.

NOMINEE FOR ELECTION TO THE BOARD OF DIRECTORS IN 2023

The following information describes the offices held and other business directorships of the director nominee. Information regarding each nominee's beneficial ownership of equity securities is shown under "Security Ownership of Certain Beneficial Owners and Management" below.

Nick Kounoupias, 60, has been a member of the Board since April 2023. Mr. Kounoupias is a respected attorney with almost 40-years of experience with digital, media and technology companies with a strong practice focus on corporate governance, legal issues, regulations, and Intellectual Property (IP), with varying skills across multiple sectors. He has worked both within private practice and in-house, including a 16 year period in a senior position in the consumer entertainment industry. He also has extensive experience in branding, media, news and related industries; and he has held non-executive directorships and senior positions within the computer software, design, branded goods and newspaper and magazine publishing industries. He is the founder and CEO of Kounoupias IP, a boutique Intellectual Property consultancy operating out of offices in England and Cyprus providing strategic guidance on digital technology and IP matters internationally. He is recognized as a leading specialist in anti-piracy and anti-counterfeiting and possesses extensive experience in managing and conducting investigations in IP and other sectors. He regularly contributes to journals and books, as well as providing professional training on legal matters at seminars and webinars.

We believe that Mr. Kounoupias is well-qualified to serve as a director of our Board because of his extensive experience with technology companies and extensive legal knowledge, including Intellectual Property rights.

Directors are elected by a plurality of the votes cast for the election of each director at the Annual Meeting.

OUR BOARD RECOMMENDS THAT YOU VOTE "FOR" THE ELECTION OF THE DIRECTOR NOMINEE NAMED ABOVE.

Continuing Members of the Board of Directors

In addition to the director nominated for election at the Annual Meeting, the following directors currently serve on our Board:

Class III, with a term expiring at the 2024 Annual Meeting of Stockholders:

Barney Battles, 56, has been a member of the Board since October 2022. In 2014, Mr. Battles founded The League of Angels, a network of UHNW international members investing in fast growth British ventures with a global impact and strong corporate values. Mr. Battle is the former co-owner of Jackpot Games, a Maltese online gaming venture that was then sold to a large German Media Group. Additionally, Mr. Battles is the former senior advisor to the Rank Group PLC (LSE: RNK), where he focused on the Grosvenor Casinos and Bingo (a UK-based chain of 53 casinos located in major towns and cities across the UK and 76 bingo clubs located in Belgium, Spain, and the UK). During his time at Grosvenor Casinos and Bingo, Mr. Battles focused on delivering interactive digital gaming formats across their retail footprint. He also has extensive FTSE experience, working as Executive Chairman/CFO in turnaround or high growth sectors and is a former CFO of London's largest digital agency. Mr. Battles earned a Master in Computing Science from the University of Aberdeen, and was a Scottish Chartered Accountant with Ernst & Young.

We believe that Mr. Battles is well-qualified to serve as a director of our Board because of his experience as a former chief financial officer and company executive with experience gaming and early stage companies.

Class I, with a term expiring at the 2025 Annual Meeting of Stockholders:

Matthew McGahan, 53, has been a member of and Chairman of the Board since October 2022. Mr. McGahan is the founder of the U.K. charity, "Mask Our Heroes" ("MOH"), created in memory of his father Alan, who was a victim of the COVID-19 pandemic. MOH was one of the first charities to recognize the urgent need for vital personal protection equipment and in the first months of the pandemic, MOH secured and shipped several plane loads of surgical masks to the U.K. Prior to founding MOH, Mr. McGahan had founded Magic Automotive Group, a Europe-based Harley-Davidson dealer. In 2010, Mr. McGahan sold Magic Automotive Group to pursue other endeavors. In 1997, prior to founding Magic Automotive Group, Mr. McGahan had joined his family's business, Pinewood Motor Group, which his father founded in 1969. In the early 1990s Mr. McGahan left a public UK multi-brand automotive group to set up an international company specializing in the importing and exporting of luxury automotive brands, race cars and classics. Mr. McGahan is a graduate of the Purley Boys and Guildford Engineering Technology College.

We believe that Mr. McGahan is well-qualified to serve as a director of our Board because of his experience as an entrepreneur and business executive.

THE BOARD OF DIRECTORS AND CERTAIN GOVERNANCE MATTERS

Overview

The Board directs and oversees the management of the business and affairs of the Company and carries out its oversight responsibilities through meetings and actions of the Board and its two standing committees: the Audit Committee of the Board (the “Audit Committee”) and the Compensation Committee of the Board (the “Compensation Committee”).

Director Independence and Independence Determinations

The Board has established guidelines (the “Corporate Governance Guidelines”) to assist it in making independence determinations for each director of our Board. The Corporate Governance Guidelines define an “independent director” to align with the definition provided under the corporate governance requirements of the Nasdaq Stock Market LLC (collectively, the “Nasdaq Rules”). Under Nasdaq Rule 5605(a)(2), a director is not independent unless the Board affirmatively determines that they do not have a direct or indirect relationship which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director of the Company. Directors who serve on the Audit Committee and Compensation Committee are subject to the additional independence requirements under applicable SEC rules and Nasdaq Rules.

It is the policy of the Board to make affirmative independence determinations for all directors at least annually in connection with the preparation of the Company’s proxy statement. In making independence determinations, the Board will broadly consider all relevant facts and circumstances in addition to the requirements of Nasdaq Rule 5605(a)(2).

The Board undertook its annual review of director independence. As a result of this review, the Board affirmatively determined that Messrs. McGahan, Battles and Kounoupias are independent within the meaning of the Nasdaq Rules, including with respect to their respective committee service. The Board has determined that each member of the Audit Committee is “independent” for purposes of service on the Audit Committee in accordance with Section 10A(m)(3) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and that each member of the Compensation Committee is “independent” for purposes of service on the Compensation Committee in accordance with Section 10C(a)(3) of the Exchange Act.

Board Structure

The Board retains the flexibility to determine whether the roles of Chairperson and CEO should be combined or separated, based on what the Board believes is in the best interests of the Company at a given point in time. The Board believes that this flexibility is in the best interests of the Company and that a one-size-fits-all approach to corporate governance, with a mandated independent Chairperson, would not result in better governance or oversight.

Currently, Mark Gustavson serves as our CEO and Matthew McGahan serves as Chairperson. The Board determined that separation of the positions of chairperson of the Board and CEO reinforces the independence of the Board in its oversight of the business and affairs of the Company. In addition, the Board believes that having an independent chairperson of the Board creates an environment that is more conducive to objective evaluation and oversight of management’s performance, increasing management accountability and improving the ability of the Board to monitor whether management’s actions are in the best interests of the Company and its stockholders. As a result, the Company believes that having an independent Board chairperson can enhance the effectiveness of the Board as a whole.

Executive Sessions

We currently do not have any employee directors serving on the Board, however we hold executive sessions.

Board Committees and Meetings

The following table summarizes the current membership of each of the standing committees of the Board.

| | <u>Audit Committee</u> | <u>Compensation Committee</u> |
|--------------------------|------------------------|-------------------------------|
| Matthew McGahan*^ | X | X |
| Barney Battles*# | X (Chair) | X |
| Nick Kounoupias*+ | X | X (Chair) |

* INDEPENDENT DIRECTOR

^ APPOINTED IN OCTOBER 2022

APPOINTED IN NOVEMBER 2022

+ APPOINTED IN APRIL 2023

In July 2022, we effectively ceased operations (the “Operational Cessation”) when we furloughed the majority of our employees and generally suspended our lottery game sales. Since the Operational Cessation, the Company has had minimal day-to-day operations and has primarily focused its operations on restarting certain of its core businesses. Prior to the Operational Cessation, we had six members on our Board. As of the date of this Proxy Statement, the size of the Board has decreased to three members. Further, all of the members of the Board and all of our principal executive officers who served in such capacities at our prior year’s annual meeting of stockholders have resigned from such positions.

During the fiscal year ended December 31, 2022, our Board, Audit Committee and Compensation Committee held approximately 8, 6 and 5 meetings, respectively.

Our Corporate Governance Guidelines provide that all directors are expected to make best efforts to attend all meetings of the Board, meetings of the committees of which they are members and the annual meeting of stockholders. This Annual Meeting is the first held after each member of our current Board was appointed.

Audit Committee. All members of the Audit Committee are “independent” in accordance with the Nasdaq Rules and rules of the U.S. Securities and Exchange Commission (the “SEC”) applicable to boards of directors in general and audit committee members in particular. The Board has determined that each member of the Audit Committee is “financially literate” within the meaning of the Nasdaq Rules because each member is able to read and understand fundamental financial statements, including the Company’s balance sheet, income statement and cash flow statement. In addition, the Board has determined that Mr. Battles qualifies as an “audit committee financial expert” as defined by Item 407(d) of Regulation S-K, and therefore, also satisfies the “financial sophistication” requirement in accordance with Nasdaq Rule 5605(c)(2)(A). The Board reached its conclusion as to Mr. Battles’ qualifications based on, among other things, his background in financial services and accounting, and experience on the audit committees of public, private and investment companies.

The duties and responsibilities of the Audit Committee include:

- those duties and responsibilities delegated to it by the Board, including overseeing our financial reporting policies, our internal controls, and our compliance with legal and regulatory requirements applicable to financial statements and accounting and financial reporting processes;
- being directly responsible for the appointment, retention, replacement and oversight of our independent registered public accounting firm and reviewing and evaluating its qualifications, performance and independence;
- pre-approving the audit and non-audit services and the payment of compensation to the independent registered public accounting firm;
- reviewing reports from, and material written communications between, management and the independent registered public accounting firm, including with respect to issues as to the adequacy of the Company’s internal controls;
- reviewing and approving any related person transaction that is required to be disclosed pursuant to Item 404(a) of Regulation S-K promulgated by the SEC and prior to our entering into such transaction;
- reviewing and discussing with management and the independent registered public accounting firm our guidelines and policies with respect to risk assessment and risk management; and
- reviewing the Audit Committee Charter and the Audit Committee’s performance at least annually.

With respect to our reporting and disclosure matters, the Audit Committee is also responsible for reviewing and discussing with the independent registered public accounting firm and management our annual audited financial statements and our quarterly financial statements prior to their inclusion in our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q or other publicly disseminated materials in accordance with the applicable SEC rules and regulations.

The Audit Committee operates pursuant to a charter adopted by the Board.

Compensation Committee. All members of the Compensation Committee are “independent” in accordance with the Nasdaq Rules and SEC rules applicable to boards of directors in general and compensation committees in particular. In addition, at least two members of the Compensation Committee qualify as “non-employee directors” for purposes of Rule 16b-3 under the Exchange Act.

The Compensation Committee is responsible for reviewing and overseeing our compensation policies and practices, and meets regularly throughout the year to review and discuss, among other items, our compensation philosophy, changes in compensation governance, and compliance rules and best practices. With respect to executive compensation, the Compensation Committee:

- annually reviews and approves corporate goals and objectives relevant to the compensation of our CEO and other executive officers;
- evaluates, as a committee or together with the other independent directors (as directed by the Board), the performance of our CEO and other executive officers in light of such corporate goals and objectives, as well as their individual achievements;
- approves and recommends to our Board for approval of the compensation of our CEO and other executive officers based on this evaluation; and
- periodically reviews and approves of all elements of our CEO’s and other executive officers’ compensation, including cash-based and equity-based awards and opportunities, as well as any employment agreements and severance agreements, change in control agreements and special or supplemental compensation and benefits.

Additional duties and responsibilities of the Compensation Committee include:

- establishing and reviewing the objectives of the our basic compensation policies;
- making recommendations to our Board with respect to the adoption, amendment, termination or replacement of equity-based compensation or non-equity-based incentive compensation plans maintained by the Company;
- establishing and periodically reviewing policies regarding senior management perquisites and expense accounts;
- reviewing our regulatory compliance with respect to compensation matters, including SEC rules and regulations regarding stockholder approval of certain executive compensation; and
- assessing at least annually the independence of any compensation consultant, legal counsel or other adviser to the Compensation Committee.

The Board will evaluate director candidates recommended by stockholders in the same manner in which the Board evaluates any other director candidate. Any such recommendation should be submitted to the Chief Compliance Officer in writing and should include any supporting material the stockholder considers appropriate in support of that recommendation, but must include information that would be required under the rules of the SEC to be included in a proxy statement soliciting proxies for the election of such candidate and a written consent of the candidate to serve as one of our directors if elected. Stockholders wishing to propose a candidate for consideration may do so by submitting the above information to the attention of the Chief Compliance Officer, 20808 State Hwy 71 W, Unit B, Spicewood, TX 78669, or by email at compliance@lottery.com. All recommendations for nomination received by the Chief Compliance Officer that satisfy the requirements under the Bylaws relating to such director nominations will be presented to the Board for its consideration. Stockholders must also satisfy the notification, timeliness, consent and information requirements set forth in the Bylaws. These requirements are also described under the section entitled “Stockholder Proposals for the 2024 Annual Meeting of Stockholders.”

Board Diversity Matrix

The following Board Diversity Matrix provides the self-identified personal characteristics for our Board:

Board Diversity Matrix (as of June 15, 2023)

| Total Number of Directors | 3 | | | |
|----------------------------------------------|---------------|-------------|-------------------|--------------------------------|
| | Female | Male | Non-Binary | Did Not Disclose Gender |
| Part I: Gender Identity | | | | |
| Directors | — | 3 | — | — |
| Part II: Demographic Background | | | | |
| African American or Black..... | — | — | — | — |
| Alaskan Native or Native American | — | — | — | — |
| Asian..... | — | — | — | — |
| Hispanic or Latinx | — | — | — | — |
| Native Hawaiian or Pacific Islander | — | — | — | — |
| White | — | 3 | — | — |
| Two or More Races or Ethnicities | — | — | — | — |
| Did Not Disclose Demographic Background..... | — | — | — | — |

Code of Business Conduct and Ethics and Corporate Governance Guidelines

Corporate Governance Guidelines. To further our commitment to sound governance, our Board has adopted the Corporate Governance Guidelines to ensure that the necessary policies and procedures are in place to facilitate the Board's review and make decisions with respect to the Company's business operations that are independent from management. The Corporate Governance Guidelines set forth the practices regarding Board and committee composition, selection and performance evaluations; Board meetings; director qualifications and expectations, including with respect to continuing education obligations; and management succession planning, including for the CEO.

Code of Business Conduct and Ethics. We maintain a Code of Business Conduct and Ethics (the "Code of Conduct") that is applicable to all of our directors, officers and employees, including our Chairperson and CEO, CFO and other members of management. The Code of Conduct sets forth standards of ethical business conduct, including conflicts of interest, compliance with applicable laws, rules and regulations, timely and truthful disclosure, protection and proper use of our assets and reporting mechanisms for illegal or unethical behavior. The Code of Conduct also satisfies the requirements for a code of ethics as defined by Item 406 of Regulation S-K promulgated by the SEC. If the Company ever were to amend or waive any provision of the Code of Conduct and that applies to the Company's principal executive officer, principal financial officer, principal accounting officer or any person performing similar functions, the Company intends to satisfy its disclosure obligations, if any, with respect to any such waiver or amendment by posting such information on its website set forth above rather than by filing a Current Report on Form 8-K. Amendments to the Code of Conduct must be approved by our Board and will be promptly disclosed (other than technical, administrative or non-substantive changes) on our website.

Stockholder Communications with the Board

Stockholders may communicate with our Board, or to specific individual directors of the Board, including the Chairperson of the Board, chairperson of the Audit or Compensation Committees, or to the independent directors as a group, by addressing such communications to the Chief Compliance Officer, and delivering electronically at compliance@lottery.com. The Chief Compliance Officer will forward such communications upon receipt as appropriate.

Hedging and Pledging Policy

Pursuant to the Company's Compliance with United States Federal Securities Laws Regarding Insider Trading: Security Trading Policy (the "Insider Trading Policy"), all directors, officers and employees of the Company, together with its subsidiaries and affiliates reported on a consolidated basis, are prohibited from entering into hedging, monetization transactions or similar arrangements with respect to Company securities, holding Company securities in a margin account or pledging Company securities as collateral for a loan.

Board's Role in Risk Oversight

As part of our Board's meetings, our Board assesses on an ongoing basis the risks faced by the Company in executing its business plans. These risks include financial, technological, cybersecurity exposures and the steps management has taken or plans to take with respect to these exposures, competitive and operational risks and exposures, both from a global perspective and on a jurisdiction-by-jurisdiction basis. The Board receives updates from management on the primary cyber security risks facing the Company and the measures the Company is taking to mitigate such risks.

Our Board dedicates time to review and consider the relevant risks that need to be addressed at the time of the Board meeting. In addition to the full Board, the Audit Committee plays an important role in the oversight of the Company's policies with respect to financial risk assessment and risk management, as well as assessing the Company's major financial risk exposures. In particular, the Audit Committee reviews and discusses with management any significant risks or exposures with respect to risk assessment and risk management and assesses any steps taken to monitor and control such risks. The Compensation Committee is charged with ensuring that our compensation policies and procedures do not encourage risk taking in a manner that would have a material adverse impact on the Company. The Board is responsible for overseeing risk related to our governance processes. Each of the Board's Committees reports its findings to the full Board for consideration. Each Committee reports its findings to the full Board for consideration.

Our Board's role in risk oversight at the Company is consistent with the Company's leadership structure, with the CEO and other members of senior management having responsibility for assessing and managing the Company's risk exposures, and our Board and its committees providing oversight in connection with those efforts and attempts to mitigate identified risks.

Delinquent Section 16(a) Reports

Section 16(a) of the Exchange Act requires executive officers, directors and persons who beneficially own more than 10% of a company's common stock to file initial reports of ownership (Forms 3) and reports of changes in ownership (Forms 4 and 5) with the SEC. Based solely on our review of copies of such reports and on written representations from our executive officers and directors, we believe that each of our executive officers and directors failed to comply with all Section 16(a) filing requirements during our fiscal year ended December 31, 2022 following the Operational Cessation.

PROPOSAL NO. 2

THE REVERSE STOCK SPLIT PROPOSAL

Our Board has approved, and is recommending that our stockholders approve, proposed amendments to our Certificate of Incorporation to effect a reverse stock split (the “Reverse Stock Split”) of all of the issued and outstanding shares of our Common Stock at a ratio of between one-for-two (1:2) and one-for-thirty (1:30)(inclusive), with such ratio to be determined at the sole discretion of our Board and with such Reverse Stock Split to be effected at such time and date, if at all, as determined by our Board in its sole discretion. The text of the proposed form of Certificate of Amendment to our Certificate of Incorporation (the “Certificate of Amendment”) to effect the Reverse Stock Split is attached as **Appendix A** to this Proxy Statement. However, the text of the proposed amendments is subject to revision to include such changes as may be required by the Secretary of State of the State of Delaware and as our Board deems necessary or advisable to effect the proposed amendment of our Certificate of Incorporation.

By approving this proposal, stockholders will approve a series of amendments to our Certificate of Incorporation pursuant to which any whole number of outstanding shares between and including two and thirty would be combined into one share of our Common Stock, and authorize our Board to file only one such amendment, as determined by our Board in the manner described herein, and to abandon each amendment not selected by the Board. Our Board believes that stockholder approval of amendments granting our Board this discretion, rather than approval of a specified stock split ratio, provides our Board with maximum flexibility to react to then-current market conditions and, therefore, is in the best interests of the Company and its stockholders. Our Board may effect only one Reverse Stock Split as a result of this authorization. Our Board may also elect not to do any Reverse Stock Split. The Reverse Stock Split will take effect, if at all, only after it is (i) approved by the affirmative vote of a majority of the shares of outstanding Common Stock entitled to vote on the matter, (ii) is deemed by the Board to be in the best interests of the Company and its stockholders, and (iii) after filing the amendment to our Certificate of Incorporation with the Secretary of State of the State of Delaware. If the Certificate of Amendment is filed with the Secretary of State of the State of Delaware, the Certificate of Amendment will effect the Reverse Stock Split by reducing the outstanding number of shares of the Common Stock by the ratio to be determined by the Board, but will not increase the par value of the Common Stock, and will not change the number of authorized shares of the Common Stock. If the Board does not implement an approved Reverse Stock Split prior to the one-year anniversary of this meeting, the Board will seek stockholder approval before implementing any Reverse Stock Split after that time.

You should keep in mind that the implementation of a reverse stock split does not have an effect on the intrinsic value of our business or your proportional ownership in it. You should also consider that in many cases, the market price of a company’s common stock may decline following a reverse stock split.

Background

Our Common Stock is currently listed on The Nasdaq Stock Market LLC (“Nasdaq”) under the symbol “LTRY.” In order for our Common Stock to continue to be listed on Nasdaq, we must satisfy various listing maintenance standards established by Nasdaq. If we are unable to meet Nasdaq requirements, our Common Stock will be subject to delisting.

Under Nasdaq Listing Rule 5550(a)(2), if the bid price of our Common Stock is under \$1.00 per share over a period of 30 consecutive trading days, Nasdaq may delist our Common Stock from trading.

On August 24, 2022, the Listing Qualifications department of Nasdaq (the “Staff”) notified the Company that the bid price of its Common Stock did not comply with Listing Rule 5550(a)(2) (the “Bid Price Rule”). In accordance with Listing Rule 5810(c)(3)(A), the Company was provided 180 calendar days, or until February 20, 2023, to regain compliance with the Bid Price Rule.

On February 23, 2023, the Company received a determination letter from the Staff advising the Company that the Staff had determined that the Company had not regained compliance with the Bid Price Rule and that the Company was not eligible for a second 180 day period as the Company had not filed its periodic reports with the Securities and Exchange Commission (the “SEC”) and Nasdaq, for the quarters ended June 30, 2022 and September 30, 2022, and it no longer complied with Nasdaq’s Listing Rules for continued listing. Nasdaq also confirmed to the Company in its February 23, 2023 letter that the failure to timely file those periodic reports each serve as separate and an individual basis for delisting. On March 23, 2023, the Company requested a hearing before the Nasdaq hearings panel (the “Panel”) to appeal a determination by the Listing Qualifications department of Nasdaq (the “Staff”) dated February 23, 2023, to delist the Company’s securities from Nasdaq. At the hearing before the Panel on April 24, 2023, the Company presented its plan to complete the restatement of its financial statements for the fiscal year ended December 31, 2021, and the subsequent quarter ended March 31, 2022, and to file the amended periodic reports and all subsequent required filings with the SEC. The Company requested the continued listing of its securities on Nasdaq pending the completion of its compliance plan.

By letter dated May 8, 2023, the Panel granted the Company's request for continued listing, on an interim basis, subject to the Company submitting financial projections for fiscal 2023 and filing the restated financial statements for the fiscal year ended December 31, 2021, and quarter ended March 31, 2022, with the SEC by May 15, 2023. The Company provided this information and the Panel indicated that it would review the filings, along with the updated projections, and thereafter determine whether to afford the Company additional time to complete the compliance plan presented at the hearing.

By letter dated May 24, 2023, the Panel notified the Company that it had determined to suspend trading and otherwise move to delist the Company's securities from Nasdaq effective with the open of the market on May 26, 2023, which suspension of trading occurred as contemplated. The Company thereafter requested that the Panel reconsider its determination to delist the Company's securities from Nasdaq based upon what the Company believed to be mistakes of material fact upon which the Panel had based its decision.

On June 8, 2023 (the "June 8th Decision"), the Panel notified the Company that it had determined to reverse its prior decision and grant the Company's request for continued listing subject to the Company's timely compliance with a number of conditions, including implementing the Reverse Stock Split, to the extent necessary to regain compliance with the Bid Price Rule by August 17, 2023. Accordingly, our Board adopted resolutions, subject to approval by our stockholders, to amend our Certificate of Incorporation to effect a Reverse Stock Split of our Common Stock at a ratio in the range of one-for-two to one-for-thirty, such ratio to be determined in the discretion of our Board. These resolutions were approved as a means of increasing the share price of our Common Stock above \$1.00, which is required for continued listing on Nasdaq.

Reasons for the Proposed Reverse Stock Split

The Board's primary objective in proposing the Reverse Stock Split is to raise the per share trading price of our Common Stock to regain compliance with the Bid Price Rule. The Board believes that the Reverse Stock Split will result in a higher per share trading price, which is intended to enable us to maintain the listing of our Common Stock on Nasdaq and generate greater investor interest in the Company.

The Board believes that maintaining the listing of our Common Stock on Nasdaq is in the best interests of the Company and our stockholders. If our Common Stock were delisted from Nasdaq, the Board believes that such delisting would adversely affect the market liquidity of our Common Stock, decrease the market price of our Common Stock, adversely affect our ability to obtain financing for the continuation of our operations and result in the loss of confidence in our company.

If the Reverse Stock Split is approved by our stockholders and implemented by the Board, we expect to satisfy the \$1.00 Bid Price Rule for continued listing. However, despite the approval of the Reverse Stock Split by our stockholders and implementation by the Board, there can be no assurance that the Reverse Stock Split will result in our meeting and maintaining the \$1.00 minimum closing price requirement. The effect of the Reverse Stock Split upon the market price for our Common Stock cannot be predicted, and the history of similar reverse stock splits for companies in like circumstances is varied. The market price per share of our Common Stock after the Reverse Stock Split may not rise in proportion to the reduction in the number of shares of our Common Stock outstanding resulting from the Reverse Stock Split due to, among other reasons, our performance and other factors that may be unrelated to the number of shares outstanding. Our Common Stock could also be delisted from Nasdaq due to our failure to comply with one or more other Nasdaq listing standards. We cannot be certain that we will ultimately be able to regain compliance with the Bid Price Rule or the other listing standards.

Our Board also believes that the expected increased market price per share of our Common Stock as a result of implementing a Reverse Stock Split could improve the marketability and liquidity of our Common Stock and encourage interest and trading in our Common Stock. We understand that many brokerage houses, institutional investors and funds have internal policies and practices that either prohibit them from investing in low-priced stocks or tend to discourage individual brokers from recommending low-priced stocks to their customers or by restricting or limiting the ability to purchase such stocks on margin. Some of those policies and practices may make the processing of trades in low-priced stocks economically unattractive to brokers. Additionally, a Reverse Stock Split could help increase analyst and broker interest in our Common Stock as their internal policies might discourage them from following or recommending companies with low stock prices. Investors may also be dissuaded from purchasing stocks below certain prices because brokers' commissions, as a percentage of the total transaction value, can be higher for low-priced stocks.

Criteria to be Used for Determining Whether to Implement Reverse Stock Split

In determining whether to implement the Reverse Stock Split and which Reverse Stock Split ratio to implement, if any, following receipt of stockholder approval of this Proposal 2, our Board may consider, among other things, various factors, such as:

- the historical trading price and trading volume of our Common Stock;

- the then-prevailing trading price and trading volume of our Common Stock and the expected impact of the Reverse Stock Split on the trading market for our Common Stock in the short- and long-term;
- the continued listing requirements for our Common Stock on Nasdaq;
- which Reverse Stock Split ratio would result in the least administrative cost to us; and
- prevailing general market and economic conditions.

The failure of our stockholders to approve this Proposal 2 could have serious, adverse effects on us and our stockholders. If we do not meet the conditions set forth in the June 8th Letter, including implementing the Reverse Stock Price, to the extent required, but August 17, 2023, we may be delisted from Nasdaq. If Nasdaq delists the Common Stock, our shares may then trade on the OTC Bulletin Board or other small trading markets, such as the pink sheets. In that event, the Common Stock could trade thinly as a microcap or penny stock, adversely decrease to nominal levels of trading and be avoided by retail and institutional investors, resulting in the impaired liquidity of our shares.

Our Board reserves the right to abandon the Reverse Stock Split without further action by our stockholders at any time before the effectiveness of our Certificate of Amendment, even if the Reverse Stock Split has been authorized by our stockholders. By voting in favor of the Reverse Stock Split, you are expressly authorizing our Board to determine not to proceed with, and abandon, the Reverse Stock Split if it should so decide.

Effect on Outstanding Common Stock and Authorized Common Stock

After the effective date of any Reverse Stock Split that our Board elects to implement, each stockholder will own a reduced number of shares of Common Stock. The Reverse Stock Split will be effected simultaneously for all issued and outstanding shares of Common Stock and the Reverse Stock Split ratio will be the same for all issued and outstanding shares of Common Stock. Any Reverse Stock Split will affect all of our stockholders uniformly and will not affect any stockholder's percentage ownership interests in the Company, except to the extent that the Reverse Stock Split results in any of our stockholders owning a fractional share as described below. Voting rights and other rights and preferences of the holders of the Common Stock will not be affected by a Reverse Stock Split (other than as a result of the payment of cash in lieu of fractional shares). For example, a holder of 2% of the voting power of the outstanding shares of Common Stock immediately prior to a Reverse Stock Split would continue to hold 2% of the voting power of the outstanding shares of Common Stock immediately after such Reverse Stock Split. The number of stockholders of record will not be affected by a Reverse Stock Split (except to the extent that any stockholder holds only a fractional share interest and receives cash for such interest after such Reverse Stock Split).

The following table illustrates the effects of a one-for-two, one-for-five, one-for-ten, one-for-fifteen, one-for-twenty, one-for-twenty five and one-for-thirty Reverse Stock Split on our outstanding Common Stock as of June 26, 2023 (without giving effect to any adjustments for fractional shares):

| Reverse Split Ratio | Approximate Number of Shares Issued and Outstanding | Number of Shares Authorized | Percentage of Authorized Common Stock |
|----------------------------|----------------------------------------------------------------------------|--------------------------------------------|------------------------------------------------------|
| Current Shares | 50,925,271 | 500,000,000 | 10.2% |
| 1-for-2 | 25,462,635 | 500,000,000 | 5.1% |
| 1-for-5 | 10,185,054 | 500,000,000 | 2.0% |
| 1-for-10 | 5,092,527 | 500,000,000 | 1.0% |
| 1-for-15 | 3,395,018 | 500,000,000 | .68% |
| 1-for-20 | 2,546,264 | 500,000,000 | .51% |
| 1-for-25 | 2,037,011 | 500,000,000 | .41% |
| 1-for-30 | 1,697,509 | 500,000,000 | .34% |

The amendment will not change the terms of our Common Stock. The shares of new Common Stock will have the same voting rights and rights to dividends and distributions and will be identical in all other respects to the Common Stock now authorized. The Common Stock issued pursuant to the Reverse Stock Split will remain fully paid and non-assessable. The Reverse Stock Split is not intended as, and will not have the effect of, a "going private transaction" covered by Rule 13e-3 under the Exchange Act. We will continue to be subject to the periodic reporting requirements of the Exchange Act.

We are currently authorized to issue up to 500,000,000 shares of Common Stock under our Certificate of Incorporation. The Reverse Stock Split will have no effect on the total number of shares of Common Stock we are authorized to issue under our Certificate of Incorporation. Therefore, upon effectiveness of the Reverse Stock Split, the number of shares of Common Stock that are authorized and unissued will increase relative to the number of issued and outstanding shares. We may use the additional authorized and unissued shares of Common Stock resulting from the Reverse Stock Split to issue additional shares of Common Stock from time to time in equity financings, under our equity compensation plans or in connection with other matters. The Board currently has no plans, arrangements or understandings regarding the issuance of such additional authorized and unissued shares of Common Stock.

The Company does not have any issued or outstanding shares of preferred stock. The Reverse Stock Split will not impact the number of authorized shares of our preferred stock.

Effect on Outstanding Equity Awards

If the Reverse Stock Split is effected, the terms of equity awards granted under our Lottery.com 2021 Incentive Plan (the “Incentive Plan”), including the per share exercise price of options, the number of shares issuable under such options and the number of shares delivered upon the vesting and settlement of a restricted stock unit or a performance share unit, will be proportionally adjusted to maintain their economic value, subject to adjustments for any fractional shares as described herein. In addition, the total number of shares of Common Stock that may be the subject of future grants under the Incentive Plan, as well as any plan limits on the size of such grants, will be adjusted and proportionately decreased as a result of the Reverse Stock Split.

Effect on Warrants

If the Reverse Stock Split is implemented, the number of shares of Common Stock issuable upon the exercise of our outstanding warrants, will be reduced by the same ratio as the reduction in the outstanding shares. Correspondingly, the exercise price for individual warrants, on a per share basis, will be proportionally increased (i.e., the aggregate exercise price for all outstanding warrants will be unaffected, but following a Reverse Stock Split such exercise price will apply to a reduced number of shares).

Cash Payment in Lieu of Fractional Shares

No fractional shares of Common Stock will be issued in connection with the Reverse Stock Split. If as a result of the Reverse Stock Split, a stockholder of record would otherwise hold a fractional share, the stockholder will receive a cash payment in lieu of the issuance of any such fractional share in an amount per share equal to the closing price per share on Nasdaq on the trading day immediately preceding the effective date of the Reverse Stock Split (as adjusted to give effect to the Reverse Stock Split), without interest. The ownership of a fractional interest will not give the holder thereof any voting, dividend or other right except to receive the cash payment therefore.

By approving the amendment to our Certificate of Incorporation effecting the Reverse Stock Split, stockholders will be approving the combination of any whole number of issued shares of our Common Stock between and including 2 and 30 shares into one share of Common Stock.

Stockholders should be aware that, under the escheat laws of the various jurisdictions where stockholders reside, where we are domiciled and where the funds will be deposited, sums due for fractional interests that are not timely claimed after the effective time may be required to be paid to the designated agent for each such jurisdiction. Thereafter, stockholders otherwise entitled to receive such funds may have to seek to obtain them directly from the state to which they were paid.

Accounting Matters

The par value of the shares of our Common Stock is not changing as a result of the implementation of the Reverse Stock Split. Our stated capital, which consists of the par value per share of our Common Stock multiplied by the aggregate number of shares of our Common Stock issued and outstanding, will be reduced proportionately on the effective date of the Reverse Stock Split. Correspondingly, our additional paid-in capital, which consists of the difference between our stated capital and the aggregate amount paid to us upon the issuance of all currently outstanding shares of our Common Stock, will be increased by a number equal to the decrease in stated capital. Further, net loss per share, book value per share and other per share amounts will be increased as a result of the Reverse Stock Split because there will be fewer shares of Common Stock outstanding.

Possible Disadvantages of Reverse Stock Split

Even though the Board believes that the potential advantages of the Reverse Stock Split outweigh any disadvantages that might result, the following are some of the possible disadvantages of the Reverse Stock Split:

- The reduced number of outstanding shares of our Common Stock resulting from the Reverse Stock Split could adversely affect the liquidity of our Common Stock.
- Based on the experience of certain other companies that have effected reverse stock splits, the Reverse Stock Split could result in a devaluation of our market capitalization and the trading price of our Common Stock, on an actual or an as-adjusted basis.
- The Reverse Stock Split may leave certain stockholders with one or more “odd lots,” which are stock holdings in amounts of less than 100 shares of our Common Stock. These odd lots may be more difficult to sell than shares of Common Stock in even multiples of 100. Additionally, any reduction in brokerage commissions resulting from the Reverse Stock Split, as discussed above, may be offset, in whole or in part, by increased brokerage commissions required to be paid by stockholders selling odd lots created by the Reverse Stock Split.
- There can be no assurance that the market price per new share of our Common Stock after the Reverse Stock Split will increase in proportion to the reduction in the number of old shares of our Common Stock outstanding before the Reverse Stock Split. The effect of the Reverse Stock Split upon the market price of the Common Stock cannot be predicted with any certainty, and the history of similar reverse stock splits for companies in like circumstances is varied, particularly since some investors may view a reverse stock split negatively. For example, based on the closing market price of our Common Stock on June 23, 2023 of \$0.2160 per share of Common Stock, if the stockholders approve this proposal and the Board selects and implements a Reverse Stock Split ratio of 1-for-5, there can be no assurance that the post-split market price of our Common Stock would be \$1.08 per share or greater. Accordingly, the total market capitalization of our Common Stock after the proposed Reverse Stock Split may be lower than the total market capitalization before the proposed Reverse Stock Split and, in the future, the market price of our Common Stock following the Reverse Stock Split may not exceed or remain higher than the market price prior to the proposed Reverse Stock Split.
- While the Board believes that a higher stock price may help generate investor interest, there can be no assurance that the Reverse Stock Split will result in a per share price that will attract institutional investors or investment funds or that such share price will satisfy the investing guidelines of institutional investors or investment funds. As a result, the trading liquidity of our Common Stock may not necessarily improve.
- If the Reverse Stock Split is effected and the market price of our Common Stock declines, the percentage decline may be greater than would occur in the absence of a Reverse Stock Split. The market price of our Common Stock will, however, also be based on our performance and other factors, which are unrelated to the number of shares outstanding.
- The implementation of the Reverse Stock Split will effectively result in an increase in the authorized number of shares of Common Stock relative to the number of shares outstanding, which could, under certain circumstances, have anti-takeover implications by permitting issuances that would dilute the ownership of a person seeking to effect a hostile takeover or increase its percentage ownership. This Proposal 2 has been prompted by business and financial considerations and not by the threat of any hostile takeover attempt.

Procedure for Effecting Reverse Stock Split and Exchange of Stock Certificates

If our stockholders approve the Reverse Stock Split, the Reverse Stock Split would become effective at such time as it is deemed by our Board to be in the best interests of the Company and its stockholders and we file the amendment to our Certificate of Incorporation with the Secretary of State of the State of Delaware. Even if the Reverse Stock Split is approved by our stockholders, our Board has discretion not to carry out or to delay in carrying out the Reverse Stock Split. Upon the filing of the amendment, all the old Common Stock will be converted into new Common Stock as set forth in the amendment.

As soon as practicable after the effective time of the Reverse Stock Split, stockholders will be notified that the Reverse Stock Split has been effected. If you hold shares of Common Stock in a book-entry form, your shares will be exchanged automatically into post-split shares without further action by you as soon as practicable after the effective time of the Reverse Stock Split.

Some stockholders hold their shares of Common Stock in certificate form or a combination of certificate and book-entry form. We expect that our transfer agent will act as exchange agent for purposes of implementing the exchange of stock certificates, if applicable. If you are a stockholder holding pre-split shares in certificate form, you will receive a transmittal letter from our transfer agent as soon as practicable after the effective time of the Reverse Stock Split. The transmittal letter will be accompanied by instructions specifying how you can exchange your certificate representing the pre-split shares of our Common Stock for a statement of holding. When you submit your certificate representing the pre-split shares of our Common Stock, your post-split shares of our Common Stock will be held electronically in book-entry form in the Direct Registration System. This means that, instead of receiving a new stock certificate, you will receive a statement of holding that indicates the number of post-split shares you own in book-entry form. We will no longer issue physical stock certificates unless you make a specific request for a share certificate representing your post-Reverse Stock Split ownership interest.

STOCKHOLDERS SHOULD NOT DESTROY ANY STOCK CERTIFICATE(S) AND SHOULD NOT SUBMIT ANY CERTIFICATE(S) UNTIL REQUESTED TO DO SO.

Beginning on the effective time of the Reverse Stock Split, each certificate representing pre-Reverse Stock Split shares will be deemed for all corporate purposes to evidence ownership of post-Reverse Stock Split shares. If a stockholder is entitled to a payment in lieu of any fractional share interest, such payment will be made as described above under “No Fractional Shares.”

Criteria to be Used for Decision to Apply the Reverse Stock Split

In the event that approval for the Reverse Stock Split is obtained, our Board will be authorized to proceed with the Reverse Stock Split. If an average closing share price of at least \$1.00 over the 30 trading-day period ending prior to the Annual Meeting, our Board may delay its decision to execute the Reverse Stock Split indefinitely. In that case, if at any time during the 12-month period following the Annual Meeting the average closing share price falls below \$1.00 over any 30 trading-day period and therefore fails to comply with the Bid Price Rule, then the Reverse Stock Split may be executed as a cure for this condition.

No Appraisal Rights

Under the General Corporation Law of the State of Delaware, our stockholders are not entitled to dissenter’s or appraisal rights with respect to our proposed amendment to our Certificate of Incorporation to effect the Reverse Stock Split and we will not independently provide our stockholders with any such right.

Certain Material U.S. Federal Income Tax Consequences of the Reverse Stock Split to Holders

The following is a summary of certain material U.S. federal income tax consequences to U.S. Holders and Non-U.S. Holders (each as defined below, and collectively, “Holders”) of the Reverse Stock Split. This discussion is limited to Holders that hold Common Stock, both before and after the Reverse Stock Split, as capital assets within the meaning of Section 1221 of Internal Revenue Code of 1986, as amended (the “Code”) (generally property held for investment). This summary is based on provisions of the Code, applicable final, temporary and proposed Treasury Regulations promulgated thereunder, judicial authority and current administrative rulings and practices as in effect on the date of this proxy statement. Changes to these laws could alter the tax consequences described below, possibly with retroactive effect, which may result in the U.S. federal income tax consequences of the Reverse Stock Split differing from the consequences summarized below. We have not sought and do not expect to seek an opinion of counsel or a ruling from the Internal Revenue Service regarding the U.S. federal income tax consequences of the Reverse Stock Split, and there can be no assurance that the Internal Revenue Service or the courts will accept the positions expressed below. Moreover, there can be no assurance that future legislation, regulations, administrative rulings or court decisions will not adversely affect the accuracy of the statements in this discussion.

This discussion is for general information only and does not purport to consider all aspects of U.S. federal income taxation that might be relevant to a Holder. This discussion does not address all of the tax consequences which may apply to stockholders subject to special rules under U.S. federal income tax law, such as: financial institutions; governments or agencies or instrumentalities thereof; insurance companies; tax-exempt organizations; traders or dealers in securities; real estate investment trusts; regulated investment companies; stockholders who hold their Common Stock through individual retirement or other tax-deferred accounts; U.S. Holders who have a functional currency other than the U.S. dollar; partnerships, S corporations or other entities or arrangements classified as partnerships or disregarded entities for U.S. federal income tax purposes (or persons holding our Common Stock through such entities); stockholders who hold their Common Stock as part of a straddle, hedge, wash sale, conversion transaction or other integrated or risk reduction transaction; stockholders who hold their Common Stock as qualified small business stock within the meaning of Section 1202 of the Code or Section 1244 stock for purposes of Section 1244 of the Code; stockholders who acquired their Common Stock in a transaction subject to the gain rollover provisions of Section 1045 of the Code; stockholders who acquired their Common Stock pursuant to the exercise of employee stock options or otherwise as compensation; expatriates or former long-term residents of the United States; persons that actually or constructively own five percent or more (by vote or value) of our stock; controlled foreign corporations; or passive foreign investment companies.

If a partnership (including an entity or arrangement treated as a partnership or other pass-thru entity for U.S. federal income tax purposes) holds our Common Stock, the tax treatment of a partner, member or other beneficial owner in such partnership will generally depend upon the status of the partner, member or other beneficial owner, the activities of the partnership and certain determinations made at the partner, member or other beneficial owner level. If you are a partner, member or other beneficial owner of a partnership holding our Common Stock, you are urged to consult your tax advisor regarding the tax consequences of the Reverse Stock Split.

In addition, this summary does not address: (a) the tax consequences of transactions effectuated before, after or at the same time as the Reverse Stock Split, whether or not they are in connection with the Reverse Stock Split; (b) any U.S. federal non-income tax consequences of the Reverse Stock Split, including estate, gift or other tax consequences; (c) any state, local or non-U.S. tax consequences of the Reverse Stock Split; (d) the application of the alternative minimum tax, the Medicare contribution tax on net investment income, or the special tax accounting rules under Section 451(b) of the Code, or (e) tax consequences to holders of options, warrants or similar rights to acquire our Common Stock. Stockholders are urged to consult their own tax advisors with respect to the application of U.S. federal income tax laws to determine the particular consequences to them, as well as any tax consequences arising under the laws of any U.S. state or local or foreign jurisdiction.

U.S. Holders

For purposes of this discussion, a “U.S. Holder” means a beneficial owner of shares of our Common Stock that is, for U.S. federal income tax purposes, any of the following:

- an individual who is a citizen or resident of the United States or someone treated as a U.S. citizen or resident for U.S. federal income tax purposes;
- a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof, or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if (i) a U.S. court can exercise primary supervision over the trust’s administration and one or more “United States persons” (within the meaning of Section 7701(a)(30) of the Code) are authorized or have the authority to control all substantial decisions of the trust or (ii) it has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a United States person for U.S. federal income tax purposes.

Tax Consequences of the Reverse Stock Split

The Reverse Stock Split should constitute a “recapitalization” for U.S. federal income tax purposes. In general, the U.S. federal income tax consequences of a Reverse Stock Split will vary depending upon whether a U.S. Holder receives cash for fractional shares or solely a reduced number of shares of Common Stock in exchange for its pre-Reverse Stock Split shares of Common Stock. A U.S. Holder that receives solely a reduced number of shares of Common Stock generally should not recognize gain or loss in the Reverse Stock Split. Such U.S. Holder’s aggregate tax basis in the reduced number of shares of Common Stock should equal such U.S. Holder’s aggregate tax basis in its pre-Reverse Stock Split shares of Common Stock and such U.S. Holder’s holding period in the reduced number of shares of Common Stock should include the holding period in its pre-Reverse Stock Split shares of Common Stock exchanged therefor. Treasury Regulations provide detailed rules for allocating the tax basis and holding period of the shares of Common Stock surrendered to the shares of Common Stock received in a recapitalization such as the Reverse Stock Split. U.S. Holders should consult their tax advisors as to application of the foregoing rules, including where shares of Common Stock were acquired at different times or at different prices.

Cash in Lieu of Fractional Shares

A U.S. Holder that receives cash in lieu of a fractional share as a result of the Reverse Stock Split should be treated as having received the fractional shares pursuant to the Reverse Stock Split and then as having exchanged the fractional shares for cash in a redemption by us, and generally should recognize gain or loss equal to the difference, if any, between the amount of cash received in lieu of fractional shares and such U.S. Holder’s adjusted basis allocable to the fractional share interests. Such gain or loss will be a long-term capital gain or loss if the pre-Reverse Stock Split shares were held for more than one year. Long-term capital gains of individuals are generally eligible to be taxed at reduced rates. The deductibility of capital losses is subject to limitations. Such U.S. Holder’s aggregate tax basis in the reduced number of shares of Common Stock should equal such U.S. Holder’s aggregate tax basis in its pre-Reverse Stock Split shares of Common Stock decreased by the basis allocated to the fractional share for which such U.S. Holder is entitled to receive cash, and such U.S. Holder’s holding period in its reduced number of shares of Common Stock received should include such U.S. Holder’s holding period in its pre-Reverse Stock Split shares of Common Stock exchanged.

Non-U.S. Holders

For purposes of this discussion, a “Non-U.S. Holder” means a beneficial owner of shares of our Common Stock that is, for U.S. federal income tax purposes, any of the following:

- a non-resident alien individual (other than certain former citizens and residents of the United States subject to U.S. tax as expatriates);
- a foreign corporation; or
- an estate or trust that is not a U.S. Holder.

Generally, Non-U.S. Holders should not be subject to U.S. federal income or withholding tax on the completion of the Reverse Stock Split, and in particular any gain or loss realized with respect to cash received in lieu of a fractional share generally should not be subject to U.S. federal income or withholding tax unless (a) such gain or loss is effectively connected with the Non-U.S. Holder’s conduct of a trade or business in the United States (and, if required by an applicable income tax treaty, is attributable to a U.S. permanent establishment maintained by the Non-U.S. Holder), (b) the Non-U.S. Holder is a nonresident alien individual present in the United States for 183 days or more during the taxable year the Reverse Stock Split is completed and certain other conditions are met, or (c) our Common Stock constitute a U.S. real property interest by reason of our status as a U.S. real property holding corporation for U.S. federal income tax purposes.

The gain described in clause (a) above generally will be subject to U.S. federal income tax on a net income basis in the same manner as if the Non-U.S. Holder were a U.S. Holder. A Non-U.S. Holder that is treated as a foreign corporation for U.S. federal income tax purposes also may be subject to a branch profits tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty) on such effectively connected gain, as adjusted for certain items. A Non-U.S. Holder described in clause (b) above will be subject to U.S. federal income tax at a rate of 30% (or, if applicable, a lower treaty rate) on the gain realized with respect to cash received in lieu of a fractional share, which may be offset by certain U.S. source capital losses, even though the Non-U.S. Holder is not considered a resident of the United States, provided that the individual has timely filed U.S. federal income tax returns with respect to such losses. With respect to clause (c) above, we believe that we are not, and do not anticipate becoming, a United States real property holding corporation. However, such determination is factual in nature and subject to change and no assurance can be provided as to whether we were or would be treated as a U.S. real property holding corporation in any year. If we are or have been a U.S. real property holding corporation, any gain realized with respect to cash received in lieu of a fractional share may be treated as effectively connected with the conduct of a trade or business in the United States subject to U.S. federal income tax, and the cash proceeds received by a Non-U.S. Holder may also be subject to a 15% withholding tax.

Information Reporting and Backup Withholding

A Holder of shares of Common Stock may be subject to information reporting and backup withholding on cash paid in lieu of fractional shares in connection with the Reverse Stock Split. To avoid backup withholding, each Holder of shares of Common Stock that does not otherwise establish an exemption should provide its taxpayer identification number and comply with the applicable certification procedures. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules generally will be allowed as a credit against a Holder’s U.S. federal income tax liability, and may entitle such Holder to a refund, provided the required information is timely and properly furnished to the Internal Revenue Service. Holders of shares of Common Stock should consult their tax advisors regarding their qualification for an exemption from backup withholding and the procedures for obtaining such an exemption, as well as the procedures for obtaining a credit or refund if backup withholding is imposed.

The preceding discussion is intended only as a summary of certain material U.S. federal income tax consequences of the Reverse Stock Split. It is not a complete analysis or discussion of all potential tax effects that may be important to a particular holder. All holders of our Common Stock should consult their own tax advisors as to the specific tax consequences of the Reverse Stock Split them, including record retention and tax-reporting requirements, and the applicability and effect of any U.S. federal, state and local and non-U.S. tax laws.

Vote Required

The affirmative vote of the holders of a majority of the outstanding shares entitled to vote on the matter will be required to approve the amendment of our Certificate of Incorporation to effect a Reverse Stock Split of our Common Stock at a ratio in the range of one-for-two to one-for-thirty, such ratio to be determined in the discretion of our Board.

OUR BOARD RECOMMENDS A VOTE “FOR” THE APPROVAL OF THIS REVERSE STOCK SPLIT PROPOSAL.

PROPOSAL NO. 3
RATIFICATION OF APPOINTMENT OF
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Our Audit Committee has selected, and our Board ratified the appointment of Yusufali as our independent registered public accounting firm for the fiscal year ending December 31, 2023 and has further directed that management submit the selection of its independent registered public accounting firm for ratification by the stockholders at the Annual Meeting. Representatives of Yusufali are expected to be present at the Annual Meeting. They will have an opportunity to make a statement if they so desire and will be available to respond to appropriate questions.

Neither our Bylaws nor other governing documents or law require stockholder ratification of the selection of Yusufali as our independent registered public accounting firm. However, our Audit Committee of the Board is submitting the selection of Yusufali to the stockholders for ratification as a matter of good corporate practice. If the stockholders fail to ratify the selection, our Audit Committee of the Board will reconsider whether or not to retain that firm. Even if the selection is ratified, our Audit Committee of the Board in its discretion may direct the appointment of different independent auditors at any time during the year if they determine that such a change would be in the best interests for us and our stockholders.

Change in Independent Registered Accounting Firm

Resignation of Armanino LLP

As previously disclosed in the Current Report on Form 8-K filed with the SEC on October 12, 2022 (the “October 12, 2022 Form 8-K”), the Audit Committee approved on October 7, 2022 the engagement of Yusufali as the Company’s independent registered public accounting firm for the fiscal year ended December 31, 2022, effective on the same day. As previously disclosed in the Current Report on Form 8-K filed with the SEC on October 6, 2022 (the “October 6, 2022 Form 8-K”), Armanino resigned as the Company’s independent registered public accounting firm on September 27, 2022, effectively immediately.

As previously disclosed in the October 6, 2022 Form 8-K, Armanino’s report on the Company’s financial statements for the fiscal years ended December 31, 2021 and December 31, 2020 did not contain an adverse opinion or disclaimer of opinion, nor was it qualified or modified as to uncertainty, audit scope or accounting principles. In addition, there were no disagreements between the Company and Armanino on accounting principles or practices, financial statement disclosure or auditing scope or procedure, which, if not resolved to the satisfaction of Armanino, would have caused them to make reference to the disagreement in their report for such period, or any subsequent interim period preceding Armanino’s resignation. However, on July 20, 2022, the Company was advised by Armanino, its registered independent public accountant for the fiscal year ended December 31, 2021, that the audited financial statements for the year ended December 31, 2021, and the unaudited financial statements for the quarter ended March 31, 2022, should no longer be relied upon. Armanino advised and determined subsequent to the audit and review of such financial statements, respectively, that a Company subsidiary entered into a line of credit in January 2022 that was not disclosed in the footnotes to the December 31, 2021 financial statements and was not recorded in the March 31, 2022 financial statements.

As previously disclosed in the October 6, 2022 Form 8-K, during the Company’s two audited fiscal years ended December 31, 2021 and December 31, 2020, and the subsequent interim period through September 27, 2022, Armanino identified the following reportable events of the type described in Item 304(a)(1)(v) of Regulation S-K: based on Armanino’s evaluation of the facts and circumstances pertaining to matters disclosed in the Company’s recent Form 8-K filings regarding the resignations of certain officers and directors, Armanino is unable to rely on the representations of management.

The Company provided Armanino with a copy of the foregoing disclosures and has requested that Armanino furnish the Company with a letter addressed to the SEC stating whether it agrees with the statements made by the Company set forth above. A copy of Armanino’s letter, dated October 7, 2022, was filed as Exhibit 16.1 to the amendment to the October 12, 2022 Form 8-K.

Dismissal of Marcum LLP in connection with the Business Combination

As previously disclosed in the Current Report on Form 8-K filed with the SEC on November 15, 2021 (the “November 15, 2021 Form 8-K”), following the Business Combination Closing, the Audit Committee engaged Armanino LLP as the Company’s independent registered public accounting firm for the fiscal year ending December 31, 2021 and approved the dismissal of Marcum LLP as the Company’s independent registered public accounting firm on November 10, 2021, effective on the same day. Prior to the Business Combination, Marcum LLP served as TDAC’s independent registered public accounting firm and Armanino LLP served as AutoLotto’s independent registered public accounting firm.

The reports of Marcum LLP on the Company’s financial statements as of and for the two most recent audited fiscal years ended December 31, 2020 and December 31, 2019 did not contain an adverse opinion or a disclaimer of opinion, and were not qualified or modified as to uncertainties, audit scope or accounting principles.

During the Company’s two audited fiscal years ended December 31, 2020 and December 31, 2019, and the subsequent interim period through November 10, 2021, there were no disagreements between the Company and Marcum LLP on any matter of accounting principles or practices, financial disclosure or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of Marcum LLP, would have caused it to make reference to the subject matter of the disagreements in its reports on the Company’s financial statements for such years.

During the Company’s two audited fiscal years ended December 31, 2020 and December 31, 2019, and the subsequent interim period through November 10, 2021, there were no “reportable events” (as defined in Item 304(a)(1)(v) of Regulation S-K under the Exchange Act).

The Company provided Marcum LLP with a copy of the foregoing disclosures and has requested that Marcum furnish the Company with a letter addressed to the SEC stating whether it agrees with the statements made by the Company set forth above. A copy of Marcum’s letter, dated November 12, 2021, was filed as Exhibit 16.1 to the November 15, 2021 Form 8-K.

Principal Accountant Fees and Services

As described above, on September 27, 2022, Armanino resigned as the independent registered public accounting firm of the Company, effective immediately. On October 7, 2022, the Audit Committee approved the engagement of Yusufali as the Company’s new independent registered public accounting firm, effective immediately, for the fiscal year ended December 31, 2022. The following table sets forth the aggregate fees billed to us for the fiscal year ended December 31, 2022 by Yusufali:

| | <u>2022</u> |
|-----------------------------------------|-------------------|
| Audit Fees ⁽¹⁾ | \$ 325,000 |
| Audit-Related Fees ⁽²⁾ | — |
| Tax Fees ⁽³⁾ | — |
| All Other Fees ⁽⁴⁾ | — |
| Total: | <u>\$ 325,000</u> |

- (1) Audit Fees represent the aggregate fees billed for professional services rendered for the audits of the annual financial statements and the Company’s internal control over financial reporting; for review of the consolidated financial statements included in the Company’s Quarterly Reports on Form 10-Q filings; for the audits and reviews of certain of our subsidiaries; and for services that are normally provided by the independent registered public accounting firm in connection with statutory and regulatory filings.
- (2) Audit-Related Fees represent the aggregate fees billed for assurance and other services related to the performance of the audit or review of our consolidated financial statements and that are not reported under paragraph (1) above. These services include due diligence related to mergers and acquisitions and consultation concerning financial accounting and reporting standards.
- (3) Tax Fees represent the aggregate fees billed for international tax compliance, tax advice, and tax planning services.
- (4) All Other Fees represent fees billed for all other services.

Audit Committee Pre-Approval Procedures for Independent Registered Public Accounting Firm

The Audit Committee has sole authority to engage and determine the compensation of our independent registered public accounting firm. The Audit Committee also is directly responsible for evaluating the independent registered public accounting firm, reviewing and evaluating the lead partner of the independent registered public accounting firm and overseeing the work of the independent registered public accounting firm. In addition, and pursuant to its charter and the Company’s Audit and Non-Audit Services Pre-Approval Policy, the Audit Committee annually reviews and pre-approves the audit services to be provided by Armanino LLP, and also reviews and pre-approves the engagement of Armanino LLP for the provision of other services during the year, including audit-related, tax and other permissible non-audit. For each proposed service, the Company’s management and the independent registered public accounting firm are required to jointly submit to the Audit Committee detailed supporting documentation at the time of approval to permit the Audit Committee to make a determination as to whether the provision of such services would impair the independent registered public accounting firm’s independence, and whether the fees for the services are appropriate.

Vote Required

The affirmative vote of the holders of a majority of the voting power of the shares present in person, by remote communication, or represented by proxy and entitled to vote on the matter will be required to ratify the appointment of Yusufali as our independent registered public accounting firm for the year ending December 31, 2023.

OUR BOARD RECOMMENDS A VOTE “FOR” THE RATIFICATION OF THE APPOINTMENT OF YUSUFALI & ASSOCIATES, LLC AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE YEAR ENDING DECEMBER 31, 2023.

REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS⁽¹⁾

The Audit Committee assists the Board in its oversight of the Company’s financial statements and reporting process, audit process and internal controls. The Audit Committee operates under a written charter adopted by the Board, which describes this and the other responsibilities of the Audit Committee. Management has the primary responsibility for the financial statements and the reporting process, including the systems of internal controls. Our independent registered public accounting firm is responsible for performing an independent audit of our consolidated financial statements and internal controls over financial reporting in accordance with the auditing standards of the Public Company Accounting Oversight Board (“PCAOB”) and to issue a report thereon.

Our Audit Committee has reviewed and discussed the audited financial statements for the fiscal year ended December 31, 2022 with management of the Company. Our Audit Committee has discussed with the independent registered public accounting firm the matters required to be discussed by the applicable requirements of the PCAOB and the SEC. Our Audit Committee has also received the written disclosures and the letter from the independent registered public accounting firm required by applicable requirements of the PCAOB regarding the independent accountants’ communications with the audit committee concerning independence, and has discussed with the independent registered public accounting firm the accounting firm’s independence.

Based on the review and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2022.

Respectfully submitted by the members of the Audit Committee of the Board.

Barney Battles (Chair)
Matthew McGahan
Nick Kounoupias

(1) The material in this report is not “soliciting material,” is not deemed “filed” with the SEC and is not to be incorporated by reference in any filing of the Company under the Securities Act of 1933, as amended, or the Exchange Act, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing.

PROPOSAL NO. 4
APPROVAL, ON AN ADVISORY BASIS, TO ADJOURN ANNUAL MEETING
TO SOLICIT ADDITIONAL PROXIES FOR PROPOSAL NO. 2

If, at the Annual Meeting, the number of shares of Common Stock present in person, by remote communication, or represented by proxy and voting in favor of Proposal 2 to approve the Reverse Stock Split is insufficient to approve such proposal, the Company believes it is advisable that the Company should be authorized to move to adjourn the Annual Meeting in order to enable the Board to solicit additional proxies for the approval of Proposal 2. If we determine that this is necessary, we will ask our stockholders to vote only on Proposal 1, Proposal 3 and Proposal 4 and not on Proposal 2. We do not intend to call a vote on this Proposal 4 if Proposal 2 is approved by the requisite number of shares of our Common Stock at the Annual Meeting.

If our stockholders approve this Proposal 4 to adjourn the Annual Meeting, we could adjourn the Annual Meeting and use the additional time to solicit additional proxies, including the solicitation of proxies from stockholders that have previously voted. Among other things, approval of this Proposal 4 could mean that, even if we had received proxies representing a sufficient number of votes “AGAINST” Proposal 2 to defeat such proposal, we could adjourn the Annual Meeting without a vote on the Reverse Stock Split and seek to convince the holders of those shares to change their votes to votes in favor of Proposal 2.

Vote Required

The affirmative vote of the holders of a majority of the voting power of the shares present in person, by remote communication, or represented by proxy and entitled to vote on the matter will be required to approve this Adjournment Proposal.

**OUR BOARD UNANIMOUSLY RECOMMENDS THAT YOU VOTE “FOR” THE APPROVAL OF THE
ADJOURNMENT PROPOSAL.**

EXECUTIVE OFFICERS

The following table sets forth certain information with respect to our current executive officers as of June 26, 2023.

| <u>Name</u> | <u>Age</u> | <u>Position</u> |
|----------------|------------|-------------------------|
| Mark Gustavson | 54 | Chief Executive Officer |

Mark Gustavson has been our Chief Executive Officer since February 2023. Mr. Gustavson has 17 years of business development, transactional, alliance management, finance, operational, company formation, and IP experience with emerging businesses. During his career he has acquired extensive experience in the integration of business disciplines, with an emphasis on turnaround transactions. Mr. Gustavson held senior management positions in a variety of technology companies.

In his various executive capacities, Mr. Gustavson was responsible for transactions ranging from acquisitions and strategic collaborations to ordinary course transactions. He was also engaged in strategic planning for business development, product development, and in-licensing activities, and participated in the consummation of numerous collaborations. Sector specialties include biotechnology, IP based banking, mobile payment systems, social media, mobile gaming applications, fiber optics, and mixed and virtual reality technologies.

Mr. Gustavson is a co-founder and currently serves as Chief Executive Officer of ZENIOS Technologies Corporation, a position he has held since May 2022. Said company is involved in the business of augmented and mixed-reality based internet search technology.

In March of 2020, Mr. Gustavson and a group of investors acquired control of Sansar from Linden Labs Corporation, implementing an expansion plan, and successfully deploying, virtual reality applications for live events and festivals. These included the renowned London based Lost Horizons festival Glastonbury, gaining an audience in excess of 4.2 million attendees. The assets of Sansar were transferred to Sansar, Inc, in June 2022, and Mr. Gustavson has served as a Board member of Sansar, Inc. since June 2022.

From February 2020 to April 2021, Mr. Gustavson served as Chief Executive Officer of Regnum Corp (OTC:RGMP). Mr. Gustavson served as President, CFO and co-founder of Tri Capital Energy Corporation, from June 2019 to March 2021. From March 2025 to May 2018, Mr. Gustavson served as Chief Financial Officer and Director of Wookey Search Technologies Corporation. From July 2016 to August 2017, Mr. Gustavson served as Chief Financial Officer and Director of Sharkreach Corporation.

Mr. Gustavson also previously served as President and co-founder of MedicuRx Corporation, a position he held from February 2013 to June 2015. During this time, he was responsible for managing the company formation and transactional activities in collaboration with co-founder Dr. Joseph Rubinfeld, as well as taking care of business development, finance, and research and alliance management. MedicuRx Corporation business was a pharmaceutical company developing cancer therapeutics addressing Glioblastoma Multiforme.

Mr. Gustavson began his career as a Private Banker at the banking and financial business known as HSBC in Saipan, Commonwealth of the Northern Mariana Islands. From April 1997 through February 1999, Mr. Gustavson was Vice President of Private Banking and was charged with co-launching the Commonwealth of the Northern Mariana Islands branch of the Pacific Regional Division during the bank's expansion period.

Mr. Gustavson received a Bachelor of Science in Political Science degree (minor in sociology, concentration in economics) from the University of Oregon in 1991.

EXECUTIVE COMPENSATION

This section discusses the material components of the executive compensation program for the executive officers of Lottery.com who were “named executive officers,” or NEOs for fiscal 2022. This discussion may contain forward-looking statements that are based on our current plans, considerations, expectations and determinations regarding future compensation programs. Actual compensation programs that we adopt may differ materially from the existing and currently planned programs summarized or referred to in this discussion.

As an emerging growth company, we have opted to comply with the executive compensation disclosure rules applicable to “smaller reporting companies” as such term is defined in the rules promulgated under the Securities Act, which, in general, require compensation disclosure for our principal executive officer and its two other most highly compensated executive officers, referred to herein as our NEOs.

Introduction

The primary objectives of our executive compensation programs are to attract and retain talented executives to effectively manage and lead our Company. Our NEOs for fiscal 2022 are:

- Our former CEOs, Tony DiMatteo and Sohail S. Quraeshi; and
- Our former executive officers, Edward Moffley, Ryan Dickinson and Matthew Clemenson.

Summary Compensation Table

The following table provides summary information concerning compensation of our named executive officers for services rendered to us during fiscal years noted.

| Name and Principal Position | Year | Salary ⁽¹⁾ (\$) | Bonus (\$) | Stock Awards ⁽²⁾ (\$) | Option Awards (\$) | Non-Equity Incentive Plan Compensation (\$) | All Other Compensation (\$) | Total (\$) |
|---------------------------------|------|-------------------------------|---------------|-------------------------------------|-----------------------|------------------------------------------------|--------------------------------|---------------|
| Tony DiMatteo | 2022 | 269,231 | 227,740 | | | | | 496,971 |
| <i>Former CEO</i> | 2021 | 500,000 | — | — | — | — | — | 500,000 |
| | 2020 | 250,000 | — | — | — | — | — | 250,000 |
| Sohail S. Quraeshi | 2022 | — | — | — | — | — | — | — |
| <i>Former CEO</i> | | | | | | | | |
| Edward Moffley | 2022 | — | — | — | — | — | — | — |
| <i>Former CFO</i> | | — | — | — | — | — | — | — |
| Ryan Dickinson | 2022 | 250,000 | 227,740 | — | — | — | — | 477,740 |
| <i>Former CFO and President</i> | 2021 | 500,000 | — | 34,504,435 | — | — | — | 35,004,453 |
| | 2020 | 250,000 | — | — | — | — | — | 250,000 |
| Matthew Clemenson | 2022 | 250,000 | 227,740 | — | — | — | — | 477,740 |
| <i>Former CRO</i> | | | | | | | | |

(1) Amounts reflect the NEO’s base salary earned during the fiscal year presented.

(2) Amount represents the aggregate grant date fair value of restricted share awards (“Restricted Shares”) made to the named executive officer computed in accordance with Financial Accounting Standards Codification Topic 718, Compensation - Stock Compensation (“Topic 718”). As required by SEC rules, awards are reported in the year of grant. For more information, see “Narrative Disclosure to Summary Compensation Table — Supplemental Table” below.

Narrative Disclosure to Summary Compensation Table

Equity Awards

Fiscal 2021

On October 28, 2021, AutoLotto awarded 778,250 restricted shares of common stock (which were exchanged for 2,339,286 restricted shares of Common Stock (“Restricted Shares”) in connection with the Business Combination Closing) to Mr. Dickinson and 155,809 restricted shares of common stock (which were exchanged for 468,335 Restricted Shares in connection with the Business Combination Closing) to Ms. Lever, in each case, under the AutoLotto, Inc. 2015 Stock Option/Stock Issuance Plan (the “2015 Plan”) (together, such equity grants are referred to herein as the “Fiscal 2021 Equity Awards”).

The Fiscal 2021 Equity Awards rewarded Mr. Dickinson and Ms. Lever for their respective service to the Company during a critical period for the Company and as a result of their significant efforts in growing the Company's business and preparing the Company to be a public company, as well as for completing the Business Combination during fiscal 2021. In particular, Mr. Dickinson joined the Company in June 2018, serving the Company for over three years, including through the Business Combination process, but had not previously received equity compensation for his services to the Company and previously had no equity in the Company. Ms. Lever joined the Company in March 2021, heading the Company's legal function through the Business Combination process, without previously receiving any grant of equity for her services.

Vesting Terms. Mr. Dickinson's Restricted Shares vest in full six months following the Business Combination Closing, or on April 29, 2022. In the event Mr. Dickinson's Service terminates for any reason, all unvested Restricted Shares at the time of such termination will be forfeited. With respect to Ms. Lever's grant:

- 234,168 of Ms. Lever's Restricted Shares are subject to time vesting, with 25% (or 58,542 Restricted Shares) vesting on October 28, 2022 (the one year anniversary of the Grant Date) and the remaining 75% vesting monthly over the subsequent 36 month period (with 4,878 Restricted Shares vesting each month).
- 234,167 of Ms. Lever's Restricted Shares are subject to performance vesting, with 79,617 Restricted Shares (or 34%) vesting six months following the Business Combination Closing, or on April 29, 2022, and 154,550 of her Restricted Shares (or 66%) vesting based on stock price performance hurdles, with half of such shares vesting if the stock price equals or exceeds \$14.50 for any 20 trading days in any 30 consecutive day trading period during the one year period following the Business Combination Closing and the other half vesting if the stock price equals or exceeds \$16.00 for any 20 trading days in any 30 consecutive day trading period during the one year period following the Business Combination Closing. In the event that one or both closing price goals are not satisfied within 12 months following the Business Combination Closing, the remaining unvested performance-vested Restricted Shares will vest monthly over the 36 month period commencing with the 13 month anniversary of the Business Combination Closing, or on November 29, 2022.

In the event Ms. Lever's service terminates for any reason, all unvested Restricted Shares at the time of such termination will be forfeited.

Fiscal 2022

There were no equity awards granted to our named executive officer during fiscal 2022.

Cash Compensation

Base Salary

Base salaries are generally set at levels deemed necessary to attract and retain our executives. We provide each named executive officer with a base salary for the services that the executive officer performs for us. This compensation component constitutes a stable element of compensation while other compensation elements may be variable. Base salaries are generally reviewed annually and may be increased based on any number of factors at the discretion of the Compensation Committee, including the individual performance of the named executive officer, company performance, any change in the executive's position within our business, the scope of their responsibilities and market data. For fiscal 2022, the amounts earned by our named executive officers are shown in the Summary Compensation Table above.

Bonuses

In addition to base salaries, the named executive officers may receive discretionary annual bonuses, guaranteed and/or retention bonuses in the discretion of the Compensation Committee. Our NEOs did not earn any cash bonuses during fiscal 2020 or fiscal 2021; however, during fiscal 2022, the Compensation Committee in its discretion awarded one-time retention bonuses to each of Messrs. DiMatteo, Dickinson and Clemenson, who each received a cash award of \$227,740. Such bonuses are being reported as fiscal 2022 compensation in the Summary Compensation Table above.

Retirement Benefits, and Termination and Change in Control Provisions at December 31, 2021 and 2020

There were no pension or retirement benefits pursuant to any existing plan provided or contributed to by the Company or any of its subsidiaries. In addition, there were no termination and change in control provisions in effect for our NEOs.

Outstanding Equity Awards at December 31, 2022

None of our named executive officers have any outstanding equity awards. Any outstanding equity awards were forfeited as of the date of their resignation or separation from the Company.

DIRECTOR COMPENSATION

In February 2022, our Board approved a Non-Employee Director Compensation Program generally providing for an annual cash fee of \$62,000, an annual equity grant of restricted stock units with an award value of \$65,000, and an initial equity grant of restricted stock units with an award value of \$85,000. Notwithstanding this program adopted by our Board, no cash fees were paid to our directors during fiscal 2022 and all outstanding equity awards were forfeited in connection with director resignations from the Board.

The following table sets forth the total compensation paid to each of our non-employee directors for their service on the Board during fiscal 2022:

| <u>Name⁽¹⁾</u> | <u>Fee Earned or Paid in Cash (\$)</u> | <u>Stock Awards (\$)⁽¹⁾</u> | <u>Total (\$)</u> |
|------------------------------------------|----------------------------------------------------|------------------------------------------------|-----------------------|
| Barney Battles ⁽²⁾ | — | — | — |
| Matthew McGahan ⁽³⁾ | — | — | — |
| Richard Kivel ⁽⁴⁾ | — | 155,870 | 155,870 |
| Lisa Borders ⁽⁵⁾ | — | 155,870 | 155,870 |
| Steven Cohen ⁽⁵⁾ | — | 155,870 | 155,870 |
| Joseph Kaminkow ⁽⁶⁾ | — | 90,870 | 90,870 |
| William Thompson ⁽⁷⁾ | — | 155,870 | 155,870 |
| Amer Rustom ⁽⁸⁾ | — | — | — |
| Vladimir Klechtchev ⁽⁹⁾ | — | — | — |
| Naila Chowdhury ⁽¹⁰⁾ | — | — | — |

- (1) Represents all non-employee directors who served on our Board during fiscal 2022. All stock awards granted to our directors during fiscal 2022 were forfeited in connection with the director resignations from the Board noted below.
- (2) Mr. Battles was appointed to our Board on November 3, 2022. Mr. Battles did not receive compensation for his service on the Board during fiscal 2022.
- (3) Mr. McGahan was appointed to our Board on October 19, 2022. Mr. McGahan did not receive compensation for his service on the Board during fiscal 2022.
- (4) Mr. Kivel served on our Board until November 4, 2022.
- (5) Mr. Cohen and Ms. Borders served on our Board until September 2, 2022.
- (6) Mr. Kaminkow resigned from our Board on June 9, 2022.
- (7) Mr. Thompson served on our Board from March 10, 2022 to September 2, 2022.
- (8) Dr. Rustom served on our Board from September 12, 2022 to November 23, 2022. Dr. Rustom did not receive compensation for his service on the Board during fiscal 2022.
- (9) Mr. Klechtchev served on our Board from September 12, 2022 to October 19, 2022. Mr. Klechtchev did not receive compensation for his service on the Board during fiscal 2022.
- (10) Ms. Chowdhury served on our Board from November 3, 2022 to March 9, 2023. Ms. Chowdhury did not receive compensation for his service on the Board during fiscal 2022.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table shows information with respect to the beneficial ownership of our common stock as of June 26, 2023 for:

- each person known to us to own beneficially 5% or more of our outstanding common stock;
- each of our directors or director nominees;
- each of our NEOs; and
- all of our directors and executive officers as a group.

As of June 26, 2023 there were 50,925,271 shares of our Common Stock outstanding. Except as indicated by footnote and subject to community property laws where applicable, to our knowledge, the persons named in the table below have sole voting and investment power with respect to all shares of common stock shown as beneficially owned by them:

The amounts and percentages of shares beneficially owned are reported on the basis of SEC regulations governing the determination of beneficial ownership of securities. Under SEC rules, a person is deemed to be a “beneficial owner” of a security if that person has or shares voting power or investment power, which includes the power to dispose of or to direct the disposition of such security. A person is also deemed to be a beneficial owner of any securities of which that person has a right to acquire beneficial ownership within 60 days. Securities that can be so acquired are deemed to be outstanding for purposes of computing such person’s ownership percentage, but not for purposes of computing any other person’s percentage. Under these rules, more than one person may be deemed to be a beneficial owner of the same securities and a person may be deemed to be a beneficial owner of securities as to which such person has no economic interest.

| <u>NAME OF BENEFICIAL OWNER</u> | <u>AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP</u> | <u>PERCENT OF COMMON STOCK OUTSTANDING</u> |
|------------------------------------------------------------------------------|--------------------------------------------------------------|--------------------------------------------------------|
| DIRECTORS, NAMED EXECUTIVE OFFICERS AND 5% STOCKHOLDERS⁽¹⁾ | | |
| Tony DiMatteo ⁽²⁾ | 1,489,484 | 2.9% |
| Matt Clemenson ⁽³⁾ | 6,289,487 | 12.4% |
| Ryan Dickinson..... | 2,339,286 | 4.6% |
| Mark Gustavson..... | — | — |
| Barney Battles..... | — | — |
| Matthew McGahan..... | — | — |
| Nick Kounoupas..... | — | — |
| Suhail Quraeshi..... | — | — |
| Edward Moffly..... | — | — |
| Woodford Eurasia Assets Ltd. | 10,118,257 | 19.9% |
| DIRECTORS AND EXECUTIVE OFFICERS AS A GROUP (FOUR PERSONS) | 0 | 0% |

- (1) The business address of each of these stockholders is c/o Lottery.com Inc., 20808 State Hwy 71 W, Unit B, Spicewood, TX 78669.
- (2) Interests shown are held by ALD Holdings Group, LLC (“ALD Holdings”). Mr. DiMatteo may be deemed to beneficially own the shares held by ALD Holdings.
- (3) Interests shown are held by MC Holdings, LLC (“MC Holdings”). Mr. Clemenson may be deemed to beneficially own the shares held by MC Holdings.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Services Agreement with Master Goblin Games, LLC

In March 2020, the Company entered into a service agreement (as amended, the “Service Agreement”), with Master Goblin Games, LLC (“Master Goblin”), an entity that is wholly owned by our President and CFO, Ryan Dickinson. Master Goblin leases retail locations in certain U.S. jurisdictions from which it operates tabletop game retail stores and, ancillary to such retail operations, acts as sales agent or retailer licensed by the state lottery commission of such jurisdiction to sell lottery game tickets from such retail stores. The Company acquires lottery games as requested by users from Master Goblin on a non-exclusive basis in such jurisdictions.

Pursuant to the Service Agreement, Master Goblin is authorized and approved by the Company to incur up to \$100,000 in initial expenses per location for the commencement of operations at each location, including, without limitation, tenant improvements, furniture, inventory, fixtures and equipment, security and lease deposits, and licensing and filing fees. Similarly, pursuant to the Service Agreement, during each month of operation, Master Goblin is authorized to submit to the Company for reimbursement on-going expenses of up to \$5,000 per location for actually incurred lease expenses. The initial expenses are submitted by Master Goblin to the Company upon Master Goblin securing a lease, and leases are only secured by Master Goblin in any location upon request of the Company. On-going expenses are submitted by Master Goblin to the Company for reimbursement on a monthly basis, subject to offset. To the extent Master Goblin has a positive net income in any month, exclusive of the sale of lottery games, such net income reduces or eliminates such reimbursable expenses for that month. In addition, from time to time Master Goblin may incur certain additional reimbursable expenses for the benefit of the Company. The Company paid Master Goblin an aggregate of approximately \$440,000 and \$800,000, including expense reimbursements under the Service Agreement and additional reimbursable expenses, as of December 31, 2022 and 2021, respectively.

Investor Rights Agreement

Simultaneously with the closing of the Business Combination on October 29, 2021 (the “Business Combination Closing”), the Company entered into an investor rights agreement (the “Investor Rights Agreement”) with the initial stockholders of Trident Acquisition Corp. and certain stockholders of AutoLotto, including Lawrence Anthony DiMatteo III, our former chief executive officer, and Matthew Clemenson, our former chief revenue officer (collectively, the “Stockholder Parties”). Pursuant to the Investor Rights Agreement, such parties agreed to vote or cause to be voted all shares owned by them or take such other necessary action to ensure that (i) our Board was made up of at least five directors at Closing, (ii) one director nominated by the Initial Stockholders (the “Initial Stockholders Director”) and the remaining directors nominated by the AutoLotto stockholders (the “AutoLotto Directors”) would be elected to our initial Board, with the Initial Stockholders Director designated as a Class II director, and (iii) following the nomination of our initial Board, neither the Initial Stockholders nor the AutoLotto Stockholders shall have ongoing nomination rights, except that in the event that a vacancy is created on our Board at any time by the death, disability, resignation or removal of the Initial Stockholders Director or any AutoLotto Director during their initial term, then (x) the AutoLotto Stockholders, with respect to a vacancy created by the death, disability, resignation or removal of an AutoLotto Director, or (y) the Initial Stockholders, with respect to a vacancy created by the death, disability, resignation or removal of an Initial Stockholders Director, will be entitled to designate an individual to fill the vacancy. In addition, the Investor Rights Agreement provides that we will register for resale under the Securities Act, certain shares of Common Stock and other equity securities that are held by the parties thereto from time to time as well as other customary registration rights for the parties thereto. The Investor Rights Agreement was terminated in connection with the Woodford Loan Agreement.

OTHER MATTERS

We know of no other business that will be presented at the Annual Meeting. If any other matter properly comes before the stockholders for a vote at the Annual Meeting, however, the proxy holders will vote your shares in accordance with their best judgment. This discretionary authority is granted by the execution of the form of proxy.

OTHER INFORMATION

Householding of Proxies

SEC rules permit companies and intermediaries such as brokers to satisfy delivery requirements with respect to two or more stockholders sharing the same address by delivering a single annual report and proxy statement or a single notice of internet availability of proxy materials addressed to those stockholders. This process, which is commonly referred to as “householding”, can reduce the volume of duplicate information received at households. While the Company does not household, a number of brokerage firms with account holders have instituted householding. Once a stockholder has consented or receives notice from their broker that the broker will be householding materials to the stockholder’s address, householding will continue until the stockholder is notified otherwise or until one or more of the stockholders revokes their consent. If your your annual report and proxy statement have been household and you wish to receive separate copies of these documents now and/or in the future, or if your household is receiving multiple copies of these documents and you wish to request that future deliveries be limited to a single copy, you may notify your broker. You can also request and we will promptly deliver a separate copy of the proxy materials by writing to: 20808 State Hwy 71 W, Unit B, Spicewood, TX 78669, by email to: compliance@lottery.com, or by telephone at: (737) 309-4500.

Additional Filings

The Company’s reports on Forms 10-K, 10-Q, 8-K and all amendments to those reports are available without charge through the SEC’s website, <https://www.sec.gov>, as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC.

You may request a copy of our SEC filings, as well as the foregoing corporate documents, at no cost to you, to the Company by writing to: 20808 State Hwy 71 W, Unit B, Spicewood, TX 78669, by emailing: compliance@lottery.com, or by calling: (737) 309-4500.

Stockholder Proposals for 2024 Annual Meeting of Stockholders

Stockholders of the Company may submit proposals that they believe should be voted upon at the Company’s annual meeting of Stockholders or nominate persons for election to the Board. Pursuant to Rule 14a-8 under the Exchange Act, stockholder proposals meeting certain requirements may be eligible for inclusion in the Company’s proxy statement (the “2024 Proxy Statement”) for the Company’s 2024 annual meeting of stockholders (the “2024 Annual Meeting”). To be eligible for inclusion in the 2024 Proxy Statement, any such stockholder proposals must be submitted in writing to the Chief Compliance Officer of the Company no later than Saturday, March 9, 2024, in addition to complying with certain rules and regulations promulgated by the SEC. The submission of a stockholder proposal does not guarantee that it will be included in the 2024 Proxy Statement.

Alternatively, stockholders seeking to present a stockholder proposal or nomination at the 2024 Annual Meeting, without having it included in the 2024 Proxy Statement, must timely submit notice of such proposal or nomination. To be timely, a stockholder’s notice must be received by the Chief Compliance Officer at the principal executive offices of the Company not later than the close of business on the 90th day nor earlier than the closing of business on the 120th day prior to the first anniversary of the 2023 Annual Meeting. For the 2024 Annual Meeting, this means that any such proposal or nomination must be submitted no earlier than Tuesday, April 9, 2024 and no later than Thursday, May 9, 2024. Notwithstanding the foregoing, if the date of the 2024 Annual Meeting is more than 30 days before or more than 60 days after the first anniversary of the 2023 Annual Meeting, to be timely, a stockholder’s notice must be received by the Chief Compliance Officer at the principal executive offices of the Company not later than the later of the close of business on the 90th day prior to the 2024 Annual Meeting, or the close of business on the 10th day following the day on which public announcement of the date of the 2024 Annual Meeting is first made by the Company.

In order for stockholders to give timely notice of director nominations at our 2024 Annual Meeting for inclusion on a universal proxy card under Rule 14a-19 of the Exchange Act (“Rule 14a-19”), notice must be submitted by the same deadline as disclosed above under the advance notice procedures set forth in our Bylaws and must also include the information in the notice required by our Bylaws and by Rule 14a-19(b)(2) and Rule 14a-19(b)(3) of the Exchange Act.

Notices of any proposals or nominations for the Company’s 2024 Annual Meeting of Stockholders should be sent to Lottery.com Inc., Attention: Chief Compliance Officer, 20808 State Hwy 71 W, Unit B, Spicewood, TX 78669, or by email at compliance@lottery.com.

**CERTIFICATE OF AMENDMENT
TO SECOND AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF
LOTTERY.COM INC.**

[_____], 2023

Lottery.com Inc., a corporation organized and existing under the laws of the State of Delaware (the “*Corporation*”), DOES HEREBY CERTIFY AS FOLLOWS:

1. That the Board of Directors of the Corporation (the “*Board*”) has duly adopted resolutions (a) authorizing the Corporation to execute and file with the Secretary of State of the State of Delaware this Certificate of Amendment (the “*Certificate of Amendment*”) to the Second Amended and Restated Certificate of Incorporation of the Corporation (the “*Certificate of Incorporation*”) setting forth the proposed amendment to the Certificate of Incorporation and (b) declaring the Certificate of Amendment to be advisable and in the best interests of the Corporation and its stockholders in accordance with Section 242 of the DGCL.
2. That upon the effectiveness of this Certificate of Amendment, the Certificate of Incorporation is hereby amended as follows:

Article IV, Section 1 of the Certificate of Incorporation of the Corporation is amended and restated in its entirety to read as follows:

“The total number of shares of all classes of stock that the Corporation shall have authority to issue is 501,000,000, which shall be divided into two classes as follows:

500,000,000 shares of common stock, par value \$0.001 per share (“Common Stock”); and

1,000,000 shares of preferred stock, par value \$0.001 per share (“Preferred Stock”).

Upon the filing and effectiveness (the “Effective Time”) of this Certificate of Amendment to the Certificate of Incorporation of the Corporation with the Secretary of State of the State of Delaware, (i) every [_____] shares of the Corporation’s Common Stock, either issued and outstanding or held by the Corporation in treasury stock immediately prior to the Effective Time shall, automatically and without any further action on the part of the Corporation or the respective holder thereof, be combined into one validly issued, fully paid and non-assessable share of Common Stock (the “Reverse Stock Split”); *provided, however*, that no fractional shares of Common Stock shall be issued in connection with the Reverse Stock Split. Stockholders who otherwise would be entitled to receive fractional shares of Common Stock shall be entitled to receive cash (without interest or deduction) from the Corporation’s transfer agent in lieu of such fractional share interests upon the submission of a transmission letter by a stockholder holding the shares in book-entry form in an amount equal to the product obtained by multiplying (a) the closing price per share of the Common Stock as reported on the Nasdaq Stock Market LLC as of the date of the Effective Time, by (b) the fraction of one share owned by the stockholder.

3. Thereafter, pursuant to a resolution of the Board, this Certificate of Amendment was submitted to the stockholders of the Corporation for their approval, and was duly adopted and approved in accordance with the provisions of Section 242 of the Delaware General Corporation Law.
4. That except as amended hereby, the provisions of the Corporation’s Certificate of Incorporation shall remain in full force and effect.
5. This Certificate of Amendment shall be effective as of [_____], 2023 at [_____] [a.m./p.m.].

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Lottery.com Inc. has caused this Certificate of Amendment to be duly executed and acknowledged in its name and on behalf by an authorized officer of the date first set forth above.

LOTTERY.COM INC.

By: _____

Name: Mark Gustavson

Title: Chief Executive Officer