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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2026

or

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

For the transition period from ___________ to ___________

Commission file number: **001-39868**

Motorsport Games Inc.
(Exact Name of Registrant as Specified in Its Charter)

Delaware	**86-1791356**
State or other jurisdiction of incorporation or organization	I.R.S. Employer Identification No.
3350 SW 148th Avenue, Suite 207 Miramar, FL	**33027**
Address of principal executive offices	Zip Code

Registrant's telephone number, including area code: **(305) 413-0812**

Not Applicable
Former Name, former address and former fiscal year, if changed since last report

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock, $0.0001 par value per share	**MSGM**	**The Nasdaq Stock Market LLC (The Nasdaq Capital Market)**
Preferred Stock Purchase Rights	**N/A**	**The Nasdaq Stock Market LLC (The Nasdaq Capital Market)**

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

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

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

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

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

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

As of August 14, 2026, the registrant had 4,588,802 shares of Class A common stock and no shares of Class B common stock outstanding.

Motorsport Games Inc.
Form 10-Q
For the Quarter Ended June 30, 2026

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (this "Report") of Motorsport Games Inc. (the "Company," "Motorsport Games," "we," "us" or "our") contains certain statements, which are not historical facts and are "forward-looking statements" within the meaning of federal securities laws. These forward-looking statements are subject to certain risks, trends and uncertainties. Forward-looking statements give our current expectations and projections relating to our financial condition, results of operations, plans, objectives, strategies, future performance and business. You can identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. We use words, such as "could," "would," "may," "might," "will," "expect," "likely," "believe," "continue," "anticipate," "estimate," "intend," "plan," "project" and other similar expressions to identify some forward-looking statements, but not all forward-looking statements include these words. For example, forward-looking statements include, but are not limited to, statements we make relating to:

- our intended corporate purpose to make the thrill of motorsports accessible to everyone by creating the highest quality, most sophisticated and most innovative experiences for racers, gamers and fans of all ages;
- new or planned products or offerings, including the anticipated timing of any new product or offering launches, such as our current plans to organize the 2026/27 Le Mans Virtual Series to commence this year, as well as the possibility of further adjustments to our product roadmap due to the continuing impact of our liquidity position;
- our plans to strive to become a leader in organizing and facilitating esports tournaments, competitions, and events for our licensed racing games as well as on behalf of third-party racing game developers and publishers;
- our intention to continue exploring opportunities to expand the recurring portion of our esports segment outside of Le Mans;
- our belief that connecting virtual racing gamers and esports fans on a digital entertainment and social platform represents the greatest opportunity to enhance the way that people learn, watch, play, and experience racing video games and racing esports;
- our beliefs regarding the growing importance and business viability of esports, especially within the racing and motorsport genres;
- our belief that our esports business has the potential to generate incremental revenues through the further sale of media rights to our esports events and competitions, as well as, among other things, merchandising, if the esports audience pattern continues to grow;
- our plans to drive ongoing engagement and incremental revenue from recurrent consumer spending on our titles through in-game purchases and extra content;
- our expectation that we will continue to derive significant revenues from sales of our products to a very limited number of distribution partners;
- our intention to continue to look for opportunities to expand the recurring portion of our business, including through the planned introduction of new annualized sports franchise games, such as with Le Mans;
- our intended use of proceeds from the sales of our equity securities;
- our statements and assumptions relating to the impairment of assets;
- our plans and intentions with respect to our remediation efforts to address the material weaknesses in our internal control over financial reporting;
- our belief that the outcome of all pending legal proceedings in the aggregate is not reasonably likely to have a material adverse effect on our business, prospects, results of operations, financial condition and/or cash flows, except as otherwise disclosed in this Report, and that in light of the uncertainties involved in legal proceedings generally, the ultimate outcome of a particular matter could be material to the Company's operating results for a particular period depending on, among other things, the size of the loss or the nature of the liability imposed and the level of the Company's income for that particular period; our beliefs regarding the merit of any plaintiff's allegations and the impact of any claims and litigation that we are subject to; and our plans and intentions with respect to defending our position in any legal proceeding;
- our intention to not declare dividends in the foreseeable future;
- our ability to utilize net operating loss carryforwards;
- our expectations regarding the future impact of implementing management strategies, adopting new accounting standards, potential acquisitions and industry trends;
- our plans and intentions to maintain compliance with the listing requirements of The Nasdaq Stock Market LLC ("Nasdaq"), including our plan to implement equity financing transactions; and
- our expectations that our current development operations will not have significant exposure to changes in circumstances arising from the Ukraine-Russia and Middle East conflicts.

The forward-looking statements contained in this Report are based on assumptions that we have made in light of our industry experience and our perceptions of historical trends, current conditions, expected future developments and other factors that we believe are appropriate under the circumstances. As you read and consider this Report, you should understand that these statements are not guarantees of performance or results. They involve risks, uncertainties (many of which are beyond our control) and assumptions that are difficult to predict. Although we believe that these forward-looking statements are based on reasonable assumptions, you should be aware that many factors could affect our actual operating and financial performance and cause our performance to differ materially from the performance anticipated in the forward-looking statements. Important factors that could cause our actual results to differ materially from those projected in any forward-looking statements are discussed in “Risk Factors” in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2025 (the “2025 Form 10-K”) and in “Risk Factors” in Part II, Item 1A of this Report, as updated in our subsequent filings with the Securities and Exchange Commission (the “SEC”). In addition to factors that may be described in our filings with the SEC, including this Report, the following factors, among others, could cause our actual results to differ materially from those expressed in any forward-looking statements made by us:

(i) difficulties and/or delays in accessing available liquidity, and other unanticipated difficulties in obtaining additional capital to meet our financial obligations, including, without limitation, difficulties in securing funding that is on commercially acceptable terms to us or at all, such as our inability to complete in whole or in part any potential debt and/or equity financing transactions or similar transactions, any inability to achieve cost reductions, including, without limitation, those which we expect to achieve through any cost reduction and restructuring initiatives, as well as any inability to consummate additional strategic alternatives for our business, including, but not limited to, the sale or licensing of our assets, and/or less than expected benefits resulting from any such strategic alternative; difficulties, delays or our inability to efficiently manage our cash and working capital; higher than expected operating expenses; adverse impacts to our liquidity position resulting from the higher interest rate and higher inflationary environment; lower than expected operating revenues, cash on hand and/or funds available from anticipated borrowings or funds expected to be generated from cost reductions resulting from the implementation of cost control initiatives, such as through any cost reduction and restructuring initiatives; and/or less than anticipated cash generated by our operations; and/or adverse effects on our liquidity resulting from changes in economic conditions (such as continued volatility in the financial markets, whether attributable to a pandemic, the ongoing wars between Russia and Ukraine and between Israel and Hamas or otherwise; significantly higher rates of inflation, significantly higher interest rates and higher labor costs; the impact of higher energy prices on consumer purchasing behavior, monetary conditions and foreign currency fluctuations, tariffs, foreign currency controls and/or government-mandated pricing controls, as well as in trade, monetary, fiscal and tax policies), tariffs, export controls, political conditions (such as military actions and terrorist activities) and pandemics and natural disasters; and/or the unavailability of funds from (A) delaying the implementation of or revising certain aspects of our business strategy; (B) reducing or delaying the development and launch of new products and events; (C) reducing or delaying capital spending, product development spending and marketing and promotional spending; (D) selling assets or operations; and/or (E) reducing other discretionary spending;

(ii) difficulties, delays or less than expected results in achieving our growth plans, objectives and expectations, such as due to a slower than anticipated economic recovery and/or our inability, in whole or in part, to continue to execute our business strategies and plans, due to less than anticipated customer acceptance of our new game titles, us experiencing difficulties or the inability to launch our games as planned, less than anticipated performance of the games impacting customer acceptance and sales and/or greater than anticipated costs and expenses to develop and launch our games, including, without limitation, higher than expected labor costs;

(iii) difficulties, delays in or unanticipated events that may impact the timing and scope of new product launches, due to difficulties and/or delays related to our transition from using development staff in Russia to using development staff in other countries and/or difficulties and/or delays arising out of any pandemic;

(iv) less than expected benefits from implementing our management strategies and/or adverse economic, market and geopolitical conditions that negatively impact industry trends, such as significant changes in the labor markets, an extended or higher than expected inflationary environment (such as the impact on consumer discretionary spending as a result of increases in energy and gas prices, a higher interest rate environment, tax increases impacting consumer discretionary spending and or quantitative easing that results in higher interest rates that negatively impact consumers' discretionary spending, or adverse developments relating to the ongoing war between Russia and Ukraine and conflicts in the Middle East;

(v) difficulties and/or delays adversely impacting our ability (or inability) to maintain existing, and to secure additional, licenses and other agreements with various racing series;

(vi) difficulties and/or delays adversely impacting our ability to successfully manage and integrate any joint ventures, acquisitions of businesses, solutions or technologies;

(vii) unanticipated operating costs, transaction costs and actual or contingent liabilities;

(viii) difficulties and/or delays adversely impacting our ability to attract and retain qualified employees and key personnel;

(ix) adverse effects of increased competition;

(x) changes in consumer behavior, including as a result of general economic factors, such as increased inflation, recessionary factors, higher energy prices and higher interest rates;

(xi) difficulties and/or delays adversely impacting our ability to protect our intellectual property;

(xii) local, industry and general business and economic conditions;

(xiii) unanticipated adverse effects on our business, prospects, results of operations, financial condition, cash flows and/or liquidity as a result of unexpected developments with respect to our legal proceedings;

(xiv) difficulties, delays or our inability to successfully complete any cost reduction and restructuring initiatives, which could reduce the benefits realized from such activities;

(xv) higher than anticipated restructuring charges and/or payments and/or changes in the expected timing of such charges and/or payments as a result of, among other things, legal requirements in applicable foreign jurisdictions; and/or less than anticipated annualized cost reductions from our plans and/or changes in the timing of realizing such cost reductions, such as due to less than anticipated liquidity to fund such activities and/or more than expected costs to achieve the expected cost reductions;

(xvi) difficulties, delays, less than expected results or our inability to successfully implement any strategic alternative or potential option for our business, including, but not limited to, the sale or licensing of certain of our assets, which could result in, among other things, less than expected financial benefits from such actions; and

(xvii) difficulties and/or unanticipated developments adversely impacting our ability to maintain compliance with the Nasdaq's listing requirements, such as our inability to implement equity financing transactions.

Additionally, there are other risks and uncertainties described from time to time in the reports that we file with the SEC. Should one or more of these risks or uncertainties materialize or should any of these assumptions prove to be incorrect, our actual operating and financial performance may vary in material respects from the performance projected in these forward-looking statements. Further, any forward-looking statement speaks only as of the date on which it is made, and except as required by law, we undertake no obligation to update any forward-looking statement contained in this Report to reflect events or circumstances after the date on which it is made or to reflect the occurrence of anticipated or unanticipated events or circumstances, except as otherwise required by law. New factors that could cause our business not to develop as we expect emerge from time to time, and it is not possible for us to predict all of them. Further, we cannot assess the impact of each currently known or new factor on our results of operations or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

PART I: FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements (Unaudited)

MOTORSPORT GAMES INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2026 (Unaudited)	December 31, 2025
Assets		
Current assets:		
Cash and cash equivalents	$ 3,946,341	$ 4,993,390
Accounts receivable, net	1,740,557	2,243,619
Prepaid expenses and other current assets	705,738	350,487
Total Current Assets	6,392,636	7,587,496
Property and equipment, net	47,693	32,853
Operating lease right of use assets	5,746	22,710
Deferred tax asset	492,934	492,934
Other non-current assets	111,432	60,530
Intangible assets, net	4,271,982	3,771,543
Total Assets	$ 11,322,423	$ 11,968,066
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 663,367	$ 918,280
Accrued expenses and other current liabilities	1,509,427	1,293,206
Deferred revenue	1,043,035	1,133,382
Due to related parties	3,523	3,371
Note payable	234,643	-
Operating lease liabilities	-	17,575
Total Current Liabilities	3,453,995	3,365,814
Deferred tax liability	222,833	222,833
Line of credit	1,200,000	-
Noncurrent liabilities	1,201,995	798,188
Total Liabilities	6,078,823	4,386,835
Commitments and contingencies (Note 9)		
Stockholders' Equity		
Preferred stock, $0.0001 par value; authorized 1,000,000 shares; none issued and outstanding as of June 30, 2026 and December 31, 2025	-	-
Class A common stock, $0.0001 par value; authorized 100,000,000 shares; 5,078,450 shares issued and 4,174,055 shares outstanding as of June 30, 2026; 5,078,450 shares issued and outstanding as of December 31, 2025	504	504
Class B common stock, $0.0001 par value; authorized 7,000,000 shares; 0 and 700,000 shares issued and outstanding as of June 30, 2026 and December 31, 2025, respectively	-	70
Additional paid-in capital	95,691,601	95,691,531
Treasury stock, at cost; 904,395 and 0 shares as of June 30, 2026 and December 31, 2025, respectively	(3,717,063)	-
Accumulated deficit	(84,622,513)	(85,339,803)
Accumulated other comprehensive loss	(3,467,937)	(3,576,620)
Total Stockholders' Equity Attributable to Motorsport Games Inc.	3,884,592	6,775,682
Non-controlling interest	1,359,008	805,549
Total Stockholders' Equity	5,243,600	7,581,231
Total Liabilities and Stockholders' Equity	$ 11,322,423	$ 11,968,066

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

MOTORSPORT GAMES INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	**2025**	**2026**	**2025**
Revenues [1]	$ 3,539,962	$ 2,591,840	$ 7,571,251	$ 4,350,293
Cost of revenues	644,428	454,887	1,161,565	920,273
Gross profit	2,895,534	2,136,953	6,409,686	3,430,020
Operating expenses:				
Sales and marketing	191,350	126,307	401,669	224,008
Development	737,228	270,343	1,251,565	872,296
General and administrative [2]	1,321,381	865,040	3,020,012	2,033,522
Impairment of intangible assets	-	-	27,928	-
Depreciation and amortization	7,311	11,697	13,827	29,823
Total operating expenses	2,257,270	1,273,387	4,715,001	3,159,649
Other operating income	-	1,104,497	-	1,604,497
Income from operations	638,264	1,968,063	1,694,685	1,874,868
Interest expense, net	(15,891)	(4,740)	(19,096)	(17,750)
Other (expense) income, net	(379,174)	2,274,849	(480,817)	3,403,667
Net income	243,199	4,238,172	1,194,772	5,260,785
Less: Net (loss) income attributable to non-controlling interest	(158,264)	(20,228)	477,482	(38,673)
Net income attributable to Motorsport Games Inc.	$ 401,463	$ 4,258,400	$ 717,290	$ 5,299,458
Net income attributable to Class A common stock per share:				
Basic	$ 0.08	$ 0.82	$ 0.14	$ 1.26
Diluted	$ 0.08	$ 0.82	$ 0.13	$ 1.26
Weighted-average shares of Class A common stock outstanding:				
Basic [3]	4,760,598	5,206,536	5,106,520	4,195,047
Diluted	5,255,013	5,206,536	5,570,953	4,195,047

[1] Includes related party revenues of $11,000 and $0 for the six months ended June 30, 2026 and 2025, respectively. No related party revenue was recorded for the three months ended June 30, 2026 or 2025.

[2] Includes related party expenses of $0 and $37,500 for the three months ended June 30, 2026 and 2025, respectively, and $0 and $75,000 for the six months ended June 30, 2026 and 2025, respectively.

[3] Includes weighted average pre-funded warrant shares. See Note 8 - *Share-Based Compensation* for more information

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

MOTORSPORT GAMES INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(UNAUDITED)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	**2025**	**2026**	**2025**
Net income	$ 243,199	$ 4,238,172	$ 1,194,772	$ 5,260,785
Other comprehensive income (loss):				
Foreign currency translation adjustments	160,640	(2,338,360)	184,660	(3,170,090)
Comprehensive income	403,839	1,899,812	1,379,432	2,090,695
Comprehensive (loss) income attributable to non-controlling interests	(146,821)	(16,984)	553,459	21,721
Comprehensive income attributable to Motorsport Games Inc.	$ 550,660	$ 1,916,796	$ 825,973	$ 2,068,974

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

MOTORSPORT GAMES INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(UNAUDITED)

	Class A Common Stock		Class B Common Stock		Treasury Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total - Stockholders' Equity Attributable to Motorsport Games Inc.	Non-controlling Interest	Total Stockholders' Equity
	Shares	Amount	Shares	Amount	Shares	Amount						
Balance - January 1, 2026	5,078,450	$ 504	700,000	$ 70	-	$ -	$95,691,531	$ (85,339,803)	$ (3,576,620)	$ 6,775,682	$ 805,549	$ 7,581,231
Other comprehensive (loss) income	-	-	-	-	-	-	-	-	(40,514)	(40,514)	64,534	24,020
Net income	-	-	-	-	-	-	-	315,827	-	315,827	635,746	951,573
Balance - March 31, 2026	5,078,450	504	700,000	70	-	-	95,691,531	(85,023,976)	(3,617,134)	7,050,995	1,505,829	8,556,824
Repurchase of Class A shares	-	-	-	-	904,395	(3,717,063)	-	-	-	(3,717,063)	-	(3,717,063)
Cancellation of Class B shares upon repurchase of Class A shares	-	-	(700,000)	(70)	-	-	70	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-	-	-	149,197	149,197	11,443	160,640
Net income (loss)	-	-	-	-	-	-	-	401,463	-	401,463	(158,264)	243,199
Balance - June 30, 2026	5,078,450	$ 504	-	$ -	904,395	$(3,717,063)	$95,691,601	$ (84,622,513)	$ (3,467,937)	$ 3,884,592	$ 1,359,008	$ 5,243,600

For the Three and Six Months Ended June 30, 2025

	Class A Common Stock		Class B Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity Attributable to Motorsport Games Inc.	Non-controlling Interest	Total Stockholders' Equity
	Shares	Amount	Shares	Amount						
Balance – January 1, 2025	3,183,558	$ 315	700,000	$ 70	$93,438,177	$ (92,267,870)	$ (674,434)	$ 496,258	$ 729,744	$ 1,226,002
Other comprehensive income (loss)	-	-	-	-	-	-	(888,880)	(888,880)	57,150	(831,730)
Net income (loss)	-	-	-	-	-	1,041,058	-	1,041,058	(18,445)	1,022,613
Balance – March 31, 2025	3,183,558	315	700,000	70	93,438,177	(91,226,812)	(1,563,314)	648,436	768,449	1,416,885
Issuance of common stock	1,894,892	189	-	-	2,253,354	-	-	2,253,543	-	2,253,543
Other comprehensive income (loss)	-	-	-	-	-	-	(2,341,604)	(2,341,604)	3,244	(2,338,360)
Net income (loss)	-	-	-	-	-	4,258,400	-	4,258,400	(20,228)	4,238,172
Balance – June 30, 2025	5,078,450	$ 504	700,000	$ 70	$95,691,531	$ (86,968,412)	$ (3,904,918)	$ 4,818,775	$ 751,465	$ 5,570,240

MOTORSPORT GAMES INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	For the Six Months Ended June 30,	
	2026	**2025**
Cash flows from operating activities:		
Net income	$ 1,194,772	$ 5,260,785
Adjustments to reconcile net income to net cash provided by operating activities:		
Gain from settlement of purchase commitment liabilities	-	(175,460)
Loss (gain) on foreign currency exchange rates	173,666	(3,302,878)
Depreciation and amortization	413,099	505,992
Purchase commitment and license liability interest accretion	-	7,262
Non-cash lease expense	16,867	14,150
Stock-based compensation	412,675	-
Impairment of intangible assets	27,928	-
Changes in assets and liabilities:		
Accounts receivable	486,812	(130,050)
Operating lease liabilities	(17,313)	(14,732)
Prepaid expenses and other assets	31,737	23,175
Accounts payable	(244,499)	(1,946,819)
Due to related parties	-	(15,040)
Deferred revenue	(63,521)	116,674
Accrued expenses and other liabilities	339,170	265,288
Net cash provided by operating activities	$ 2,771,393	$ 608,347
Cash flows from investing activities:		
Investment in internally-developed software	(1,010,149)	(370,000)
Purchase of property and equipment	(29,325)	-
Net cash used in investing activities	$ (1,039,474)	$ (370,000)
Cash flows from financing activities:		
Proceeds from line of credit	1,200,000	-
Payments on notes payable	(208,308)	(333,600)
Repurchase of stock	(3,717,063)	-
Repayments of purchase commitment liabilities	-	(600,000)
Equity issuance costs	-	(96,268)
Proceeds from issuance of common stock and pre-funded warrant, net	-	2,349,811
Net cash (used in) provided by financing activities	$ (2,725,371)	$ 1,319,943
Effect of exchange rate changes on cash and cash equivalents	(53,597)	(52,151)
Net (decrease) increase in cash and cash equivalents	(1,047,049)	1,506,139
Total cash and cash equivalents at beginning of the period	$ 4,993,390	$ 859,271
Total cash and cash equivalents at the end of the period	$ 3,946,341	$ 2,365,410
Supplemental Disclosures of Cash Flow Information:		
Cash paid during the period for:		
Interest	$ 19,536	$ 10,697
Income taxes	$ 13,453	$ -
Non-cash Investing and Financing Activities:		
Issuance of note payable for payment of prepaid expenses	$ 391,072	$ 412,080
Cancellation of Class B shares	$ 70	$ -

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

NOTE 1 - BUSINESS ORGANIZATION, NATURE OF OPERATIONS, AND RISKS AND UNCERTAINTIES

Organization and Operations

Motorsport Gaming US LLC (“Motorsport Gaming”) was established as a limited liability company on August 2, 2018 under the laws of the State of Florida. On January 8, 2021, Motorsport Gaming converted into a Delaware corporation pursuant to a statutory conversion and changed its name to Motorsport Games Inc. (“Motorsport Games” or the “Company”). Upon effecting the corporate conversion on January 8, 2021, Motorsport Games now holds all the property and assets of Motorsport Gaming, and all of the debts and obligations of Motorsport Gaming were assumed by Motorsport Games by operation of law upon such corporate conversion.

Liquidity

The Company had net income of $1.2 million and generated cash flows from operations of $2.8 million for the six months ended June 30, 2026. As of June 30, 2026, the Company had an accumulated deficit of $84.6 million, working capital of $2.9 million, and cash and cash equivalents of $3.9 million.

The Company expects that its cash on hand, cash to be generated from operations and availability on its line of credit will fund its operations for at least one year from the date the condensed consolidated financial statements are issued.

NOTE 2 – BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) for interim financial information. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In management’s opinion, such statements include all adjustments (consisting only of normal recurring items) which are considered necessary for a fair statement of the Company’s unaudited condensed consolidated financial statements as of June 30, 2026 and for the three and six months ended June 30, 2026. The Company’s results of operations for the three and six months ended June 30, 2026 are not necessarily indicative of the operating results for the full year ending December 31, 2026 or any other period. These unaudited condensed consolidated financial statements should be read in conjunction with the Company’s audited consolidated financial statements and related disclosures as of December 31, 2025 and 2024 and for the years then ended which are included in the 2025 Form 10-K.

Use of Estimates

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

The Company's significant estimates used in these condensed consolidated financial statements include, but are not limited to, revenue recognition criteria, offering periods for deferred net revenue, valuation allowance of deferred income taxes, and stock-based compensation valuation. Certain of the Company's estimates could be affected by external conditions, including those unique to the Company and general economic conditions. It is reasonably possible that these external factors could have an effect on the Company's estimates and may cause actual results to differ from those estimates.

Revisions and Reclassifications

Certain reclassifications of prior period amounts have been made to conform to the presentation of these condensed consolidated financial statements. Deferred revenue is now separately presented from accrued expenses and other current liabilities on the accompanying condensed consolidated statements of cash flows. In addition, the Company has revised the statement of cash flow for the six months ended June 30, 2025 to revise the presentation of net cash used in financing activities to include payment on notes payable that was previously included in cash flows from operating activities. As a result, net cash provided by operating activities increased by $0.3 million and net cash provided by financing activities decreased by $0.3 million during the six months ended June 30, 2025. These reclassifications had no effect on the prior period's results of operations.

Warrant Classification and Correction of Immaterial Error

During the quarter ended June 30, 2026, the Company completed and documented its evaluation of the settlement provisions contained in its outstanding warrants, including the provisions applicable upon a fundamental transaction, and concluded that all of the Company's outstanding warrants are equity-classified instruments under ASC 815-40.

In connection with that evaluation, the Company determined that the February 2023 warrants, which had been presented as liabilities and remeasured at fair value through earnings since issuance, should have been classified within equity from issuance, and that their prior presentation was an error. The Company evaluated the error under SEC Staff Accounting Bulletin Nos. 99 and 108 and concluded that it was not material to any previously issued annual or interim financial statements. The Company corrected the error through an adjustment to increase the additional paid-in capital by $477,902 and increase the accumulated deficit by the same amount on the December 31, 2025 condensed consolidated balance sheet, representing the issuance-date fair value of the warrants and the approximate amount of the cumulative net remeasurement gains recognized in prior periods. This adjustment has also been reflected in the opening line of the statements of changes in stockholders' equity as of January 1, 2026 and 2025. Such correction had no impact on net equity. The warrant liability was removed from the condensed consolidated balance sheet as of June 30, 2026 through a nominal adjustment to earnings. As a result, the February 2023 warrants are no longer remeasured and are permanently reflected in stockholders' equity.

The Series A, Series B and Placement Agent warrants issued in July 2024 are equity-classified instruments recorded within additional paid-in capital and are not remeasured. The description of these warrants as liability-classified in the Company's Form 10-Q for the quarter ended March 31, 2026 was an error in disclosure that had no effect on any recognized amount in any period and is corrected by this report. On April 23, 2026, stockholders approved the exercisability of these warrants; the warrants became exercisable on that date, and the shares issuable upon exercise are included in the computation of diluted earnings per share from that date to the extent dilutive.

Fair Value Measurements / Stock Options and Warrants

The Company has recorded certain board of director compensation arrangements, which may be paid in the future in cash or equity instruments, within noncurrent liabilities. Such liabilities are measured at estimated fair value on a recurring basis, with subsequent changes in fair value recognized in earnings.

The Company accounts for warrants as either equity-classified or liability-classified instruments based on an assessment of the warrant's specific terms and applicable authoritative guidance in ASC 480 – *Distinguishing Liabilities from Equity* ("ASC 480") and ASC 815 – *Derivatives and Hedging* ("ASC 815"). The Company's assessment considers whether the warrants are freestanding financial instruments pursuant to ASC 480, whether they meet the definition of a liability pursuant to ASC 480, and whether the warrants meet all of the requirements for equity classification under ASC 815, including whether the warrants are indexed to the Company's own common stock and whether the warrant holders could potentially require "net cash settlement" in a circumstance outside of the Company's control, among other conditions for equity classification. This assessment, which requires the use of professional judgment, is conducted at the time of warrant issuance and as of each subsequent quarterly period-end date while the warrants are outstanding. The Company has evaluated the settlement provisions contained in its outstanding warrants, including the provisions applicable upon a fundamental transaction, and concluded that all of the Company's outstanding warrants are equity-classified. See Note 7 – *Stockholders' Equity* for additional information.

Recently Issued Accounting Standards

As an emerging growth company ("EGC"), the Jumpstart Our Business Startups Act ("JOBS Act") allows the Company to delay adoption of new or revised accounting pronouncements applicable to public companies until such pronouncements are applicable to private companies. The Company has elected to use this extended transition period under the JOBS Act until such time as the Company is no longer considered to be an EGC. The adoption dates discussed below reflect this election.

On January 1, 2026, the Company prospectively adopted ASU No. 2025-05, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets* ("ASU 2025-05"), which introduced a practical expedient to simplify how entities estimate credit losses on short-term receivables and contract assets under the Current Expected Credit Losses model. The adoption of ASU 2025-05 did not have a material impact on the condensed consolidated financial statements.

In November 2024, the FASB issued ASU No. 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses* ("ASU 2024-03"). The guidance requires disaggregated information about certain income statement expense line items on an annual and interim basis. This guidance will be effective for annual periods beginning with the year ending December 31, 2027 and for interim periods thereafter. The new standard permits early adoption and can be applied prospectively or retrospectively. The Company is currently evaluating the timing, method and impact of its adoption of ASU 2024-03.

In September 2025, the FASB issued ASU No. 2025-06, *Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software* ("ASU 2025-06"), which modernizes the accounting for internal-use software. ASU 2025-06 removes all references to software development stages and requires capitalization of software costs when management has committed to the software project and it is probable the software will be completed and perform its intended use. ASU 2025-06 will be effective for the Company's interim and annual 2028 reporting periods, with early adoption permitted. The Company is currently evaluating the timing, method and impact of its adoption of ASU 2025-06.

In December 2025, the FASB issued ASU No. 2025-11, *Interim Reporting (Topic 270): Narrow-Scope Improvements* ("ASU 2025-11"), which clarifies interim disclosure requirements and the applicability of Topic 270. The guidance will be effective for interim periods beginning January 1, 2028. Early adoption is permitted. Upon adoption, the guidance can be applied prospectively or retrospectively. The Company does not expect the adoption of ASU 2025-11 to have a material impact on its condensed consolidated financial statements.

Significant Accounting Policies

There have been no material changes to the significant accounting policies disclosed in the audited consolidated financial statements for the year ended December 31, 2025, as included in the 2025 Form 10-K, other than as described above.

NOTE 3 – INTANGIBLE ASSETS

Licensing Agreements

In March 2019, the Company entered into an agreement to facilitate the Le Mans Esports Series as part of a joint venture with Automobile Club de l'Ouest ("ACO"), the organizer of the 24 Hours of Le Mans endurance race. Through the Company's ownership interest in this joint venture, which was increased to 51% from 45% in January 2021, the Company secured the rights to be the exclusive video game developer and publisher for the 24 Hours of Le Mans race and the FIA World Endurance Championship (the "WEC"), which the 24 Hours of Le Mans race is a part of, for a ten-year period, and is automatically renewable for an additional ten years. The Company consolidates its interest in the joint venture with the ACO. In addition, through this joint venture with ACO, the Company has the right to create and organize esports leagues and events for the Le Mans Esports Series. The Company acquired a video gaming license (the "Le Mans Gaming License") and an esports license related to its ownership interest in this joint venture with the ACO.

Intangible Assets

The following is a summary of intangible assets as of June 30, 2026:

	Licensing Agreements (Finite)	Software (Finite)	Trade Names (Indefinite)	Accumulated Amortization	Total
Balance as of January 1, 2026	$ 1,663,507	$ 7,449,032	$ 219,516	$ (5,560,512)	$ 3,771,543
Amortization expense	-	-	-	(399,271)	(399,271)
Additions	-	1,010,149	-	-	1,010,149
Impairment (1)	-	-	(27,928)	-	(27,928)
Foreign currency translation adjustments	(48,451)	(187,542)	83	153,399	(82,511)
Balance as of June 30, 2026	$ 1,615,056	$ 8,271,639	$ 191,671	$ (5,806,384)	$ 4,271,982
Weighted average remaining amortization period at June 30, 2026	14.7	3.4			

(1) The impairment relates to a web domain no longer used.

Accumulated amortization of intangible assets consists of the following:

	Licensing Agreements (Finite)	Software (Finite)	Accumulated Amortization
Balance as of January 1, 2026	$ 415,879	$ 5,144,633	$ 5,560,512
Amortization expense	41,264	358,007	399,271
Foreign currency translation adjustment	(11,129)	(142,270)	(153,399)
Balance as of June 30, 2026	$ 446,014	$ 5,360,370	$ 5,806,384

Estimated aggregate amortization expense of intangible assets for the next five years and thereafter is as follows:

For the Years Ending December 31,	Total
2026 (remaining period)	$ 408,659
2027	938,525
2028	927,404
2029	512,319
2030	388,074
Thereafter	905,330
	$ 4,080,311

The Company has updated the useful life estimate for its software technology prospectively effective January 1, 2026, which will be amortized over a period of five years to account for its continued use. The effect of this change was a reduction in amortization expense of approximately $0.2 million and $0.4 million during the three and six months ended June 30, 2026, respectively, and is expected to reduce amortization expense for 2026 by approximately $0.6 million.

Amortization expense related to intangible assets was approximately $0.2 million for each of the three months ended June 30, 2026 and 2025, and approximately $0.4 million and $0.5 million for the six months ended June 30, 2026 and 2025, respectively.

NOTE 4 – ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities consisted of the following:

	June 30, 2026	December 31, 2025
Accrued royalties	$ 499,399	$ 366,677
Accrued professional fees	80,518	60,421
Accrued development costs	100,324	93,145
Accrued taxes	164,139	122,633
Accrued payroll	616,045	570,123
Accrued other	49,002	80,207
Total	$ 1,509,427	$ 1,293,206

Deferred Revenue

Revenue collected in advance of the event is recorded as deferred revenue until the event occurs. Development, coding and subscription revenues are also recorded as deferred revenue until the Company's performance obligation is performed. Furthermore, deferred revenue includes payment advances from the Company's channel partners and sales transactions including future update rights and online hosting performance obligations, which are subject to deferral and recognized over the estimated offering period.

Revenue recognized in the period from amounts included in contract liability at the beginning of the period was approximately $0.3 million and $0.1 million for the three months ended June 30, 2026 and 2025, respectively, and approximately $1.0 million and $0.4 million for the six months ended June 30, 2026 and 2025, respectively.

NOTE 5 – LINE OF CREDIT

On February 20, 2026, the Company entered into a business loan agreement (the "Credit Agreement") with Citibank, N.A. ("Citibank"), pursuant to which Citibank provided the Company with a revolving line of credit of up to $3.0 million at an interest rate equal to the Adjusted Term SOFR (as defined in the Credit Agreement) plus 2.25%, subject to increase upon an event of default. The Adjusted Term SOFR has a floor of 0.75%. The revolving line of credit is evidenced by a promissory note (the "Citibank Promissory Note") that the Company issued to Citibank in the principal amount of up to $3.0 million. The Citibank Promissory Note has a stated maturity date of February 20, 2027. The Company also entered into a commercial security agreement pursuant to which Citibank was granted a lien on substantially all of the Company's assets.

The Credit Agreement includes certain affirmative covenants related to conducting the Company's business and maintaining certain levels of cash flow and fixed charges, including a requirement to maintain a Fixed Charge Coverage Ratio (as defined in the Credit Agreement) in excess of 1.200 to 1.000 and a Cash Flow Leverage Ratio (as such term is defined in the Credit Agreement) not in excess of 2.500 to 1.000. The Credit Agreement also contains negative covenants including prohibitions on the creation or existence of any other liens or security interests on the Company's assets. The Credit Agreement also contains events of default, including failure to make payments under the Note or any related documents, failure to comply with covenants, obligations or conditions contained in the Note or any related document, defaults under other loans, extension of credit or security agreement and any change in the ownership of twenty five percent (25%) or more of the Company's common stock. The occurrence of an event of default can result in the exercise of remedies including an increase in the applicable rate of interest by 3.00% and declaration that all outstanding amounts owed under the Citibank Promissory Note immediately become due and payable. In May 2026, Citibank extended the maturity date of the Credit Agreement to February 20, 2028. The Company incurred approximately $13,000 in interest charges under the Credit Agreement during the three and six months ended June 30, 2026. The Share Repurchase Agreement entered into with Driven Lifestyle on April 22, 2026 did not result in a default under the Credit Agreement.

As of June 30, 2026, the balance due to Citibank under the Credit Agreement was $1.2 million and there was $1.8 million of available capacity. The Company is currently in compliance with all covenants related to the Credit Agreement.

NOTE 6 – RELATED PARTY TRANSACTIONS

Related Party Revenue and Receivable - Pimax Innovation Co. Limited

In February 2026, the Company recorded approximately $11,000 worth of gaming revenues from Pimax Innovation Co. Limited, an affiliate of a significant minority shareholder of the Company. As of June 30, 2026, there was no balance due from Pimax Innovation Co. Limited.

Other Related Party Transactions – Driven Lifestyle Group LLC

The Company had other related party payables outstanding as of June 30, 2026 and December 31, 2025. Specifically, the Company owed approximately $4,000 and $3,000 to its related parties as a related party payable as of June 30, 2026 and December 31, 2025. During the three months ended June 30, 2026 and 2025, approximately $0 and $37,500, respectively, was paid to related parties in settlement of related party payables. During the six months ended June 30, 2026 and 2025, approximately $0 and $0.1 million was paid to related parties in settlement of related party payables, respectively.

Backoffice Services Agreement

The Company previously entered into a Backoffice Services Agreement with Driven Lifestyle for rent, development and other services to support the Company's business functions, which was amended periodically to reduce scope, and ultimately terminated on December 31, 2025.

For the six months ended June 30, 2026 and 2025, the Company incurred $0 and $75,000, respectively, in fees in connection with the Backoffice Services Agreement. For the three months ended June 30, 2026 and 2025, the Company incurred $0 and $37,500, respectively, in fees in connection with the Backoffice Services Agreement, which is presented in general and administrative expenses within the condensed consolidated statements of operations.

On April 22, 2026, the Company entered into a Share Repurchase Agreement (the "Agreement") with Driven Lifestyle, pursuant to which the Company purchased 904,395 shares of the Company's Class A Common Stock held by Driven Lifestyle. The Agreement provided for such shares to be purchased at a price of $4.11, which was equal to the average closing price of the Class A Common Stock as reported by the Nasdaq Capital Market for the five trading days immediately preceding the signing of the Agreement. Pursuant to this Agreement, all shares of the Company's Class B Common Stock were cancelled.

NOTE 7 – STOCKHOLDERS' EQUITY

Class A and B Common Stock

As of June 30, 2026, the Company had 4,174,055 shares of Class A common stock and no shares of Class B common stock outstanding. On April 22, 2026, pursuant to the Agreement with Driven Lifestyle, all shares of Class B common stock outstanding were cancelled.

Warrants

The Company had the following warrants outstanding as of June 30, 2026, all of which are equity-classified:

	Offering Date	Warrants Issued	Warrant Strike Price	Warrant Term (in years)
Registered direct offering 1	February 1, 2023	10,981	$ 26.75	5.0(a)
Registered direct offering 2	February 2, 2023	8,662	$ 29.38	5.0(a)
Registered direct offering 3	February 3, 2023	13,931	$ 21.74	5.0(a)
Series A	July 26, 2024	460,830	$ 2.17	5.5(b)
Series B	July 26, 2024	460,830	$ 2.17	1.5(b)
Placement Agent	July 26, 2024	27,650	$ 2.71	5.0(b)

(a) Together, the "February 2023 Warrants".

(b) The warrants became exercisable on April 23, 2026, which represents the effective date of the stockholder approval for the issuance of the shares of Class A common stock issuable upon exercise of the warrants. As a result of the action taken by the Company's stockholders at the Annual Meeting, the Series A Warrants will expire on October 23, 2031, the Series B Warrants will expire on October 25, 2027 and the Placement Agent Warrants will expire on July 26, 2029.

Common Stock and Pre Funded Warrant

On April 11, 2025, the Company entered into a securities purchase agreement with several institutional and accredited investors for the issuance and sale in a private placement of the following securities for aggregate gross proceeds of approximately $2.5 million: (i) 1,894,892 shares of the Company's Class A Common Stock, par value $0.0001 and (ii) the Pre-Funded Warrant to purchase up to 377,836 shares of Class A Common Stock at an exercise price of $0.0001 per share (the "Pre-Funded Warrant"). The purchase price for one share of Class A Common Stock was $1.10 and the purchase price for one pre-funded warrant was $1.0999 per share. The Company received net proceeds of approximately $2.35 million from the private placement, after deducting offering expenses paid by the Company. As of June 30, 2026, the Pre-Funded Warrant has not been exercised.

NOTE 8 – SHARE-BASED COMPENSATION

On January 12, 2021, in connection with its initial public offering, Motorsport Games established the Motorsport Games Inc. 2021 Equity Incentive Plan (the "MSGM 2021 Stock Plan"). The MSGM 2021 Stock Plan provides for the grant of options, stock appreciation rights, restricted stock awards, performance share awards and restricted stock unit awards, and initially authorized 100,000 shares of Class A common stock to be available for issuance. On April 23, 2026, the Company's stockholders approved an amendment to the MSGM 2021 Stock Plan to increase the number of shares of Class A common stock available for issuance from 100,000 to 600,000. As of June 30, 2026, there were 500,000 shares of Class A common stock available for issuance under the MSGM 2021 Stock Plan. Shares issued in connection with awards made under the MSGM 2021 Stock Plan are generally issued as new issuances of Class A common stock.

The Company did not issue stock options under its MSGM 2021 Stock Plan during the six months ended June 30, 2026. As of June 30, 2026, there were 96,828 options outstanding under the MSGM 2021 Stock Plan with a weighted average exercise price of $61.76. The majority of the options issued under the MSGM 2021 Stock Plan have time-based vesting schedules, typically vesting ratably over a three-year period. Certain stock option awards differed from this vesting schedule. All stock options issued under the MSGM 2021 Stock Plan expire 10 years from the grant date.

Non-Employee Director Compensation Awards

Pursuant to the non-employee director compensation policy adopted by the Board of Directors at the time of the Company's initial public offering, each non-employee director is entitled to receive an annual stock option award equal to the number of shares of Class A common stock obtained by dividing $75,000 by the closing trading price of the Class A common stock on the date of grant, vesting one year from the date of grant. All such option awards immediately vest upon a change of control of the Company.

On August 29, 2025, the Board of Directors unanimously acknowledged and approved that the Company shall remain legally obligated to issue any prior equity compensation owed to each non-employee director under the policy and not granted, or to settle such obligations in cash or other consideration acceptable to the director, in each case upon a change of control of the Company (as defined in the MSGM 2021 Stock Plan) or if a director ceases to serve on the Board of Directors for any reason other than for cause (as defined in the MSGM 2021 Stock Plan). Because the obligations may be settled in cash, the Company has classified these obligations as liabilities. The fair value of each award is remeasured at each reporting date through settlement using a Black-Scholes option-pricing model with assumptions as of the applicable reporting date, and the cumulative compensation cost recognized at each reporting date equals the proportion of the requisite service period rendered through that date multiplied by the remeasured fair value of the award. The cumulative liability is presented within noncurrent liabilities on the condensed consolidated balance sheets, and changes in the cumulative liability between reporting dates are recognized in general and administrative expense in the condensed consolidated statements of operations.

Through March 31, 2026, the Company had not granted the annual non-employee director stock option awards contemplated by the above policy because there were not enough authorized shares in the MSGM 2021 Stock Plan. On April 23, 2026, the Company's stockholders approved an amendment to the MSGM 2021 Stock Plan to increase the number of shares of Class A common stock available for issuance from 100,000 to 600,000. However, as of June 30, 2026, the Compensation Committee of the Board of Directors had not approved the issuance of the stock option awards to the Board of Directors. As a result, the Company concluded that no grant of these stock option awards had occurred as of June 30, 2026 and, therefore, the cash obligation remained within noncurrent liabilities on the condensed consolidated balance sheet. As of June 30, 2026 and December 31, 2025, the cumulative liability for the non-employee director compensation obligations described above was $1,201,995 and $789,320, respectively.

On July 30, 2026, the Company granted an aggregate of 273,934 restricted stock units to the Board of Directors, in partial satisfaction of the equity compensation previously owed to each non-employee director under the policy described above. Each restricted stock unit represents a contingent right to receive one share of Class A Common Stock and vests on the earlier of January 1, 2027, or the occurrence of a change of control, as defined, subject to the director's continued service through the applicable vesting date.

Fair Value Valuation Assumptions

The fair value of the stock options and stock appreciation rights are estimated using the Black-Scholes option pricing model. The estimation of fair value for these awards is affected by subjective and complex variables, which are typically based on historical information. Judgment is required to determine if historical trends are indicators of future outcomes.

Key assumptions of the Black-Scholes option pricing model are the risk-free interest rate, expected volatility, expected term and expected dividends. The Company determined the risk-free interest rate using U.S. Treasury yields in effect at the time of the grant that matched the expected term of the options. Expected volatility is based on a combination of historical stock price volatility, as well as implied volatilities, of comparable publicly traded companies with operations similar to Motorsport Games over a 10-year period, consistent with the contractual term of the options. The Company calculated the expected term using the simplified method as prescribed by the SEC's Staff Accounting Bulletin, topic 14 ("SAB Topic 14"). This decision was based on the lack of relevant historical data due to the Company's limited historical experience. The dividend yield was zero, as the Company has never declared or paid dividends and has no plans to do so in the foreseeable future.

Share-based compensation expense recognized is based on awards ultimately expected to vest and therefore has been reduced for actual forfeitures occurring within the period.

The following table presents the weighted-average assumptions, weighted average grant date fair value, and the range of expected price volatility used in determining the fair value of the non-employee director liability-classified awards as of June 30, 2026 and December 31, 2025:

	As of June 30, 2026	As of December 31, 2025
Risk-free interest rate	4.19%	3.73%
Expected volatility	90 - 160%	90 - 160%
Weighted-average volatility	112%	115%
Expected term	4 - 5.3 years	4 - 5.48 years
Expected dividends	None	None
Weighted-average grant date fair value per share	$ 3.58	$ 2.73

Fair Value Hierarchy

The following table presents the Company's liabilities measured at fair value on a recurring basis as of June 30, 2026 and December 31, 2025:

	Fair value measurements at reporting date using:			
	Quoted prices in active markets for identical liabilities (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total Fair Value
As of June 30, 2026:				
Non-employee director compensation awards	$ -	$ -	$ 1,201,995	$ 1,201,995
As of December 31, 2025:				
Non-employee director compensation awards	$ -	$ -	$ 789,320	$ 789,320

A reconciliation of liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) is as follows:

Balance at January 1, 2026	$ 789,320
Non-cash director compensation (see Stock-Based Compensation below)	412,675
Balance at June 30, 2026	$ 1,201,995

Stock-Based Compensation

The following table summarizes stock-based compensation expense resulting from awards included in the Company's condensed consolidated statements of operations:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2026	2025	2026	2025
General and Administrative	$ 37,644	$ -	$ 412,675	$ -
Sales and Marketing	-	-	-	-
Development	-	-	-	-
Stock-based compensation expense	$ 37,644	$ -	$ 412,675	$ -

Stock-based compensation expense for the three and six months ended June 30, 2026 of $37,644 and $412,675, respectively, represents the change in the cumulative liability for the non-employee director compensation obligations described above between December 31, 2025 ($789,320) and June 30, 2026 ($1,201,995). The change reflects (i) additional service rendered during the period under the requisite service periods of the underlying awards and (ii) the effect of remeasuring the fair value of the awards at June 30, 2026 using updated Black-Scholes assumptions as of that date.

As of June 30, 2026, total unrecognized share-based compensation expense related to the non-employee director compensation obligations described above was $119,600, which is expected to be recognized over a weighted-average period of approximately 0.5 years. There was no unrecognized share-based compensation expense related to other awards outstanding under the MSGM 2021 Stock Plan as of June 30, 2026.

Net Income Per Common Share

Shares of Class B common stock have no economic rights under the Company's Certificate of Incorporation and are excluded from the calculation of basic and diluted net income per share. All Class B shares were cancelled during the three months ended June 30, 2026. Basic net income per Class A common share is computed by dividing net income attributable to Motorsport Games Inc. by the weighted average number of shares of Class A common stock outstanding during each period. Diluted net income per Class A common share includes the effect, if any, from the potential exercise or conversion of securities, such as stock options and warrants, which would result in the issuance of incremental shares of Class A common stock. The Company analyses the potential dilutive impact of options and warrants under the treasury stock method.

For the three and six months ended June 30, 2026 and 2025, respectively, the Company calculated basic and diluted net income per Class A common share as follows:

	For the Three Months Ended June 30,			
		2026		2025
Numerator:				
Net income attributable to Motorsport Games Inc.	$	401,463	$	4,258,400
Denominator:				
Weighted average Class A common shares outstanding – basic (1)		4,760,598		5,206,536
Effects of dilutive securities:				
Assumed exercise of stock options, treasury stock method		31,668		-
Assumed exercise of warrants, treasury stock method		462,747		-
Weighted average dilutive potential common shares		494,415		-
Weighted average Class A common shares outstanding - diluted		5,255,013		5,206,536
Net income per Class A common share - basic	$	0.08	$	0.82
Net income per Class A common share - diluted	$	0.08	$	0.82

	For the Six Months Ended June 30,			
		2026		2025
Numerator:				
Net income attributable to Motorsport Games Inc.	$	717,290	$	5,299,458
Denominator:				
Weighted average Class A common shares outstanding – basic (1)		5,106,520		4,195,047
Effects of dilutive securities:				
Assumed exercise of stock options, treasury stock method		29,100		-
Assumed exercise of warrants, treasury stock method		435,333		-
Weighted average dilutive potential common shares		464,433		-
Weighted average Class A common shares outstanding - diluted		5,570,953		4,195,047
Net income per Class A common share - basic	$	0.14	$	1.26
Net income per Class A common share - diluted	$	0.13	$	1.26

(1) Includes the weighted average number of 377,836 shares issuable upon the exercise of pre-funded warrants issued on April 11, 2025.

The following shares were excluded from the calculation of weighted average dilutive common shares because their inclusion would have been anti-dilutive.

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2026	2025	2026	2025
Stock options (1)	40,626	96,828	40,626	96,828
Warrants (2)	33,574	33,574	33,574	33,574
	74,200	130,402	74,200	130,402

(1) Represents stock options excluded from the computation of diluted net income per share because their inclusion would have been anti-dilutive. The weighted average exercise price for anti-dilutive options was $30.89 for each of the three and six months ended June 30, 2026, respectively.

(2) Represents warrants excluded from the computation of diluted net income per share because their inclusion would have been anti-dilutive and excludes pre-funded warrants which are included in basic weighted average shares outstanding. The exercise price for the anti-dilutive warrants range from $21.74 to $29.38.

In connection with a securities purchase agreement entered into on July 26, 2024, the Company issued warrants to investors and H.C. Wainwright & Co., LLC to purchase up to an aggregate of 949,310 shares of Class A common stock ("the Outstanding Warrants"). These warrants became exercisable on April 23, 2026, which represents the effective date of the stockholder approval for the issuance of the shares of Class A common stock issuable upon exercise of the warrants.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

Litigation

From time to time, the Company is involved in various routine legal proceedings incidental to the ordinary course of its business. The Company believes that the outcome of all pending legal proceedings in the aggregate is not reasonably likely to have a material adverse effect on the Company’s business, prospects, results of operations, financial condition and/or cash flows. In light of the uncertainties involved in legal proceedings generally, the ultimate outcome of a particular matter could be material to the Company’s operating results for a particular period depending on, among other things, the size of the loss or the nature of the liability imposed and the level of the Company’s income for that particular period. Litigation or other legal proceedings, with or without merit, is unpredictable and generally expensive and time consuming and, even if resolved in the Company’s favor, is likely to divert significant resources from the Company’s core business, including distracting its management personnel from their normal responsibilities.

Certain conditions may exist as of the date the condensed consolidated financial statements are issued, which may result in a loss to the Company, but which will only be resolved when one or more future events occur or fail to occur. The Company assesses such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Company, or unasserted claims that may result in such proceedings, the Company evaluates the perceived merits of any legal proceedings or unasserted claims, as well as the perceived merits of the amount of relief sought or expected to be sought therein.

If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Company’s condensed consolidated financial statements. If the assessment indicates that a potential material loss contingency is not probable, but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability and an estimate of the range of possible losses, if determinable and material, would be disclosed. The Company recognizes legal costs associated with loss contingencies in the period incurred.

Loss contingencies considered remote are generally not disclosed, unless they involve guarantees, in which case the guarantees would be disclosed. There can be no assurance that such matters will not materially and adversely affect the Company’s business, financial position, and results of operations or cash flows.

Commitments

On January 25, 2021, the Company entered into an amendment (the "Le Mans Amendment") to the Le Mans Esports Series Ltd joint venture agreement, which resulted in an increase of the Company's ownership interest in the Le Mans Esports Series Ltd joint venture from 45% to 51%. Additionally, through certain multi-year licensing agreements that were entered into in connection with the Le Mans Amendment, the Company secured the rights to be the exclusive video game developer and publisher for the 24 Hours of Le Mans race and the WEC, as well as the rights to create and organize esports leagues and events for the 24 Hours of Le Mans race, the WEC and the 24 Hours of Le Mans Virtual event. In exchange for certain of these license rights, the Company agreed to fund up to €8,000,000 (approximately $9,120,000 as of June 30, 2026) as needed for development of the video game products, which has been fully funded as of June 30, 2026. The Company is obligated to pay ACO an annual royalty payment of €250,000 beginning from the time of the launch of the first video game product and continuing through each anniversary thereof for the term of the license. Further, pursuant to the Le Mans Amendment, the Company has a right to priority distribution of profits to recoup the additional funding and royalty payments made by the Company under the Le Mans Gaming License. See Note 3 – *Intangible Assets* for additional information.

Epic License Agreement

On August 11, 2020, the Company entered into a licensing agreement with Epic Games International ("Epic") for worldwide licensing rights to Epic's proprietary computer program known as the Unreal Engine 4. Pursuant to the agreement, upon payment of the initial license fee described below, the Company was granted a nonexclusive, non-transferable and terminable license to develop, market and sublicense (under limited circumstances and subject to conditions of the agreement) certain products using the Unreal Engine 4 for its games.

The Company is required to pay Epic a license fee royalty payment equal to 5% of product revenue, as defined in the licensing agreement. During the six months ended June 30, 2026 and 2025, the Company incurred royalties of approximately $8,000 and $7,000, respectively, and during the three months ended June 30, 2026 and 2025, earned royalties of approximately $3,000 in both periods, under the agreement. Pursuant to the terms of the agreement, the Company has the right to actively develop new or existing authorized products during a 5-year period, which ended on August 11, 2025.

NOTE 10 – CONCENTRATIONS

Customer Concentrations

The following table sets forth information as to each customer that accounted for 10% or more of the Company's revenues for the following periods:

	Three Months Ended June 30,		Six Months Ended June 30,	
Customer	**2026**	**2025**	**2026**	**2025**
Customer D	54.6%	58.2%	53.7%	65.5%
Customer H	18.1%	23.2%	19.3%	18.1%
Customer I	10.6%	*%	10.3%	*%
Total	83.3%	81.4%	83.3%	83.6%

The following table sets forth information as to each customer that accounted for 10% or more of the Company's trade accounts receivable as of:

Customer	June 30, 2026	December 31, 2025
Customer D	50.1%	46.9%
Customer H	24.0%	29.5%
Customer I	*%	11.8%
Customer J	13.7%	10.2%
Total	87.8%	98.4%

Supplier Concentrations

The following table sets forth information as to the supplier that accounted for 10% or more of the Company's cost of revenues for the following periods:

	Three Months Ended June 30,		Six Months Ended June 30,	
Supplier	2026	2025	2026	2025
Supplier G	14.9%	*%	*%	*%

* Less than 10%.

A reduction in sales from or loss of these customers or this supplier, in a significant amount, would have a material adverse effect on the Company's results of operations and financial condition.

NOTE 11 – SEGMENT REPORTING

The Company's principal operating segments coincide with the types of products and services sold by the Company. The products and services from which revenues are derived are consistent with the reporting structure of the Company's internal organization. The Company's two reportable segments for the three and six months ended June 30, 2026 and 2025 were (i) the development and publishing of interactive racing video games, entertainment content and services (the "Gaming segment"); and (ii) the organization and facilitation of esports tournaments, competitions and events for the Company's licensed racing games as well as on behalf of third-party video game racing series and other video game publishers (the "Esports segment"). The Company's Chief Operating Decision Maker ("CODM") has been identified as the Company's Chief Executive Officer, who reviews operating results to make decisions about allocating resources and assessing performance for the entire Company. Segment information is presented based upon the Company's management organization structure as of June 30, 2026 and the distinctive nature of each segment. Future changes to this internal financial structure may result in changes to the reportable segments disclosed. There are no inter-segment revenue transactions and, therefore, all revenues are earned from external customers.

Segment operating profit is determined based upon internal performance measures used by the CODM. The Company derives the segment results from its internal management reporting system. The accounting policies the Company uses to derive reportable segment results are the same as those used for external reporting purposes. Management measures the performance of each reportable segment based upon several metrics, including revenues, gross profit, Adjusted EBITDA, and operating income/loss. Management uses these results to evaluate the performance of, and to assign resources to, each of the reportable segments. Segment income from operations excludes interest income/expense and other income or expenses and income taxes according to how a particular reportable segment's management is measured.

Segment information available with respect to these reportable business segments was as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Revenues:				
Gaming	$ 3,503,685	$ 2,591,840	$ 7,534,974	$ 4,350,293
Esports	36,277	-	36,277	-
Total Revenues	$ 3,539,962	$ 2,591,840	$ 7,571,251	$ 4,350,293
Cost of Revenues:				
Gaming	$ 602,289	$ 454,887	$ 1,096,414	$ 920,273
Esports	42,139	-	65,151	-
Total Cost of Revenues	$ 644,428	$ 454,887	$ 1,161,565	$ 920,273
Gross Profit (Loss):				
Gaming	$ 2,901,396	$ 2,136,953	$ 6,438,560	$ 3,430,020
Esports	(5,862)	-	(28,874)	-
Total Gross Profit	$ 2,895,534	$ 2,136,953	$ 6,409,686	$ 3,430,020
Sales and Marketing Expenses:				
Gaming	$ 190,017	$ 126,307	$ 400,336	$ 224,008
Esports	1,333	-	1,333	-
Total Sales and Marketing Expenses	$ 191,350	$ 126,307	$ 401,669	$ 224,008
Development Expenses:				
Gaming	$ 636,056	$ 270,343	$ 1,150,393	$ 872,296
Esports	101,172	-	101,172	-
Total Development Expenses	$ 737,228	$ 270,343	$ 1,251,565	$ 872,296
General and Administrative Expenses:				
Gaming	$ 1,316,277	$ 852,282	$ 3,014,908	$ 2,015,508
Esports	5,104	12,758	5,104	18,014
Total General and Administrative Expenses	$ 1,321,381	$ 865,040	$ 3,020,012	$ 2,033,522
Impairment of Intangible Assets:				
Gaming	$ -	$ -	$ 27,928	$ -
Esports	-	-	-	-
Total Impairment of Intangible Assets	$ -	$ -	$ 27,928	$ -
Depreciation and Amortization:				
Gaming	$ 5,087	$ 5,359	$ 9,301	$ 17,310
Esports	2,224	6,338	4,526	12,513
Total Depreciation and Amortization	$ 7,311	$ 11,697	$ 13,827	$ 29,823
Other Operating Income (Expense):				
Gaming	$ -	$ 1,106,703	$ -	$ 1,616,748
Esports	-	(2,206)	-	(12,251)
Total Other Operating Income	$ -	$ 1,104,497	$ -	$ 1,604,497
Income (Loss) From Operations:				
Gaming	$ 753,958	$ 1,989,365	$ 1,835,694	$ 1,917,646
Esports	(115,694)	(21,302)	(141,009)	(42,778)
Total Income From Operations	$ 638,264	$ 1,968,063	$ 1,694,685	$ 1,874,868

	June 30, 2026	December 31, 2025
Total Assets:		
Gaming	$ 9,954,938	$ 10,424,054
Esports	1,367,485	1,544,012
Total Assets	$ 11,322,423	$ 11,968,066

NOTE 12 - SUBSEQUENT EVENTS

The Company evaluates subsequent events and transactions that occur after the balance sheet date up to the date that the unaudited condensed consolidated financial statements were issued.

On July 22, 2026, the Board of Directors of the Company approved and adopted a preferred stock rights agreement and authorized and declared a dividend distribution of one right (each, a "Right") for each outstanding share of the Class A Common Stock, par value $0.0001 per share (the "Common Stock"), of the Company to stockholders of record as of the close of business on August 3, 2026 (the "Record Date"). The complete terms of the Rights are set forth in a Preferred Stock Rights Agreement (the "Rights Agreement"), dated as of July 22, 2026, by and between the Company and ClearTrust, LLC, a Florida limited liability company, as rights agent. In general terms, subject to certain exceptions, the Rights Agreement imposes significant dilution upon any person or group (other than the Company and certain other Exempt Persons, as such term is defined in the Rights Agreement), that is or becomes the beneficial owner of twelve and a half percent (12.5%) or more of the Common Stock following the first public announcement by the Company of the adoption of the Rights Agreement. The term "beneficial ownership" is defined in the Rights Agreement and includes, among other things, certain derivative arrangements. The significant dilution caused by the exercise of the Rights makes an unsolicited acquisition of the Company prohibitively expensive without approval from the Company's Board of Directors.

On July 30, 2026, the Company granted an aggregate of 273,934 restricted stock units to the Board of Directors, in partial satisfaction of the equity compensation previously owed to each non-employee director. See Note 8 – *Stock Based Compensation* for more information.

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

The following discussion should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2025 (the "2025 Form 10-K") filed with the Securities and Exchange Commission (the "SEC") on March 10, 2026 and the condensed consolidated financial statements and accompanying notes included in Part I, Item 1 of this Report. Unless the context requires otherwise, references to the "Company," "Motorsport Games," "we," "us" and "our" refer to Motorsport Games Inc., a Delaware corporation.

About Motorsport Games

Motorsport Games is a racing game developer, publisher and esports ecosystem provider of official motorsport racing series, including the iconic 24 Hours of Le Mans endurance race ("Le Mans") and the associated FIA World Endurance Championship (the "WEC"). Our portfolio also includes the KartKraft karting simulation game, as well as Studio 397 B.V. ("Studio397") and their rFactor 2 realistic racing simulator technology and platform. rFactor 2 also powers F1® Arcade through a partnership with Kindred Concepts. Our purpose is to make the thrill of motorsports accessible to everyone by creating the highest quality, most sophisticated and innovative experiences for racers, gamers and fans of all ages. Our products and services target a large global motorsport audience.

We develop and publish racing video games including for personal computers (PCs) through various digital channels, including full-game and downloadable content ("DLC"). We have obtained the official licenses to develop multi-platform games for the 24 Hours of Le Mans race and the WEC. We are also striving to become a leader in organizing and facilitating esports tournaments, competitions, and events for our licensed racing games.

On February 20, 2024, we released *Le Mans Ultimate* on PC in early access. *Le Mans Ultimate* is the official game of the WEC and 24 Hours of Le Mans, and is the first officially licensed and dedicated 24 Hours of Le Mans video game release in over twenty years. On July 22, 2025, we released *Le Mans Ultimate* Version 1.0. This milestone marked the completion of the title's Early Access phase and ushered in a new era of continued development and expansion for the official game of the FIA World Endurance Championship and the 24 Hours of Le Mans. We have sold more than half a million units of our Le Mans Ultimate base game alongside more than 1.2 million individual pieces of DLC. Additionally, we achieved an all-time peak of more than 8,800 concurrent players in March 2026 following the release of Le Mans Ultimate Version 1.3 and recorded our highest-ever month for average daily active users in April 2026.

Recent Events

Share Repurchase

On April 22, 2026, we entered into a Share Repurchase Agreement (the "Repurchase Agreement") with Driven Lifestyle Group LLC, a Florida limited liability company ("Driven Lifestyle"), pursuant to which we repurchased 904,395 shares of our Class A common stock, par value $0.0001 per share (the "Class A Common Stock"), held by Driven Lifestyle. The Repurchase Agreement provided for such shares to be purchased at a price of $4.11, which was equal to the average closing price of the Class A Common Stock as reported by the Nasdaq Capital Market for the five trading days immediately preceding the signing of the Repurchase Agreement. Pursuant to Section 1 of Article V of our Certificate of Incorporation, as amended (the "Certificate of Incorporation"), upon the repurchase of such shares of Class A Common Stock from Driven Lifestyle, all shares of our Class B common stock held by Driven Lifestyle were cancelled.

Pursuant to the Repurchase Agreement Driven Lifestyle executed an irrevocable written consent (the "Stockholder Consent") in its capacity as the holder of at least two-thirds of the voting power of our Class A common stock and Class B common stock, voting together as a single class, approving a Certificate of Amendment (the "Charter Amendment") to the Certificate of Incorporation and Amendment No. 2 (the "Bylaws Amendment") to our Bylaws, as amended (the "Bylaws"). We subsequently filed with the Securities and Exchange Commission a Definitive Information Statement on Schedule 14C relating to the approval of the Charter Amendment and the Bylaws Amendment. On May 22, 2026, we filed the Charter Amendment, effective as of May 24, 2026, with the Delaware Secretary of State, and on May 24, 2026, the Bylaws Amendment was deemed effective. The Charter Amendment provided as follows:

- Section A of Article IX of the Certificate of Incorporation was amended to provide that we reserve the right to amend, alter, change or repeal any provision contained in the Certificate of Incorporation in the manner then or thereafter prescribed in the Certificate of Incorporation, and by the laws of the State of Delaware, and all rights conferred upon stockholders in the Certificate of Incorporation, as so amended, are granted subject to this reservation;

- Section B of Article IX of the Certificate of Incorporation was amended to provide that the Bylaws may be altered, amended or repealed, or new bylaws adopted, by the Board of Directors or a simple majority of all of the then outstanding shares of our capital stock entitled to vote generally in the election of directors; and

- Section C of Article VII of the Certificate of Incorporation was amended to provide that any action required or permitted to be taken by our stockholders must be effected at a duly called annual or special meeting of our stockholders and may not be effected by any consent in writing by such stockholders.

The Bylaws Amendment provided as follows:

- Section 6.07 of the Bylaws was amended to provide that the Bylaws may be altered, amended or repealed, or new bylaws adopted, by the Board of Directors or a simple majority of all of the then outstanding shares of our capital stock entitled to vote generally in the election of directors; and

- Section 2.07 of the Bylaws was amended to provide that any action required or permitted to be taken by our stockholders must be effected at a duly called annual or special meeting of our stockholders and may not be effected by any consent in writing by such stockholders.

2026 Annual Meeting

At our 2026 Annual Meeting of Stockholders (the "Annual Meeting "), held on April 23, 2026, our stockholders approved an Amendment (the "Plan Amendment") to our Amended and Restated 2021 Equity Incentive Plan (the "Plan") to increase the number of shares of Class A common stock that we will have authority to grant under the Plan from 100,000 to 600,000. A description of the Plan is set forth in our definitive proxy statement for the 2026 Annual Meeting, as filed with the SEC on March 16, 2026 (the "Proxy Statement"), in the section entitled "Proposal No. 2—The Incentive Plan Increase Proposal," which is incorporated herein by reference. The description is qualified in its entirety by reference to the full text of the Plan Amendment, a copy of which is included as an exhibit to this Report.

Also at the Annual Meeting our stockholders approved the exercise of the Series A Warrants, the Series B Warrants, and the Placement Agent Warrants issued on July 29, 2024 to purchase up to an aggregate of 949,310 shares of Class A common stock. As a result of such approval, the Series A Warrants will expire on October 23, 2031, the Series B Warrants will expire on October 25, 2027 and the Placement Agent Warrants will expire on July 26, 2029. In addition, the holders of the Series A Warrants and the Series B Warrants agreed that the repurchase of shares from Driven Lifestyle pursuant to the Repurchase Agreement would not constitute a "Fundamental Transaction" under the Warrants.

Rights Agreement

On July 22, 2026, our Board of Directors approved and adopted a preferred stock rights agreement and authorized and declared a dividend distribution of one right (each, a "Right") for each outstanding share of the Class A Common Stock to stockholders of record as of the close of business on August 3, 2026 (the "Record Date"). The complete terms of the Rights are set forth in a Preferred Stock Rights Agreement (the "Rights Agreement"), dated as of July 22, 2026, with ClearTrust, LLC, a Florida limited liability company, as rights agent. In general terms, subject to certain exceptions, the Rights Agreement imposes significant dilution upon any person or group (other than us and certain other Exempt Persons (as defined in the Rights Agreement)), that becomes the beneficial owner of twelve and a half percent (12.5%) or more of the Class A Common Stock following our first public announcement of the adoption of the Rights Agreement. The term "beneficial ownership" is defined in the Rights Agreement and includes, among other things, certain derivative arrangements.

In connection with the adoption of the Rights Agreement, on July 22, 2026, our Board of Directors adopted a Certificate of Designations of Series A Participating Preferred Stock (the "Certificate of Designations") setting forth the rights, powers, and preferences of the Series A Preferred Stock. The Certificate of Designations was filed with the Secretary of State of the State of Delaware on July 23, 2026. A copy of the Certificate of Designations is attached as an exhibit to this Report and is incorporated herein by reference.

Amended and Restated Bylaws

On July 22, 2026, our Board of Directors determined to amend our Bylaws by adopting certain Amended and Restated Bylaws (the "Amended and Restated Bylaws"), effective as of such date. The Amended and Restated Bylaws modified provisions of the Bylaws including, but not limited to:

- Conduct of Meetings: The Amended and Restated Bylaws provide that our Board of Directors or the presiding officer of any stockholders meeting has broad authority, to the maximum extent permitted by applicable law, to establish the rules, regulations, and procedures necessary or desirable for the proper conduct of a stockholders' meetings.

- Adjournment, Postponements and Cancellations of Stockholders' Meetings: The Amended and Restated Bylaws provide that if a quorum is not present or represented at any stockholders' meeting, a majority of the voting power of our stockholders present in person or represented by proxy at the meeting or the individual acting as chairman of the meeting may adjourn the meeting, without notice other than announcement at the meeting, until a quorum shall be present or represented. The Amended and Restated Bylaws also provide that the individual acting as chairman of the meeting may also, from time to time, for any or no reason, adjourn, recess, postpone, or cancel any meeting of stockholders.

- Business Conducted or Considered at Meetings of Stockholders: The Amended and Restated Bylaws provide that, for nominations and proposals of other business to have been properly brought before an annual meeting such nominations and proposals of other business must be: (i) specified in a notice of meeting given by or at the direction of our Board of Directors, (ii) otherwise properly brought before the meeting by or at the direction of our Board of Directors, or (iii) otherwise properly requested by an eligible stockholder who complies with the advance notice and procedural requirements set forth in the Amended and Restated Bylaws. To be properly brought before a special meeting, proposals of business must be specified in the notice of meeting given by or at the direction of our Board of Directors or brought before the meeting at the direction of our Board of Directors.

- Advance Notice Requirements: The Amended and Restated Bylaws enhance the procedural mechanics and disclosure requirements in connection with stockholder nominations of directors and submissions of stockholder proposals (other than proposals to be included in our proxy statement pursuant to Rule 14a-8 under the Exchange Act at stockholders' meetings).

- Special Meetings of Stockholders: The Amended and Restated Bylaws provide that, to the extent that our Board of Directors calls a special meeting of stockholders for the purpose of electing directors, the advance notice disclosure and other requirements contained in the Amended and Restated Bylaws applicable to proposing nominees for election to our Board of Directors at annual meetings of stockholders shall also apply to stockholders seeking to propose director nominations at such a special meeting.

- Special Meetings of Directors: The Amended and Restated Bylaws provide that notice of any special meeting of our Board of Directors shall be sent to each director either (a) by reputable overnight delivery service to his or her residence or usual place of business in circumstances to which such service guarantees next day delivery, not later than on the day that is the second business day immediately preceding the day of such meeting, or (b) by electronic mail or other electronic means, not later than twenty-four (24) hours before the time of such meeting, or on such shorter notice as the person or persons calling such meeting may deem necessary or appropriate in the circumstances.

- Miscellaneous: The Amended and Restated Bylaws also incorporate various other "clean-up" changes, including, but not limited to, grammatical and other typographical corrections, formatting changes, revisions to headings, titles, and captions, and providing capitalized definitions for certain terms.

The foregoing summary is qualified in its entirety by reference to the full text of the Amended and Restated Bylaws, a copy of which is filed as an exhibit to this Report and is incorporated herein by reference.

Trends and Factors Affecting Our Business

Product Release Schedule

Our financial results are impacted by the timing of our product releases and the commercial success of those titles. Our recent product releases include:

Title	Release Date and Platform
Le Mans Ultimate	February 20, 2024, available on PC
Le Mans Ultimate – 2024 DLC Pack 1	July 23, 2024, available on PC
Le Mans Ultimate – 2024 DLC Pack 2	September 24, 2024, available on PC
Le Mans Ultimate – 2024 DLC Pack 3	December 10, 2024, available on PC
Le Mans Ultimate – 2024 DLC Pack 4	February 25, 2025, available on PC
Le Mans Ultimate – 2024 DLC Pack 5	June 10, 2025, available on PC
Le Mans Ultimate – Version 1.0 Release	July 22, 2025, available on PC
Le Mans Ultimate – ELMS Pack 1 and Version 1.1 Release	September 23, 2025, available on PC
Le Mans Ultimate – ELMS Pack 2 and Version 1.2 Release	December 9, 2025, available on PC
Le Mans Ultimate – ELMS Pack 3 and Version 1.3 Release	March 31, 2026, available on PC
Le Mans Ultimate – American Pack 1 and Version 1.4	July 28, 2026, available on PC

We continually evaluate our planned product release schedule and modify the timing of upcoming products based on developments in our business, or if we believe it will result in a better consumer experience.

Concentration of Sales

Revenues associated with our Le Mans Ultimate franchise accounted for approximately 75% and 76% of our total revenue for the three months ended June 30, 2026 and 2025, respectively, and for approximately 76% and 78% of our total revenue for the six months ended June 30, 2026 and 2025, respectively. We aim to explore ways to capitalize on new trends and diversify our product mix.

Digital Business

Players increasingly purchase our games as digital downloads, as opposed to purchasing physical discs. All of our titles that are available through retailers as packaged goods products are also available through direct digital download. For the three and six months ended June 30, 2026 and 2025, substantially all of our revenue from sales of video games for PCs was through digital channels, respectively. We believe this trend of increasing direct digital downloads is primarily due to benefits relating to convenience and accessibility that digital downloads provide. In addition, as part of our digital business strategy, we aim to drive ongoing engagement and incremental revenue from recurrent consumer spending on our titles through in-game purchases and extra content.

Esports

We generate esports revenues from organizing and facilitating esports tournaments, competitions, and events for our licensed racing games as well as on behalf of third-party racing game developers and publishers. In 2023, we organized the grand finale of the Le Mans Virtual Series 2022/23, the 24 Hours of Le Mans Virtual event, which had a cumulative total of approximately 8.8 million video views with approximately 27 million minutes watched. The 24 Hours of Le Mans Virtual event had a global audience of 5 million across television (TV)/over-the-top (OTT) channels. Although we did not organize the Le Mans Virtual Series for the 2023/24, 2024/25 or 2025/26 seasons, we currently plan on organizing the 2026/27 Le Mans Virtual Series to commence this year. We also intend to continue exploring opportunities to expand our esports segment outside of Le Mans. During the three months ended June 30, 2026, we generated esports revenues from facilitating esports events on behalf of others.

Recurring Revenue Sources

Our business model includes revenue that we deem recurring in nature, which consists primarily of revenue from our annualized video game racing franchise for PC, as well as our RaceControl subscription service. We historically have been able to forecast the revenue from this area of our business with greater relative confidence than for new games, services, and business models. As we continue to incorporate new business models and modalities of play into our games, our goal is to continue to look for opportunities to expand the recurring portion of our business, including through subscriptions. We plan to drive ongoing engagement and incremental revenue from recurrent consumer spending on our titles through in-game purchases, RaceControl subscription offerings and extra content. As of June 30, 2026, we had more than 40,500 paid RaceControl subscribers. RaceControl revenues were approximately $1.4 million and $0.3 million for the six months ended June 30, 2026 and 2025, respectively.

Reportable Segments

We use the "management approach" in determining reportable operating segments. The management approach considers the internal organization and reporting used by our chief operating decision maker for making operating decisions and assessing performance as the source for determining our reportable segments. Our chief operating decision maker is our Chief Executive Officer ("CEO"), who reviews operating results to make decisions about allocating resources and assessing performance for the entire company. We classified our reportable operating segments into (i) the development and publishing of interactive racing video games, entertainment content and services (the "Gaming segment") and (ii) the organization and facilitation of esports tournaments, competitions, and events for our licensed racing games as well as on behalf of third-party video game racing series and other video game publishers (the "esports segment").

Components of Our Results of Operations

Revenues

We derive substantially all our revenue from sales of our games and related extra content that can be played by customers on a PC platform. We also generate sponsorship revenues from our production of live and virtual esports events. We also offer software development services for racing simulators and offer a subscription service via RaceControl, our matchmaking and online racing platform.

Our product and service offerings included within the Gaming segment primarily include PCs with both online and offline functionality, which generally include:

- the initial game delivered digitally at the time of sale, which also typically provides access to offline core game content;
- updates to previously released games on a when-and-if-available basis, such as software patches or updates, and/or additional content to be delivered in the future, both paid and free; and
- outsourced code and content development services.

Our product and service offerings included within the esports segment relate primarily to curating esports events.

Cost of Revenues

Cost of revenues for our Gaming segment is primarily comprised of royalty expenses, license fees, web hosting costs and amortization of certain acquired license agreements and other intangible assets acquired through our various acquisitions and internally-developed software. Furthermore, cost of revenues for our Gaming segment includes costs associated with our outsourced code and content development services. Cost of revenues for our esports segment consists primarily of the cost of event staffing and event production.

Sales and Marketing

Sales and marketing expenses are primarily composed of salaries, benefits and related taxes of our in-house marketing teams, advertising, marketing, and promotional expenses, including fees paid to social media platforms and other websites where we market our products.

Development

Development expenses consist of the cost to develop the games we produce, which includes salaries, benefits, and operating expenses of our in-house development teams, as well as consulting expenses for any contracted external development. Development expenses also include expenses relating to our software licenses, maintenance, and studio operating expenses. Costs incurred internally in developing a software product to be marketed or sold to external users are charged to expense until technological feasibility has been established for the product. Once technological feasibility is established, software costs are capitalized until the product is available for general release to customers. Technological feasibility for our software products is reached after all high-risk development issues have been resolved through coding and testing. Generally, this occurs shortly before the products are released to production. The amortization of these costs is included in cost of revenue over the estimated life of the products.

General and Administrative

General and administrative expenses consist primarily of salaries, benefits and other costs associated with our operations including finance, human resources, information technology, public relations, legal audit and compliance fees, facilities, and other external general and administrative services.

Depreciation and Amortization

Depreciation and amortization expenses include depreciation on fixed assets (primarily computers and office equipment), as well as amortization of certain definite lived intangible assets acquired through our various acquisitions.

Results of Operations

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

In this section, references to 2026 refer to the three months ended June 30, 2026 and references to 2025 refer to the three months ended June 30, 2025.

Revenues

	For the Three Months Ended June 30,		Change	
	2026	**2025**	**$**	**%**
Revenues:				
Gaming	$ 3,503,685	$ 2,591,840	$ 911,845	35.2%
Esports	36,277	-	36,277	-%
Total Revenues	$ 3,539,962	$ 2,591,840	$ 948,122	36.6%

Consolidated revenues were $3.5 million and $2.6 million for the three months ended June 30, 2026 and 2025, respectively, an increase of $0.9 million, or 36.6%, when compared to the prior period. The increase in Gaming segment revenues was primarily due to a $0.6 million increase in sales of Le Mans Ultimate, as well as a $0.4 million increase in RaceControl subscriptions, offset by a $0.1 million decrease in sales of our rFactor 2 title compared to 2025.

Esports revenues during the three months ended June 30, 2026 were approximately $36,000 and are the result of facilitating Esports events for partners using our Le Mans Ultimate title.

Cost of Revenues

	For the Three Months Ended June 30,				Change			
	2026		**2025**		**$**		**%**	
Cost of revenues:								
Gaming	$	602,289	$	454,887	$	147,402	32.4%	
Esports		42,139		-		42,139	-%	
Total Cost of Revenues	$	644,428	$	454,887	$	189,541	41.7%	

Consolidated cost of revenues was $0.6 million and $0.5 million for the three months ended June 30, 2026 and 2025, respectively, an increase of $0.1 million, or 41.7%, when compared to the same period in the prior year.

The increase in Gaming segment cost of revenues was mainly driven by increases in web hosting costs of approximately $0.1 million, when compared to the same period in the prior year.

Cost of revenues for the Esports segment during the three months ended June 30, 2026 of approximately $42,000 was related to expenses incurred facilitating Esports events for partners using our Le Mans Ultimate title.

Gross Profit

	For the Three Months Ended June 30,				Change			
	2026		**2025**		**$**		**%**	
Gross Profit (Loss):								
Gaming	$	2,901,396	$	2,136,953	$	764,443	35.8%	
Esports		(5,862)		-		(5,862)	-%	
Total Gross Profit	$	2,895,534	$	2,136,953	$	758,581	35.5%	

	For the Three Months Ended June 30,	
	2026	2025
Gaming - Gross Profit Margin	82.8%	82.4%
Esports - Gross Profit Margin	(16.2)%	NM
Total Gross Profit Margin	81.8%	82.4%

NM = not meaningful

Consolidated gross profit was $2.9 million and $2.1 million for the three months ended June 30, 2026 and 2025, respectively, an increase of $0.8 million, or 35.5%, when compared to the prior period. Gross profit margin was 81.8% in 2026, compared to 82.4% in 2025. The increase in our Gaming segment gross profit of $0.8 million, and increase in gross profit margin, was primarily due to higher revenues, offset by increases in web hosting, development and license fees, compared to the same period in the prior year.

Gross loss for the Esports segment during the three months ended June 30, 2026 of approximately $6,000 was related to revenues earned facilitating Esports events for partners using our Le Mans Ultimate title, and we will continue to pursue Esports partnerships in the second half of 2026.

Operating Expenses

	For the Three Months Ended June 30,		Change	
	2026	2025	$	%
Operating Expenses:				
Sales and marketing	$ 191,350	$ 126,307	$ 65,043	51.5%
Development	737,228	270,343	466,885	172.7%
General and administrative	1,321,381	865,040	456,341	52.8%
Depreciation and amortization	7,311	11,697	(4,386)	(37.5)%
Total Operating Expenses	$ 2,257,270	$ 1,273,387	$ 983,883	77.3%

Changes in operating expenses are explained in more detail below:

Sales and Marketing

Sales and marketing expenses were $0.2 million and $0.1 million for the three months ended June 30, 2026 and 2025, respectively, representing a $0.1 million, or 51.5%, increase when compared to the prior period. The increase in sales and marketing expenses was primarily driven by a $0.1 million increase in payroll and employee-related expenses when compared to the prior period.

Development

Development expenses were $0.7 million and $0.3 million for the three months ended June 30, 2026 and 2025, respectively, representing a $0.4 million, or 172.7%, increase when compared to the prior period. The increase in development expenses was primarily driven by a $0.3 million increase in payroll and employee-related expenses and $0.1 million increase in web hosting costs, when compared to the prior period.

General and Administrative

General and administrative (“G&A”) expenses were $1.3 million and $0.9 million for the three months ended June 30, 2026 and 2025, respectively, an increase of $0.4 million, or 52.8%, when compared to the prior period. The increase in G&A expenses was primarily driven by a $0.3 million increase in payroll and employee-related expenses and $0.1 million increase in legal and professional fees, compared to the prior period.

Depreciation and Amortization

Depreciation and amortization expenses for the three months ended June 30, 2026 and 2025 reflect no significant changes to the depreciation of capital assets.

Other Operating Income

Other operating income of $1.1 million for the three months ended June 30, 2025, primarily includes $0.8 million from the Wesco Insurance Company settlement and $0.3 million related to discounts negotiated on a few outstanding vendor invoices.

Interest Expense

Interest expense was approximately $16,000 and $5,000 for the three months ended June 30, 2026 and 2025, respectively. Interest expense in 2026 primarily relates to charges incurred as part of the business loan agreement with Citibank, N.A.

Other (Expense) Income, net

Other expense, net was $0.4 million for the three months ended June 30, 2026, compared to other income, net of $2.3 million for the three months ended June 30, 2025, a decrease of $2.7 million compared to the prior period. Other (expense) income, net of $(0.4) million and $2.3 million for 2026 and 2025, respectively, were primarily comprised of foreign currency (losses) gains arising from remeasuring transactions denominated in a currency other than U.S. Dollars.

Other Comprehensive Income (Loss)

Other comprehensive income was $0.2 million for the three months ended June 30, 2026, compared to other comprehensive loss of $2.3 million for the three months ended June 30, 2025. The $2.5 million increase in other comprehensive income was primarily due to activity in our U.K. and Netherlands subsidiaries and represents foreign currency translation adjustments.

Net Loss Attributable to Non-Controlling Interest

Net loss attributable to non-controlling interest was approximately $0.2 million and $20,000 for the three months ended June 30, 2026 and 2025, respectively, and is attributed to the Le Mans Esports Series Ltd joint venture. Under the terms of this joint venture, we agreed to fund up to €8,000,000 (approximately $9,120,000 as of June 30, 2026) as needed for development of video game products, which was fully funded as of June 30, 2026.

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

In this section, references to 2026 refer to the six months ended June 30, 2026 and references to 2025 refer to the six months ended June 30, 2025.

Revenues

	For the Six Months Ended June 30, 2026	For the Six Months Ended June 30, 2025	Change $	Change %
Revenues:				
Gaming	$ 7,534,974	$ 4,350,293	$ 3,184,681	73.2%
Esports	36,277	-	36,277	-%
Total Revenues	$ 7,571,251	$ 4,350,293	$ 3,220,958	74.0%

Consolidated revenues were $7.6 million and $4.4 million for the six months ended June 30, 2026 and 2025, respectively, an increase of $3.2 million, or 74.0%, when compared to the prior period. The increase in Gaming segment revenues was primarily due to a $2.2 million increase in sales of Le Mans Ultimate, particularly from downloadable content revenues which increased by the same amount, as well as a $1.1 million increase in RaceControl subscriptions, offset by a $0.1 million decrease in sales of our rFactor 2 game title, compared to 2025.

Esports revenues during the six months ended June 30, 2026 were approximately $36,000 and are the result of facilitating Esports events for partners using our Le Mans Ultimate title.

Cost of Revenues

	For the Six Months Ended June 30, 2026	For the Six Months Ended June 30, 2025	Change $	Change %
Cost of revenues:				
Gaming	$ 1,096,414	$ 920,273	$ 176,141	19.1%
Esports	65,151	-	65,151	-%
Total Cost of Revenues	$ 1,161,565	$ 920,273	$ 241,292	26.2%

Consolidated cost of revenues was $1.2 million and $0.9 million for the six months ended June 30, 2026 and 2025, respectively, an increase of $0.3 million, or 26.2%, when compared to the same period in the prior year.

The increase in Gaming segment cost of revenues was mainly driven by a $0.1 million increase in direct development costs, web hosting costs and license fees, respectively, offset by a $0.1 million decrease in amortization, when compared to the same period in the prior year.

Esports cost of revenues during the six months ended June 30, 2026 of $0.1 million was related to expenses incurred facilitating Esports events for partners using our Le Mans Ultimate title.

Gross Profit

	For the Six Months Ended June 30, 2026	For the Six Months Ended June 30, 2025	Change $	Change %
Gross Profit (Loss):				
Gaming	$ 6,438,560	$ 3,430,020	$ 3,008,540	87.7%
Esports	(28,874)	-	(28,874)	-%
Total Gross Profit	$ 6,409,686	$ 3,430,020	$ 2,979,666	86.9%

	For the Six Months Ended June 30, 2026	For the Six Months Ended June 30, 2025
Gaming - Gross Profit Margin	85.4%	78.8%
Esports - Gross Profit Margin	(79.6)%	NM
Total Gross Profit Margin	84.7%	78.8%

NM = not meaningful

Consolidated gross profit was $6.4 million and $3.4 million for the six months ended June 30, 2026 and 2025, respectively, an increase of $3.0 million, or 86.9%, when compared to the prior period. Gross profit margin was 84.7% in 2026, compared to 78.8% in 2025. The increase in our Gaming segment gross profit of $3.0 million, and increase in gross profit margin, was primarily due to higher revenues and decreases in amortization, offset by increases in web hosting, development and license fees, compared to the prior period.

Gross loss for the Esports segment during the six months ended June 30, 2026 of approximately $29,000 was related to revenues earned facilitating Esports events for partners using our Le Mans Ultimate title.

Operating Expenses

	For the Six Months Ended June 30, 2026	For the Six Months Ended June 30, 2025	Change $	Change %
Operating Expenses:				
Sales and marketing	$ 401,669	$ 224,008	$ 177,661	79.3%
Development	1,251,565	872,296	379,269	43.5%
General and administrative	3,020,012	2,033,522	986,490	48.5%
Impairment of intangible assets	27,928	-	27,928	-%
Depreciation and amortization	13,827	29,823	(15,996)	(53.6)%
Total Operating Expenses	$ 4,715,001	$ 3,159,649	$ 1,555,352	49.3%

Changes in operating expenses are explained in more detail below:

Sales and Marketing

Sales and marketing expenses were $0.4 million and $0.2 million for the six months ended June 30, 2026 and 2025, respectively, representing a $0.2 million, or 79.3%, increase when compared to the prior period. The increase in sales and marketing expenses was primarily driven by a $0.2 million increase in payroll and employee-related expenses when compared to the prior period.

Development

Development expenses were $1.3 million and $0.9 million for the six months ended June 30, 2026 and 2025, respectively, representing a $0.4 million, or 43.5% increase when compared to the prior period. The increase in development expenses was primarily driven by a $0.2 million increase in payroll and employee-related expenses and web hosting costs, when compared to the prior period.

General and Administrative

General and administrative ("G&A") expenses were $3.0 million and $2.0 million for the six months ended June 30, 2026 and 2025, respectively, an increase of $1.0 million, or 48.5%, when compared to the prior period. The increase in G&A expenses was primarily driven by a $0.4 million increase in stock-based compensation and payroll expenses, respectively, and a $0.2 million increase in legal and professional fees, compared to the prior period.

Impairment of Intangible Assets

Impairment of intangible assets of $28,000 during the six months ended June 30, 2026 relates to the impairment of a domain name no longer used.

Depreciation and Amortization

Depreciation and amortization expenses for the six months ended June 30, 2026 and 2025 reflect no significant changes to the depreciation of capital assets.

Other Operating Income

Other operating income of $1.6 million for the six months ended June 30, 2025 primarily includes $0.8 million from the Wesco Insurance Company settlement, $0.5 million from a settlement agreement with HC2 Holdings 2 Inc. (now known as Innovate 2) and $0.3 million related to discounts negotiated on a few outstanding vendor invoices.

Interest Expense

Interest expense was approximately $19,000 and $18,000 for the six months ended June 30, 2026 and 2025, respectively. Interest expense during the six months ended June 30, 2026 primarily relates to charges incurred as part of the business loan agreement with Citibank, N.A. Interest expense in 2025 is mainly from non-cash interest accretion of purchase commitment liabilities relating to the acquisition of Studio397 in April 2021.

Other (Expense) Income, net

Other expense, net was $0.5 million for the six months ended June 30, 2026, compared to other income, net of $3.4 million for 2025, a decrease of $3.9 million compared to the prior period. Other expense, net of $0.5 million in 2026 is primarily comprised of foreign currency losses arising from remeasuring transactions denominated in a currency other than U.S. Dollars. Other income, net of $3.4 million for the six months ended June 30, 2025 was primarily comprised of $3.2 million in foreign currency gains arising from remeasuring transactions denominated in a currency other than U.S. Dollars and a $0.2 million gain from the Settlement Agreement entered into with Luminis on February 20, 2025.

Other Comprehensive Income (Loss)

Other comprehensive income was $0.2 million for the six months ended June 30, 2026, compared to other comprehensive loss of $3.2 million for 2025. The $3.4 million increase in other comprehensive income was primarily due to activity in our U.K. and Netherlands subsidiaries, and represents foreign currency translation adjustments.

Net Income (Loss) Attributable to Non-Controlling Interest

Net income (loss) attributable to non-controlling interest was approximately $0.5 million and ($39,000) for the six months ended June 30, 2026 and 2025, respectively, and is attributed to the Le Mans Esports Series Ltd joint venture. Under the terms of this joint venture, we agreed to fund up to €8,000,000 (approximately $9,120,000 as of June 30, 2026) as needed for development of video game products, which was fully funded as of June 30, 2026. We have recouped our investment and are now allocating the distribution of profits and losses to the joint venture licensor, pursuant to the terms of the Le Mans Esports Series Ltd joint venture agreement.

Liquidity and Capital Resources

Liquidity

Since our IPO in 2021, we have financed our operations primarily through cash generated from operations, advances from lines of credit, and sales of our equity securities. We have entered into a line of credit with Citibank N.A. that will provide us with up to $3 million provided we meet the requirements for use of the line of credit. As of June 30, 2026, we had $1.8 million available under the line of credit with Citibank N.A.

We measure our liquidity in a number of ways, including the following:

	June 30, 2026	December 31, 2025
Cash and cash equivalents	$ 3,946,341	$ 4,993,390
Working capital	$ 2,938,641	$ 4,221,682

For the six months ended June 30, 2026, we generated net income of $1.2 million and positive cash flows from operations of approximately $2.8 million. As of June 30, 2026, we had an accumulated deficit of $84.6 million and cash and cash equivalents of $3.9 million. We expect that our cash on hand, cash to be generated from operations and availability on our line of credit will fund our operations for at least one year from the date the consolidated financial statements are issued. Our future liquidity and capital requirements include funds to support the planned costs to operate our business, including amounts required to fund working capital, support the development and introduction of new products and maintain existing titles, and certain capital expenditures.

Historically, we have financed our operations primarily through revenue generated from operations, loans and sales of our securities, and we expect to continue to seek and obtain additional capital in a similar manner. There can be no assurance that we will be able to raise funds by selling additional securities, which sales, if successful, could dilute the ownership interest of our existing shareholders. The issuance of debt, such as our line of credit with Citibank, N.A. can result in restrictive covenants that limit operations. If funding is not available or not available at terms acceptable to us, we will seek to further reduce overhead costs and our cash obligations in the short term, as needed. In addition, we may look to divest or bring in equity partners for our various divisions and bring in near term capital.

Cash Flows from Operating Activities

Net cash provided by operating activities for the six months ended June 30, 2026 and 2025 was $2.8 million and $0.6 million, respectively. Net cash provided by operating activities for the six months ended June 30, 2026 was primarily a result of cash from net income of $1.2 million, adjusted for net non-cash adjustments of $1.0 million and $0.6 million of cash from changes in the levels of operating assets and liabilities. Net cash provided by operating activities for the six months ended June 30, 2025 was primarily a result of cash used to generate net income of $5.3 million, adjusted for net non-cash adjustments of $2.9 million and $1.7 million of cash used by changes in the levels of operating assets and liabilities.

Cash Flows from Investing Activities

Net cash used in investing activities for the six months ended June 30, 2026 and 2025 was approximately $1.0 million and $0.4 million, respectively, primarily related to capitalization of internally-developed software.

Cash Flows from Financing Activities

Net cash used in financing activities for the six months ended June 30, 2026 was $2.7 million, resulting from $3.7 million of cash used for the repurchase of stock, and $0.2 million of payments on notes payable, partially offset by $1.2 million in proceeds from a Citibank Line of Credit drawdown. Net cash flows provided by financing activities during the six months ended June 30, 2025 of $1.3 million were primarily attributable to $2.3 million raised in connection with shares sold in a private placement offering in April 2025, partially offset by a $0.6 million payment for purchase commitments, $0.1 million of equity issuance costs, and $0.3 million in payments on notes payable.

Citibank Line of Credit

On February 20, 2026, we entered into a business loan agreement (the "Original Credit Agreement") with Citibank, N.A. ("Citibank"), and on June 15, 2026 we entered into an Amendment to the Business Loan Agreement (as amended the "Credit Agreement"). Pursuant to the Credit Agreement, Citibank provided us with a revolving line of credit of up to $3.0 million at an interest rate equal to the Adjusted Term SOFR (as defined in the Credit Agreement) plus 2.250%, subject to increase upon an event of default. The Adjusted Term SOFR has a floor of 0.75%. The revolving line of credit is evidenced by a Promissory Note that we issued to Citibank on February 20, 2026, which we amended on June 15, 2026 (as amended, the "Citibank Promissory Note"), in the principal amount of up to $3.0 million. The Citibank Promissory Note has a stated maturity date of February 20, 2028. We also entered into a commercial security agreement pursuant to which we granted Citibank a lien on substantially all of our assets. The Credit Agreement includes certain affirmative covenants related to conducting our business and maintaining certain levels of cash flow and fixed charges, including a requirement to maintain a Fixed Charge Coverage Ratio (as defined in the Credit Agreement) in excess of 1.200 to 1.000 and a Cash Flow Leverage Ratio (as such term is defined in the Credit Agreement) not in excess of 2.500 to 1.000. The Credit Agreement also contains negative covenants including prohibitions on the creation or existence of any liens or security interests on our assets. The Credit Agreement also contains events of default, including failure to make payments under the Note or any related documents, failure to comply with covenants, obligations or conditions contained in the Note or any related document, defaults under other loans, extension of credit or security agreement and any change in our ownership of twenty five percent (25%) or more of our common stock. The occurrence of an event of default can result in the exercise of remedies including an increase in the applicable rate of interest by 3.00% and declaration that all outstanding amounts owed under the Citibank Promissory Note immediately become due and payable. As of June 30, 2026, the balance due to Citibank under the Credit Agreement was $1.2 million and there was $1.8 million of available capacity. As of June 30, 2026, we were in compliance with all covenants related to the Credit Agreement.

Other Financing Activity

On July 29, 2024, we completed a registered direct offering and a concurrent private placement (the "July 2024 Offerings") with certain investors, which raised approximately $1.0 million in gross proceeds (the "$1.0 million RDO") before deducting $0.1 million in placement agent's fees and other offering expenses. In connection with the $1.0 million RDO, we issued Series A warrants (the "Series A Warrants") to purchase up to 460,830 shares of Class A common stock and Series B warrants (the "Series B Warrants," and collectively with the Series A Warrants, the "Purchase Warrants") to purchase up to 460,830 shares of Class A common stock. The Series A Warrants and the Series B Warrants both have an exercise price of $2.17 per share. The shares of Class A common stock issuable upon the exercise of the Purchase Warrants are collectively referred to as the "Warrant Shares." The Purchase Warrants became exercisable on the effective date of the stockholder approval for the issuance of the shares of Class A common stock issuable upon exercise of the Purchase Warrants (the "Stockholder Approval Date"), which approval was obtained on April 23, 2026. The Series A Warrants will expire on October 23, 2031 and the Series B Warrants will expire on October 25, 2027.

H.C. Wainwright & Co., LLC ("HCW") acted as the exclusive placement agent for the July 2024 Offerings, and we issued to its designees warrants to purchase up to 27,650 shares of Class A common stock (the "Placement Agent Warrants") as compensation. The Placement Agent Warrants will expire on July 26, 2029.

On April 11, 2025, we entered into securities purchase agreements (the "April Purchase Agreements") with several institutional and accredited investors for the issuance and sale in a private placement (the "April Private Placement") of the following securities for gross proceeds of approximately $2.5 million: (i) 1,894,892 shares of our Class A common stock and (ii) a pre-funded warrant (the "April Pre-Funded Warrant") to purchase up to 377,836 shares of our Class A common stock at an exercise price of $0.0001 per share. The purchase price for one share of Class A common stock was $1.10 and the purchase price for one pre-funded warrant was $1.0999 per share. We received net proceeds of approximately $2.35 million from the April Private Placement, after deducting offering expenses paid by us. The April Pre-Funded Warrant became exercisable commencing on May 29, 2025, and will not expire until exercised in full.

The April Purchase Agreements provided that our board of directors (the "Board") would appoint an individual designated by the purchasers that purchased at least 50.1% in interest of the shares of Class A common stock and pre-funded warrants issued in the April Private Placement based on the initial subscription amounts under the April Purchase Agreement to serve as a Class II director on the Board for a term expiring at our 2026 annual meeting of stockholders. In accordance with the foregoing, Mr. Guoquan (Paul) Huang was appointed to the Board effective as of April 16, 2025. The April Purchase Agreement further provides that the purchasers holding a 50.1% interest in the securities issued upon closing of the April Private Placement shall have the right to appoint an individual to our management team, subject to Board approval.

Capital Expenditures

The nature of our operations does not require significant expenditures on capital assets, nor do we typically enter into significant commitments to acquire capital assets. We do not have material commitments to acquire capital assets as of June 30, 2026.

Material Cash Requirements

Except as described below, there have been no material changes in our reported material cash requirements as described under "Liquidity and Capital Resources – Material Cash Requirements" in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 of the 2025 Form 10-K.

Off-Balance Sheet Arrangements

We did not have, during the periods presented, and we do not currently have, any relationships with any organizations or financial partnerships, such as structured finance or special purpose entities, that would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Critical Accounting Policies and Estimates

There have been no material changes to the items disclosed as critical accounting policies and estimates under "Critical Accounting Policies and Estimates" in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 of the 2025 Form 10-K.

Recently Issued Accounting Standards

As an "emerging growth company", the JOBS Act allows us to delay adoption of new or revised accounting pronouncements applicable to public companies until such pronouncements are made applicable to private companies. We have elected to use this extended transition period under the JOBS Act until such time as we are no longer considered to be an emerging growth company.

Our analysis of recently issued accounting standards is more fully described in our condensed consolidated financial statements included elsewhere in this Report.

Non-GAAP Financial Measures

Adjusted EBITDA and Non-GAAP Adjusted Diluted Net Income Per Share

Adjusted EBITDA, a measure used by management to assess the Company's operating performance, is defined as EBITDA, which is net income plus interest expense, depreciation and amortization, less income tax benefit (if any), adjusted to exclude: (i) gain from settlement of license liabilities and other agreements; (ii) gain from sale of gaming licenses; (iii) impairment of intangible assets; (iv) loss contingency expenses; (v) loss (gain) on foreign exchange rates; and (vi) stock-based compensation expenses.

Non-GAAP Adjusted diluted net income per share, another measure used by management to assess the Company's operating performance, is defined as diluted net income per share plus depreciation and amortization, adjusted to exclude: (i) gain from settlement of license liabilities and other agreements; (ii) gain from sale of gaming licenses; (iii) impairment of intangible assets; (iv) loss contingency expenses; (v) loss (gain) on foreign exchange rates; and (vi) stock-based compensation expenses.

Adjusted EBITDA and Non-GAAP Adjusted diluted net income per share (the "Non-GAAP Measures") are not financial measures defined by U.S. generally accepted accounting principles ("U.S. GAAP"). Reconciliations of these Non-GAAP Measures to net income and diluted net income per share, their most directly comparable financial measures, calculated and presented in accordance with U.S. GAAP, are presented in the tables below. We use the Non-GAAP Measures to manage our business and evaluate our financial performance, as Adjusted EBITDA and Non-GAAP Adjusted diluted net income per share eliminate items that affect comparability between periods that we believe are not representative of our core ongoing operating business. Additionally, we believe that using the Non-GAAP Measures is useful to our investors because it enhances investors' understanding and assessment of our normalized operating performance and facilitates comparisons to prior periods and our competitors' results (who may define Adjusted EBITDA and Non-GAAP Adjusted diluted net income per share differently).

The Non-GAAP Measures are not recognized terms under U.S. GAAP and do not purport to be an alternative to revenue, income/loss from operations, net income, or cash flows from operations or as a measure of liquidity or any other performance measure derived in accordance with U.S. GAAP. Additionally, the Non-GAAP Measures are not intended to be measures of free cash flows available for our discretionary use, as they do not consider certain cash requirements, such as interest payments, tax payments, working capital requirements and debt service requirements. The Non-GAAP Measure have limitations as an analytical tool, and investors should not consider them in isolation or as a substitute for our results as reported under U.S. GAAP. Management compensates for the limitations of using the Non-GAAP Measures by using them to supplement U.S. GAAP results to provide a more complete understanding of the factors and trends affecting the business than would be presented by using only measures in accordance with U.S. GAAP. Because not all companies use identical calculations, the Non-GAAP Measures may not be comparable to other similarly titled measures of other companies.

The tables below provide reconciliations between net income and adjusted EBITDA, and diluted net income per share and Non-GAAP Adjusted diluted net income per share:

	Three Months Ended June 30, 2026	Three Months Ended June 30, 2025
Net income	$ 243,199	$ 4,238,172
Interest expense, net	15,891	4,740
Depreciation and amortization (1)	237,050	253,935
EBITDA	496,140	4,496,847
Gain from Wesco Settlement Agreement	-	(800,000)
Loss (gain) on foreign exchange rates	225,675	(2,328,115)
Stock-based compensation	37,644	-
Adjusted EBITDA	$ 759,459	$ 1,368,732

(1) Includes $229,739 and $242,238 of amortization expenses included in cost of revenues for the three months ended June 30, 2026 and 2025, respectively.

Reconciliation between GAAP and Non-GAAP Adjusted diluted net income per share:

	Three Months Ended June 30, 2026	Three Months Ended June 30, 2025
Diluted net income per share	$ 0.08	$ 0.82
Depreciation and amortization	0.05	0.05
Gain from Wesco Settlement Agreement	-	(0.17)
Loss (gain) on foreign exchange rates	0.05	(0.45)
Stock-based compensation	0.01	-
Non-GAAP Adjusted diluted net income per share	$ 0.19	$ 0.25

	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
Net income	$ 1,194,772	$ 5,260,785
Interest expense, net	19,096	17,750
Depreciation and amortization (1)	413,099	505,992
EBITDA	1,626,967	5,784,527
Gain from settlement of purchase commitment liabilities	-	(175,460)
Gain from HC2 Holdings 2 Inc. Settlement Agreement	-	(500,000)
Gain from Wesco Settlement Agreement	-	(800,000)
Impairment of intangible assets	27,928	-
Loss (gain) on foreign exchange rates	173,666	(3,302,878)
Stock-based compensation	412,675	-
Adjusted EBITDA	$ 2,241,236	$ 1,006,189

(1) Includes $399,271 and $476,169 of amortization expenses included in cost of revenues for the six months ended June 30, 2026 and 2025, respectively.

Reconciliation between GAAP and Non-GAAP Adjusted diluted net income per share:

	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
Diluted net income per share	$ 0.13	$ 1.26
Depreciation and amortization	0.08	0.12
Gain from settlement of purchase commitment liabilities	-	(0.04)
Gain from HC2 Holdings 2 Inc. Settlement Agreement	-	(0.12)
Gain from Wesco Settlement Agreement	-	(0.19)
Impairment of intangible assets	0.01	-
Loss (gain) on foreign exchange rates	0.03	(0.79)
Stock-based compensation	0.08	-
Non-GAAP Adjusted diluted net income per share	$ 0.33	$ 0.24

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not applicable.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) are designed to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure.

Our management, with the participation of our Chief Executive Officer, Chief Financial Officer and Chief Accounting and Compliance Officer, evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2026. Based on this evaluation, our Chief Executive Officer, Chief Financial Officer and Chief Accounting and Compliance Officer have concluded that our disclosure controls and procedures were not effective as of June 30, 2026 because of the material weaknesses in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) as discussed in Part II, Item 9A, *"Controls and Procedures"* of the 2025 Form 10-K, and that continued to exist as of June 30, 2026.

Remediation of Material Weaknesses

We have not yet remediated the material weaknesses relating to (i) our failure to design and maintain effective monitoring procedures and controls to evaluate the effectiveness of our individual control activities; (ii) a lack of sufficient number of personnel with an appropriate level of accounting knowledge, training and experience to appropriately analyze, record and disclose accounting matters timely; and (iii) documentation of certain complex accounting analyses and significant accounting positions that were not contemporaneously reviewed independently of the preparer. We are actively engaged in the design and implementation of remedial measures to address the material weaknesses in our internal control over financial reporting. We are committed to improving our internal control processes and resolving our control deficiencies, including the material weaknesses identified above.

To date, we have taken and will continue to take the actions described below to remediate the identified material weaknesses. As the remediation efforts are ongoing, we will continue to evaluate and work to improve our internal control over financial reporting and may implement additional measures, or modify the remedial actions described below, as considered appropriate, to remediate the identified material weaknesses.

Steps taken to remediate the remaining material weaknesses include actions related to designing and maintaining effective monitoring procedures and controls to evaluate and monitor the effectiveness of our individual control activities, and minimum documentation requirements for significant accounting positions and management estimates, including consideration of underlying assumptions and judgments, where applicable, that are used in the financial statement preparation and reporting process. In addition, we have engaged qualified risk advisory consultants and technical accounting personnel, with experience in evaluating internal controls over financial reporting, along with hiring additional accounting staff, to further assist with our remediation efforts by independently assessing our monitoring procedures and controls, verifying segregation of duties are appropriately considered, and through performing tests of internal controls, verifying reviews over certain complex accounting analyses and significant accounting positions are performed by an independent reviewer, with an appropriate level of accounting knowledge, training, and experience.

We continue to evaluate the design and operating effectiveness of internal controls across various business processes and accordingly, our management plans to continue its efforts to remediate the identified material weaknesses and remains committed to improving our internal control processes, activities and resolving identified deficiencies.

If not remediated, or if we identify further material weaknesses in our internal controls, our failure to establish and maintain effective disclosure controls and procedures and internal control over financial reporting could result in material misstatements in our consolidated financial statements and a failure to meet our reporting and financial obligations. We plan to make continued progress in the coming months on the remediation plans described in our 2025 Form 10-K, under Part II, Item 9A, *"Controls and Procedures."*

Limitations on the Effectiveness of Controls

In designing and evaluating the disclosure controls and procedures and internal control over financial reporting, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures and internal control over financial reporting must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting identified in management's evaluation pursuant to Rules 13a-15(d) and 15d-15(d) under the Exchange Act during the quarter ended June 30, 2026 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II: OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, the Company is involved in various routine legal proceedings incidental to the ordinary course of its business. The Company believes that the outcome of all pending legal proceedings in the aggregate is not reasonably likely to have a material adverse effect on the Company's business, prospects, results of operations, financial condition and/or cash flows, except as otherwise disclosed in this Report. In light of the uncertainties involved in legal proceedings generally, the ultimate outcome of a particular matter could be material to the Company's operating results for a particular period depending on, among other things, the size of the loss or the nature of the liability imposed and the level of the Company's income for that particular period. See Note 9 – *Commitments and Contingencies – Litigation* in our condensed consolidated financial statements in this Report for additional information.

Item 1A. Risk Factors

In addition to the other information set forth in this Report, you should carefully consider the factors discussed in "Risk Factors" in Part I, Item 1A of the 2025 Form 10-K, which could materially affect our business, financial condition or future results. The risks described in the 2025 Form 10-K are not the only risks facing us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially adversely affect our business, financial condition or operating results.

We have identified material weaknesses in our internal control over financial reporting. If we are unable to remediate these material weaknesses, or if we identify additional material weaknesses in the future, we may not be able to accurately or timely report our financial condition or results of operations, which may adversely affect our business and the trading price of our Class A common stock.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected and corrected on a timely basis. In connection with the audit of our consolidated financial statements for the years ended December 31, 2025 and 2024, we identified certain material weaknesses in our internal control over financial reporting that continue to exist. The material weaknesses identified relate to (i) our failure to design and maintain effective monitoring procedures and controls to evaluate the effectiveness of our individual control activities; (ii) a lack of sufficient number of personnel with an appropriate level of accounting knowledge, training and experience to appropriately analyze, record and disclose accounting matters timely; and (iii) documentation of certain complex accounting analyses and significant accounting positions that were not contemporaneously reviewed independently of the preparer. Our Chief Executive Officer, Chief Financial Officer and Chief Accounting and Compliance Officer have concluded that our disclosure controls and procedures were not effective as of June 30, 2026 because of the material weaknesses in our internal control over financial reporting as discussed in Part II, Item 9A, "Controls and Procedures" of the 2025 Form 10-K, and that continue to exist as of June 30, 2026.

If we are unable to successfully remediate our existing or any future material weaknesses in our internal control over financial reporting, or identify any additional material weaknesses, the accuracy and timing of our financial reporting may be adversely affected, we may be unable to maintain compliance with securities law requirements regarding timely filing of periodic reports and applicable listing requirements, investors may lose confidence in our financial reporting, and the share price of our Class A common stock may decline as a result. In addition, we could become subject to investigations by Nasdaq, the SEC or other regulatory authorities, which could require additional financial and management resources. See Part II, Item 9A – "Controls and Procedures – Management's Annual Report on Internal Control over Financial Reporting" of our Annual Report on Form 10-K for the year ended December 31, 2025 and Item 4 of this Quarterly Report on Form 10-Q for further information on material weaknesses and our remediation plans.

We depend on a relatively small number of franchises for a significant portion of our revenues and profits.

We follow a franchise model and a significant portion of our revenues has historically been derived from products based on a relatively small number of popular franchises, including our *Le Mans Ultimate* franchise, which now accounts for the majority of our revenue. For the three months ended June 30, 2026 and 2025, revenues associated with our *Le Mans Ultimate* franchise accounted for approximately 75% and 76% of our total revenue, respectively. For the three months ended June 30, 2026, our top three customers accounted for 83% of our revenues. For the three months ended June 30, 2025, our top two customers accounted for 81% of our revenues. For the six months ended June 30, 2026 and 2025, revenues associated with our *Le Mans Ultimate* franchise accounted for approximately 76% and 78% of our total revenue, respectively. For the six months ended June 30, 2026 our top three customers accounted for 83% of our revenues, and for the six months ended June 30, 2025 our top two customers accounted for 84% of our revenues. No other customer accounted for 10% or more of our revenues in those periods. Our top three customers accounted for approximately 88% of our accounts receivable as of June 30, 2026 and our top four customers accounted for approximately 98% of our accounts receivable as of December 31, 2025. No other customer accounted for 10% or more of our accounts receivable in those periods. A reduction in sales from or loss of these customers would have a material adverse effect on our results of operations and financial condition.

Due to this dependence on a limited number of franchises, the failure to achieve anticipated results by one or more products based on these franchises, or the loss of any franchise, especially our main customers, could negatively impact our business. Additionally, if the popularity of a franchise declines, we may have to write off the unrecovered portion of the underlying intellectual property assets, which could negatively impact our business. In the future, we expect this trend to continue with a relatively limited number of franchises producing a disproportionately high percentage of our revenues and profits.

Certain provisions in our Certificate of Incorporation, our Amended and Restated Bylaws and Delaware law could limit attempts by our stockholders to replace or remove our board of directors or current management and limit the market price of our Class A common stock.

Provisions in our Certificate of Incorporation and Amended and Restated Bylaws may have the effect of delaying or preventing changes in our board of directors or management including, but not limited to:

- establishing an advance notice procedure for stockholder proposals to be brought before an annual meeting (other than proposals to be included in our proxy statement pursuant to Rule 14a-8 under the Exchange Act at stockholders' meetings), including proposed nominations of persons for election to our board of directors;

- requiring that stockholders who wish to bring stockholder proposals, including proposed nominations, before an annual meeting comply with the advance notice and procedural requirements set forth in the Amended and Restated Bylaws;

- authorizing an individual acting as chairman of a meeting of our stockholders to, for any or no reason, adjourn, recess, postpone, or cancel any such meeting;

- creating a classified board of directors of two staggered classes;

- prohibiting cumulative voting in the election of directors;

- providing our board of directors with the exclusive ability to fill director vacancies;

- prohibiting our stockholders from calling special meetings of stockholders; and

- prohibiting our stockholders from acting by written consent.

These provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors, which is responsible for appointing the members of our management. In addition, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, which generally prohibits a Delaware corporation from engaging in any of a broad range of business combinations with any "interested" stockholder for a period of three years following the date on which the stockholder became an "interested" stockholder.

Our stockholder rights plan, along with certain provisions of our Certificate of Incorporation and Amended and Restated Bylaws and Delaware law could discourage, delay, or prevent a change in control that stockholders may consider favorable, which could adversely affect the trading price of our Class A Common Stock.

On July 22, 2026, our Board of Directors approved and adopted the Rights Agreement and authorized and declared a dividend distribution of one Right for each outstanding share of the Class A Common Stock to stockholders of record as of the close of business on August 3, 2026. The complete terms of the Rights are set forth in the Rights Agreement, dated as of July 22, 2026, with ClearTrust, LLC, a Florida limited liability company, as rights agent. In general terms, subject to certain exceptions, the Rights Agreement imposes significant dilution upon any person or group (other than us and certain other Exempt Persons (as defined in the Rights Agreement)), that becomes the beneficial owner of twelve and a half percent (12.5%) or more of the Class A Common Stock following our first public announcement of the adoption of the Rights Agreement. The term "beneficial ownership" is defined in the Rights Agreement and includes, among other things, certain derivative arrangements. The significant dilution caused by the exercise of the rights makes an unsolicited acquisition of the company prohibitively expensive without approval from our Board of Directors. In connection with the Rights Agreement, on July 22, 2026 our Board also designated a new series of participating preferred stock. In addition, the Amended and Restated Bylaws adopted on July 22, 2026, among other things, enhance our advance notice procedures and disclosure requirements for stockholder nominations and proposals. We are also subject to provisions of Delaware law that may have anti-takeover effects.

These provisions, alone or in combination, could make it more difficult, or discourage, a merger, tender offer, or assumption of control by a substantial holder of our securities, or for our stockholders to change the composition of our Board, even in a transaction that some or all of our stockholders might consider to be in their best interests or in which our stockholders might receive a premium over the then-current market price of our Class A Common Stock. As a result, these provisions could limit the price that investors are willing to pay in the future for shares of our Class A Common Stock and could adversely affect the market price of our common stock and the ability of our stockholders to realize a premium for their shares.

As a result, third parties may be deterred from pursuing a merger, tender offer, or takeover attempt that stockholders might otherwise deem to be in their best financial interest.

Our Board of Directors has the authority to issue "blank check" preferred stock, which could dilute the voting power and economic rights of holders of our Class A Common Stock and delay or prevent a change in control.

Our Certificate of Incorporation authorizes our Board of Directors to issue up to 1,000,000 shares of preferred stock in one or more series and to fix the rights, preferences, privileges, and restrictions thereof—including dividend rights, conversion rights, voting rights, terms of redemption, liquidation preferences, and sinking fund terms—without any further vote or action by the holders of our Class A Common Stock.

The issuance of shares of preferred stock could adversely affect the holders of our Class A Common Stock in several ways, including:

- *Dilution of Voting Power and Ownership*: If preferred shares are issued with super-voting rights or are convertible into a large block of Class A common stock, the voting power of existing holders of our Class A Common Stock will be diluted.

- *Economic Subordination*: Shares of preferred stock typically carry dividend preferences and liquidation preferences over common stock. In the event of a liquidation, dissolution, or winding up of the Company, preferred stockholders would be entitled to receive their contractual distributions before any distribution is made to holders of our Class A Common Stock.

- *Anti-Takeover Effect*: The authority to issue preferred stock without stockholder approval can be used as an anti-takeover defense (such as issuing a new series of preferred stock to a friendly investor or issuing preferred stock pursuant to the Rights Agreement). This could delay, deter, or prevent a merger, tender offer, or change in control that stockholders might otherwise consider to be in their best interests, including transactions that might offer a premium over the prevailing market price of our Class A Common Stock.

As of the date of this filing, our Board of Directors has no immediate plans or commitments to issue any shares of preferred stock other than pursuant to the Rights Agreement. However, we cannot assure you that our Board of Directors will not issue preferred stock in the future.

Actions of activist stockholders could be disruptive and costly and could adversely affect our results of operations, financial condition, and/or share price

While we strive to maintain constructive communications with our stockholders, we may, from time to time, be subject to demands from activist stockholders. Any activist campaign against the Company that contests, conflicts with, or seeks to change, our board composition, leadership, strategic direction, or business mix could have an adverse effect on us because: (i) responding to actions by activist stockholders could disrupt our operations, be costly or time-consuming, or divert the attention of our board of directors and senior management from their regular duties, including diverting their attention from the operation of our business and the execution of our strategic plans, which could adversely affect our results of operations or financial condition; (ii) perceived uncertainties as to our future direction, including as a result of possible changes to the composition of our board, may lead to the perception of a change in the direction of the business or lack of continuity, any of which may be exploited by our competitors, cause concern to our customers, employees, and/or business partners and result in the loss of potential business opportunities, or make it more difficult to attract and retain qualified personnel and business partners, and may adversely affect our relationships with vendors, customers, business partners, and other third parties; (iii) these types of actions could cause significant fluctuations in our share price based on temporary or speculative market perceptions or other factors that do not necessarily reflect the underlying fundamentals and prospects of our business; and (iv) if individuals are elected to our board of directors with a specific agenda, it may adversely affect our ability to effectively implement our business strategy and create additional value for our stockholders.

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

Unregistered Sales of Equity Securities

There were no unregistered sales of equity securities during the quarter ended June 30, 2026, other than as reported in our Current Reports on Form 8-K filed with the SEC.

Purchases of Equity Securities

The following table sets forth information regarding repurchases of the Company's Class A Common Stock during the quarter ended June 30, 2026:

ISSUER PURCHASES OF EQUITY SECURITIES

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs
April 1–30, 2026	904,395(1)	$ 4.11	-	-
May 1–31, 2026	-	-	-	-
June 1–30, 2026	-	-	-	-
Total	904,395	$ 4.11	-	-

(1) On April 22, 2026, we repurchased 904,395 shares of Class A common stock at a price of $4.11 per share. Such repurchase was not part of a publicly announced repurchase plan or program. For further information, see the section titled "Recent Events" in Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations above.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Indemnification Agreements

On August 12, 2026, the Board approved a form of indemnification agreement (the "Indemnification Agreement") to be entered into between the Company and our directors and executive officers for the purpose of providing our directors and executive officers with, among other things, contractual rights to indemnification and expense advancement and reimbursement, to the fullest extent permitted by applicable law.

The Indemnification Agreement clarifies and supplements the indemnification coverage provided in our Certificate of Incorporation and Amended and Restated Bylaws. Among other things, the Indemnification Agreement requires us to indemnify our directors and executive officers to the fullest extent permitted by applicable law against all direct and indirect losses, liabilities, damages, expenses, judgments, awards, penalties (whether civil, criminal, or other), fines, reasonable fees and expenses of attorneys, and amounts paid in settlement actually and reasonably incurred by any such person in connection with any threatened, asserted, pending, or completed action, suit, claim, counterclaim, cross-claim, investigation (including any internal investigation), inquiry, hearing, mediation, arbitration, other alternative dispute mechanism, or other proceeding, whether civil, criminal, administrative, regulatory, arbitrative, legislative, investigative, or otherwise, and whether formal or informal, and any appeal of any kind therefrom, arising out of their service to us or to any other entity to which they provide services at our request.

Subject to certain limited exceptions, the Indemnification Agreement also provides for the mandatory advancement of expenses (including attorneys' fees) incurred by a director or executive officer in defending any such proceeding in advance of its final disposition, upon receipt of an undertaking by or on behalf of the indemnified party to repay such advanced amounts if it is ultimately determined by a final judicial decision from which there is no further right of appeal that such person is not entitled to indemnification by us for such amounts pursuant to the Indemnification Agreement or under applicable law.

The Indemnification Agreement also establishes procedures for applying for indemnification, determines the allocation of the burden of proof, sets forth presumption standards in favor of the indemnified party, and clarifies that our obligations under the Indemnification Agreement are primary to any rights of recovery an indemnified party may have from secondary sources.

The Indemnification Agreement provides that the indemnification rights provided thereunder are not exclusive of any other rights that an indemnified person may have under any statute, provision of our Certificate of Incorporation or Amended and Restated Bylaws, any agreement, or vote of stockholders or disinterested directors, or otherwise.

The foregoing description of the Indemnification Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the form of Indemnification Agreement, a copy of which is filed as Exhibit 10.7 to this Report and is incorporated herein by reference.

RSU Award Agreement

Also on August 12, 2026, the Board approved a new form of award agreements (the "RSU Agreement") to be used for the grant of restricted stock units ("RSUs") to directors and executive officers under our Amended and Restated 2021 Equity Incentive Plan (the "Plan"). The RSU Agreement was adopted in order to facilitate our grant of RSU awards with a variety of terms and vesting criteria as permitted by the Plan. The RSU Agreement provides that, notwithstanding any contrary provision of the RSU Agreement or the Plan, an employment agreement, a change of control agreement, or other written document, upon a termination of employment or service, all RSUs which have not vested prior to or in connection with such termination shall thereupon automatically be forfeited, terminated and cancelled as of the applicable termination date without payment of any consideration by us. The RSU Agreement additionally provides that any RSUs or Shares delivered in settlement thereof are subject to potential forfeiture or recovery to the fullest extent called for by applicable law, any applicable listing standard, or any current or future clawback policy that may be adopted by us. The foregoing description of the RSU Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the form of RSU Agreement, a copy of which is filed as Exhibit 10.8 to this Report and is incorporated herein by reference.

Rule 10b5-1 Trading Plans

During the three months ended June 30, 2026, none of our directors or officers (as defined in Exchange Act Rule 16a-1(f)) adopted or terminated a "Rule 10b5–1 trading arrangement" or a "non-Rule 10b5–1 trading arrangement," each as defined in Item 408 of Regulation S-K.

Item 6. Exhibits

Exhibit Number	Description	Incorporated by Reference Form	File No.	Exhibit Number	Filing Date	Filed/Furnished Herewith
3.1.1	Certificate of Incorporation of Motorsport Games Inc.	S-1/A	333-251501	3.3	1/11/21	
3.1.2	Certificate of Amendment to the Certificate of Incorporation of Motorsport Games Inc.	8-K	001-39868	3.1	11/10/22	
3.1.3	Certificate of Amendment to the Certificate of Incorporation, as amended, of Motorsport Games Inc.	8-K	001-39868	3.1	5/26/26	
3.1.4	Certificate of Designations of Series A Participating Preferred Stock of Motorsport Games Inc. dated July 22, 2026.	8-K	001-39868	3.1	7/23/26	
3.2.1	Bylaws of Motorsport Games Inc.	S-1/A	333-251501	3.4	1/11/21	
3.2.2	Amendment No. 1 to the Bylaws of Motorsport Games Inc.	8-K	001-39868	3.2	11/10/22	
3.2.3	Amendment No. 2 to the Bylaws of Motorsport Games Inc.	8-K	001-39868	3.2	5/26/26	
3.2.4	Amended and Restated Bylaws of Motorsport Games Inc., as adopted on July 22, 2026	8-K	001-39868	3.1	7/23/26	
4.1	Preferred Stock Rights Agreement, dated as of July 22, 2026, by and between Motorsport Games Inc. and ClearTrust, LLC, as Rights Agent	8-K	001-39868	4.1	7/23/26	
10.1	Share Repurchase Agreement, dated April 22, 2026, by and between Motorsport Games Inc. and Driven Lifestyle Group LLC	8-K	001-39868	10.1	4/23/26	
10.2	Amendment to the Amended and Restated Motorsport Games Inc. 2021 Equity Incentive Plan	8-K	001-39868	10.2	4/23/26	
10.3	Amendment to Business Loan Agreement, dated June 15, 2026, by and between Motorsport Games Inc. and Citibank, N.A.	8-K	001-39868	10.2	6/18/26	
10.4	Amendment to Promissory Note, dated June 15, 2026, in favor of Citibank, N.A.	8-K	001-39868	10.4	6/18/26	
10.5	Statement of Terms and Conditions of Employment, dated June 17, 2026, by and between Motorsport Games Ltd and Peter Hansen-Chambers	8-K	001-39868	10.1	6/18/26	
10.6	First Amendment to Executive Employment Agreement, dated June 18, 2026, by and between Motorsport Games Inc. and Stanley Beckley	8-K	001-39868	10.2	6/18/26	
10.7	Form of Director and Officer Indemnification Agreement					X
10.8	Form of Restricted Stock Unit Award Agreement					X
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) under the Exchange Act					X
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) under the Exchange Act					X
32.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350					X
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document					X
101.SCH	Inline XBRL Taxonomy Extension Schema Document					X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document					X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document					X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document					X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document					X
104	Cover Page Interactive Data File (formatted as Inline XBRL with applicable taxonomy extension information contained in Exhibits 101)					X

SIGNATURES

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

Date: August 14, 2026

MOTORSPORT GAMES INC.

By: */s/ Stephen Hood*
Stephen Hood
Chief Executive Officer
(Principal Executive Officer)

By: */s/ Peter Hansen-Chambers*
Peter Hansen-Chambers
Chief Financial Officer
(Principal Financial Officer)

By: */s/ Stanley Beckley*
Stanley Beckley
Chief Accounting and Compliance Officer
(Principal Accounting Officer)

INDEMNIFICATION AGREEMENT

This Indemnification Agreement (the "***Agreement***") is made as of [●], 20[●] by and between Motorsport Games Inc., a Delaware corporation (the "***Company***"), and [●] ("***Indemnitee***").

WHEREAS, Indemnitee is [a director/an officer] of the Company [/the Company expects Indemnitee to join the Company as [a director/an officer]];

WHEREAS, both the Company and Indemnitee recognize the increased risk of litigation and other claims being asserted against directors and officers of public companies;

WHEREAS, the Company desires to attract and continue to retain the services of highly qualified individuals, such as Indemnitee, to serve as officers and directors of the Company and to indemnify its officers and directors so as to provide them with the maximum protection permitted by law;

WHEREAS, Section 145 of the Delaware General Corporation Law ("***DGCL***") sets forth provisions providing for the mandatory and permissive indemnification of, and advancement of Expenses to, officers and directors of a Delaware corporation and are specifically not exclusive of other rights to which those indemnified may be entitled under any bylaw, agreement, vote of stockholders or disinterested directors or otherwise;

WHEREAS, the Company would like for Indemnitee to exercise his or her best judgment in the performance of his or her duties or in his or her service to the Company or any of its subsidiaries or any other business entity or employee benefit plan to which Indemnitee renders services at the request of the Company, without undue concern for claims for damages arising out of or related to the performance of those duties or for Expenses related to such claims; and

WHEREAS, in recognition of Indemnitee's need for substantial protection against Personal liability in order to enhance Indemnitee's continued service to the Company in an effective manner, and Indemnitee's reliance on the Company's Certificate of Incorporation, as amended (the "***Certificate of Incorporation***"), and the Company's Amended and Restated Bylaws (the "***Bylaws***"), and in part to provide Indemnitee with specific contractual assurance that the protection promised by the Certificate of Incorporation and/or Bylaws will be available to Indemnitee (regardless of, among other things, any amendment to or revocation of the Certificate of Incorporation or Bylaws or any change in the composition of the Company's Board of Directors or any transaction relating to the Company), the Company wishes to provide in this Agreement for the indemnification of and the advancement of Expenses to Indemnitee to the fullest extent (whether partial or complete) permitted by applicable law and as set forth in this Agreement, and, to the extent directors' and officers' insurance is maintained, for the continued coverage of Indemnitee under the Company's directors' and officers' liability insurance policies;

NOW, THEREFORE, to induce Indemnitee to serve the Company and in consideration of these premises and the mutual agreements set forth in this Agreement, as well as other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and Indemnitee, intending to be legally bound, hereby agree as follows:

1. Certain Definitions. In addition to terms defined elsewhere herein, the following terms have the following meanings when used in this Agreement:

(a) ***"Agreement"*** shall mean this Indemnification Agreement as, from time to time, amended hereafter.

(b) "***Beneficial Owner***" shall have the meaning given to such term in Rule 13d-3 under the Exchange Act; provided, however, that Beneficial Owner shall exclude any Person otherwise becoming a Beneficial Owner by reason of the stockholders of the Company approving a merger of the Company with another entity.

(c) ***"Board of Directors"*** shall means the Board of Directors of the Company.

(d) A "***Change in Control***" shall be deemed to occur upon the earliest to occur after the date of this Agreement of any of the following events:

(i) Any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing fifteen percent (15%) or more of the combined voting power of the Company's then outstanding securities unless the change in relative Beneficial Ownership of the Company's securities by any Person results solely from a reduction in the aggregate number of outstanding shares of securities entitled to vote generally in the election of directors;

(ii) During any period of two (2) consecutive years, individuals who at the beginning of such period constitute the Board (the "***Incumbent Board***") cease for any reason to constitute at least a majority of the Board; *provided, however*, that any individual becoming a director subsequent to the beginning of such period whose election, or nomination for election by the Company's stockholders, was approved by a vote of at least two-thirds (2/3) of the directors then still in office who were directors at the beginning of the period shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened proxy contest;

(iii) The consummation of a merger or consolidation of the Company with any other entity, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the Surviving Entity) more than fifty percent (50%) of the combined voting power of the voting securities of the Surviving Entity outstanding immediately after such merger or consolidation and with the power to elect at least a majority of the board of directors or other governing body of such Surviving Entity; and

(iv) The approval by the stockholders of the Company of a complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets.

(e) ***"Exchange Act"*** shall mean the Securities Exchange Act of 1934, as amended from time to time.

(f) The term ***"Expenses"*** shall be broadly construed and shall include all direct and indirect losses, liabilities, damages, expenses, including reasonable fees and expenses of attorneys, reasonable fees and expenses of accountants, court costs, transcript costs, fees and expenses of experts, witness fees and expenses, travel expenses, printing and binding costs, telephone charges, delivery service fees, the premium, security for, and other costs relating to any bond (including cost bonds, appraisal bonds, or their equivalents), judgments, fines, penalties (whether civil, criminal, or other), ERISA excise taxes assessed on a Person with respect to an employee benefit plan, and amounts paid or payable in connection with any judgment, award, or settlement, including any interest, assessments, any federal, state, local, or foreign taxes imposed as a result of the actual or deemed receipt of any indemnification or expense advancement payments, and all other disbursements or expenses incurred in connection with (i) the investigation, preparation, prosecution, defense, settlement, mediation, arbitration and appeal of a Proceeding, (ii) serving as an actual or prospective witness, or preparing to be a witness in a Proceeding, or other participation in, or other preparation for, any Proceeding, (iii) any compulsory interviews or depositions related to a Proceeding, (iv) any non-compulsory interviews or depositions related to a Proceeding, subject to the Person receiving advance written approval by the Company to participate in such interviews or depositions, (v) responding to, or objecting to, a request to provide discovery in any Proceeding, and (vi) establishing or enforcing a right to indemnification under this Agreement, the Certificate of Incorporation, the Bylaws, applicable law, or otherwise. Expenses shall also include any federal, state, local, and foreign taxes imposed on such Person as a result of the actual or deemed receipt of any payments under this Agreement.

(g) ***"Indemnifiable Event"*** means any event or occurrence, whether occurring before, on, or after the date of this Agreement, related to or arising out of the fact that Indemnitee is or was serving in an Official Capacity, or by reason of an action or inaction by Indemnitee in any such Official Capacity, whether the basis of such Proceeding is an alleged action in an Official Capacity or in any other capacity while serving in an Official Capacity and whether or not serving in any Official Capacity at the time any Expenses are incurred for which indemnity can be provided under this Agreement.

(h) "***Independent Counsel***" shall mean a law firm, or a member of a law firm, or an independent practitioner, that is experienced in matters of corporation law and legal defense and neither presently is, nor in the five (5) years prior to its selection has been, retained to represent: (i) the Company or Indemnitee in any matter material to either such party (other than with respect to matters concerning Indemnitee under this Agreement, or of other indemnitees under similar indemnification agreements), or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any Person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement. The Company agrees to pay the reasonable fees and Expenses of the Independent Counsel referred to above and to fully indemnify such counsel against any and all Expenses arising out of or relating to this Agreement or its engagement pursuant hereto.

(i) "***Official Capacity***" means (i) serving as a director or officer of the Company, or (ii) while serving as a director or officer of the Company, serving at the request of the Company as an officer, director, manager, member, partner, tax matters partner, employee, agent, fiduciary, trustee or other representative of an Other Enterprise.

(j) "***Other Enterprise***" means another corporation, partnership, limited liability company, joint venture, trust, association or other enterprise, whether for profit or not-for-profit, including any subsidiaries of the Company, any entities formed by the Company and any employee benefit plans maintained or sponsored by the Company where Indemnitee is serving at the request of the Company in any capacity.

(k) "***Person***" means any individual, corporation, firm, partnership, joint venture, limited liability company, estate, trust, business association, organization, governmental entity or other entity.

(l) The term "***Proceeding***" shall be broadly construed and shall include any threatened, asserted, pending, or completed action, suit, claim, counterclaim, cross-claim, investigation (including any internal investigation), inquiry, hearing, mediation, arbitration, other alternative dispute mechanism, or any other threatened, asserted, pending, or completed proceeding, whether civil, criminal, administrative, regulatory, arbitrative, legislative, investigative or otherwise and whether formal or informal, or any appeal of any kind therefrom, including an action initiated by Indemnitee to enforce Indemnitee's rights to indemnification or Expense Advances (as defined herein) under this Agreement or any provision of the Certificate of Incorporation, the Bylaws, the DGCL, or other applicable law.

(m) The term "***serving at the request of the Company***" shall include any service to the Company or an Other Enterprise by Indemnitee in Indemnitee's Official Capacity at the request of, for the convenience of, or to represent the interests of, the Company or any subsidiary of the Company, including, but not limited to, service by Indemnitee in Indemnitee's Official Capacity with respect to an employee benefit plan, its participants, or beneficiaries. For the purposes of this Agreement, Indemnitee's service in Indemnitee's Official Capacity to the Company or an Other Enterprise shall be presumed to be "***serving at the request of the Company***," unless it is conclusively determined to the contrary by a majority vote of the directors of the Company, excluding, if applicable, Indemnitee. With respect to such determination, it shall not be necessary for Indemnitee to show any actual or prior request by the Company or its Board of Directors for such service to the Company or an Other Enterprise.

(n) ***"Surviving Entity"*** shall mean the surviving entity in a merger or consolidation or any entity that controls, directly or indirectly, such surviving entity.

2. <u>Indemnification</u>.

(a) <u>Third-Party Proceedings</u>. The Company shall indemnify and hold harmless Indemnitee, to the fullest extent permitted by applicable law, if Indemnitee is or was a party or is threatened to be made a party to or is otherwise involved in (e.g., as a witness) any Proceeding (other than an action by or in the right of the Company to procure a judgment in its favor) arising by reason of (or arising in part out of) an Indemnifiable Event against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with such Proceeding or any claim, issue, or matter therein if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or Proceeding, had no reasonable cause to believe Indemnitee's conduct was unlawful. The parties hereto intend that this Agreement shall provide to the fullest extent permitted by law for indemnification in excess of that expressly permitted by statute, including, without limitation, any indemnification provided by the Certificate of Incorporation and Bylaws, vote of its stockholders or disinterested directors, or applicable law.

(b) Proceedings by or in the Right of the Company. The Company shall indemnify and hold harmless Indemnitee, to the fullest extent permitted by applicable law, if Indemnitee was or is a party or is threatened to be made a party to or is otherwise involved in (e.g., as a witness) any Proceeding by or in the right of the Company or any subsidiary of the Company to procure a judgment in its favor arising by reason of (or arising in part out of) an Indemnifiable Event against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with such Proceeding if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company and its stockholders, except that no indemnification shall be made in respect of any claim, issue, or matter as to which Indemnitee shall have been finally adjudicated by court order or judgment to be liable to the Company in the performance of Indemnitee's duty to the Company and its stockholders unless and only to the extent that a court of competent jurisdiction in which such Proceeding is or was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnification for such Expenses as such court shall deem proper.

(c) Indemnification of a Party Who is Wholly or Partly Successful. Notwithstanding any other provisions of this Agreement, to the fullest extent permitted by applicable law and to the extent that Indemnitee is a party to (or a participant in) and is successful, on the merits or otherwise, in any Proceeding referred to in Section 2(a) or Section 2(b) or in defense of any claim, issue or matter therein, in whole or in part, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection therewith. If Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with or related to each successfully resolved claim, issue or matter to the fullest extent permitted by applicable law. For purposes of this Section 2(c) and without limitation, the termination of any claim, issue, or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue, or matter. Without limiting the foregoing, if any Proceeding is disposed of, on the merits or otherwise (including a disposition without prejudice), without (i) the disposition being adverse to Indemnitee, (ii) an adjudication that Indemnitee was liable to the Company, (iii) a plea of guilty or *nolo contendere* by Indemnitee, (iv) an adjudication that Indemnitee did not act in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company, and (v) with respect to any criminal Proceeding, an adjudication that Indemnitee had reasonable cause to believe his conduct was unlawful, Indemnitee shall be considered for the purpose hereof to have been wholly successful with respect thereto.

(d) For purposes of this Agreement, the meaning of the phrase "***to the fullest extent permitted by applicable law***" shall include, but not be limited to, to the fullest extent permitted by the provision of the DGCL that authorizes or contemplates additional indemnification by agreement, or the corresponding provision of any amendment to or replacement of the DGCL or such provision thereof, and the fullest extent authorized or permitted by any amendments to or replacements of the DGCL adopted after the date of this Agreement that increase the extent to which a corporation may indemnify its officers and directors.

3. Expenses; Indemnification Procedure.

(a) Advancement of Expenses. The Company shall advance, to the extent not prohibited by applicable law and except with respect to any Proceeding for which indemnification is excluded pursuant to Section 8 of this Agreement, all Expenses actually and reasonably incurred by or on behalf of Indemnitee ("***Expense Advances***") in connection with any Proceeding referred to in Section 2(a) or (b) hereof promptly and, in any event, no later than (10) calendar days after receipt by the Company of a written statement requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding, which statement shall reasonably evidence the Expenses incurred or to be incurred by Indemnitee or on Indemnitee's behalf. Indemnitee shall qualify for advances upon the execution and delivery to the Company of this Agreement, which shall constitute an undertaking by Indemnitee pursuant to which Indemnitee to repay the advanced amounts if it is ultimately determined by final judicial decision from which there is no further right of appeal that Indemnitee is not entitled to be indemnified by the Company for such amounts pursuant to this Agreement or under applicable law. Expense Advances shall be unsecured and shall bear no interest. The Company shall make Expense Advances under this Section 3(a) without regard to (i) Indemnitee's ultimate entitlement to indemnification under the provisions of this Agreement, (ii) Indemnitee's financial ability to make repayment, (iii) any preliminary evaluation or assertion by the Company, the Board, or any committee thereof regarding the merits of the underlying Proceeding or the conduct of Indemnitee, or (iv) any ongoing internal investigation or corporate dispute. Except as set forth in this Section 3(a), the Company shall not impose on Indemnitee additional conditions to Expense Advances or require from Indemnitee additional undertakings regarding repayment. Expense Advances shall include any and all reasonable Expenses incurred by or on behalf of Indemnitee to exercise, or pursue an action to enforce, its right of advancement of Expenses pursuant to this Agreement or any provision of the Certificate of Incorporation, the Bylaws, the DGCL, or other applicable law, including Expenses incurred preparing and forwarding statements to the Company to support the advancements claimed.

(b) Request for Indemnification; Notice of a Proceeding. To request indemnification under this Agreement, Indemnitee shall give the Company notice in writing as soon as practicable of any Proceeding for which indemnification is or will be sought under this Agreement, together with such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to such indemnification. Notice to the Company shall be directed to the Chief Executive Officer or Chief Financial Officer of the Company at the address shown on the signature page of this Agreement (or such other address as the Company shall designate in writing to Indemnitee). Such notice shall be deemed received three (3) business days after the date postmarked if sent by domestic certified or registered mail, properly addressed; otherwise, notice shall be deemed received when such notice shall actually be received by the Company.

(c) Procedure.

(1) The Company shall render a determination on Indemnitee's entitlement to indemnification promptly and, in any event, no later than ten (10) calendar days after receipt by the Company of the written notification by Indemnitee of a Proceeding and that indemnification is being sought in connection therewith, together with such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to such indemnification unless with respect to such requests the Company determines within such ten (10) day period that Indemnitee did not meet the applicable standard of conduct or that indemnification is not required under Section 8 below. The failure by Indemnitee to notify the Company hereunder will not relieve the Company from any liability which it may have to Indemnitee hereunder or otherwise than under this Agreement, and any delay in so notifying the Company shall not constitute a waiver by Indemnitee of any rights under this Agreement. Notwithstanding anything in this Agreement to the contrary, no determination as to entitlement of Indemnitee to indemnification under this Agreement shall be required to be made prior to the final disposition of any Proceeding. Upon written request by Indemnitee for indemnification in accordance with this Agreement, a determination with respect to Indemnitee's entitlement thereto shall be made in the specific case by one of the following methods: (i) if a Change in Control shall have occurred, solely by Independent Counsel in a written opinion to the Board, a copy of which shall be delivered to Indemnitee, unless Indemnitee requests in writing that such determination be made as though no Change in Control has occurred; or (ii) if a Change in Control shall not have occurred: (a) by a majority vote of the directors of the Company who are not at that time parties to the Proceeding in question ("***disinterested directors***"), even though less than a quorum; (b) by a committee of such disinterested directors designated by majority vote of such disinterested directors, even though less than a quorum; (c) if there are no such disinterested directors, or if the disinterested directors so direct, by Independent Counsel in a written opinion to the Board, a copy of which shall be delivered to Indemnitee; or (d) a majority vote of a quorum of the outstanding shares of stock of all classes entitled to vote for directors, voting as a single class, which quorum shall consist of stockholders who are not at that time parties to the Proceeding in question. Any determination by the Company (including by its directors, stockholders, any Independent Counsel, or otherwise that the Indemnitee is entitled to indemnification shall be conclusive and binding on the Company and the Indemnitee, including in any judicial proceeding commenced pursuant to Section 3(d). Payment in full to Indemnitee of indemnification shall be made promptly, but no later than ten (10) calendar days after a determination has been made that Indemnitee is entitled to indemnification. The Company agrees that all costs incurred by the Company in making the determination under this Section 3(c)(1) shall be borne solely by the Company, including, but not limited to, the costs of legal counsel (including any Independent Counsel serving under this Section 3(c)(1)), proxy solicitations and judicial determinations.

(2) In the event the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 3(c)(1) hereof, the Independent Counsel shall be selected by Indemnitee (unless Indemnitee shall request that such selection be made by the Board), and Indemnitee shall give written notice to the Company advising it of the identity of the Independent Counsel so selected. The Company may, within ten (10) calendar days after such written notice of selection shall have been given, deliver to Indemnitee a written objection to such selection; *provided, however*, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements to serve as Independent Counsel, and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the Person so selected shall act as Independent Counsel. If such written objection is so made, the counsel so selected may not serve as Independent Counsel unless and until such objection is withdrawn or a court of competent jurisdiction in Delaware has determined that such objection is without merit. If, within twenty (20) calendar days after the later of submission by Indemnitee of a written request for indemnification pursuant to Section 3(c)(1) hereof and the final disposition of the Proceeding, no Independent Counsel shall have been selected and not objected to, Indemnitee may petition a court of competent jurisdiction in Delaware for resolution of any objection which shall have been made by the Company to Indemnitee's selection of Independent Counsel and/or for the appointment as Independent Counsel of a Person selected by such court or by such other Person as such court shall designate, and the Person with respect to whom all objections are so resolved or the Person so appointed shall act as Independent Counsel under Section 3(c)(1) hereof. Upon the due commencement of any judicial Proceeding or arbitration pursuant to Section 3(d) of this Agreement, Independent Counsel shall be discharged and relieved of any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing).

(d) <u>Enforcement of Rights</u>. If (i) a determination is made that Indemnitee is not entitled to indemnification under this Agreement, (ii) Expense Advances are not timely made by the Company pursuant to Section 3, (iii) no determination of Indemnitee's entitlement to indemnification is made within thirty (30) calendar days after receipt of the request pursuant to Section 3(c)(1), or (iv) payment of indemnification is not made in full by the Company within ten (10) calendar days after a determination has been made that Indemnitee is entitled to indemnification, Indemnitee may, but need not, at any time thereafter seek an adjudication of its rights to such indemnification or Expense Advances, subject to Section 8 of this Agreement, Indemnitee shall also be entitled to be paid for the Expenses (including attorneys' fees) of bringing such action. It shall be a defense to any such action (other than an action brought to enforce a claim for advancement of Expenses incurred in connection with any Proceeding in advance of its final disposition) that Indemnitee has not met the standards of conduct which make it permissible under applicable law for the Company to indemnify Indemnitee for the amount claimed, but the burden of proving such defense shall be on the Company. Indemnitee shall be entitled to receive interim Expense Advances pursuant to Section 3(a) unless and until such defense may be finally adjudicated by court order or judgment from which no further right of appeal exists. Alternatively, Indemnitee, at Indemnitee's option, may seek an award in arbitration to be conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. Indemnitee shall commence such Proceeding seeking an adjudication or an award in arbitration within 180 days following the date on which Indemnitee first has the right to commence such Proceeding pursuant to this Section 3(d). The Company shall not oppose Indemnitee's right to seek any such adjudication or award in arbitration. In the event that a determination shall have been made pursuant to this Agreement that Indemnitee is not entitled to indemnification, any judicial Proceeding or arbitration commenced pursuant to this Section 3(d) shall be conducted in all respects as a *de novo* trial, or arbitration, on the merits and Indemnitee shall not be prejudiced by reason of that adverse determination. If a determination shall have been made pursuant to this Agreement that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial Proceeding or arbitration commenced pursuant to this Agreement, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law. The Company shall, to the fullest extent not prohibited by law, be precluded from asserting in any judicial Proceeding or arbitration commenced pursuant to this Agreement that the procedures and presumptions of this Agreement are not valid, binding, and enforceable and shall stipulate in any such court or before any such arbitrator that the Company is bound by all the provisions of this Agreement.

(e) Cooperation by Indemnitee. Indemnitee shall reasonably cooperate with the Company with respect to Indemnitee's entitlement to indemnification, including providing to such Person or Persons making the determination of Indemnitee entitlement to Indemnification, upon reasonable advance request, any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination. Any costs or Expenses (including attorneys' fees and disbursements) actually and reasonably incurred by Indemnitee in so cooperating with the Person or Persons making such determination shall be borne by the Company (irrespective of the determination as to Indemnitee's entitlement to indemnification) and the Company hereby indemnifies and agrees to hold Indemnitee harmless therefrom.

(f) Indemnification for Expenses of the Indemnitee in Enforcing its Rights. It is the intent of the Company that, to the fullest extent permitted by applicable law, Indemnitee shall not be required to incur legal fees or other Expenses associated with the interpretation, enforcement, or defense of Indemnitee's rights under this Agreement by litigation or otherwise because the cost and expense thereof would substantially detract from the benefits intended to be extended to Indemnitee hereunder. Accordingly, to the fullest extent permitted by applicable law, the Company shall also indemnify, or cause the indemnification of, the Indemnitee against any and all Expenses and, if requested by the Indemnitee, shall advance such Expenses to the Indemnitee subject to and in accordance with Sections 3(a) which are actually and reasonably incurred by Indemnitee in connection with any Proceeding brought by the Indemnitee for (i) enforcement of its rights to indemnification or an Expense Advance by the Company under any provision of this Agreement, under any other agreement that the Indemnitee is a party to, or under any provision of the Certificate of Incorporation, the Bylaws, the DGCL, or other applicable law now or hereafter in effect, in each case, relating to the Indemnitee's rights to indemnification or Expense Advance, and/or (ii) recovery under any directors' and officers' liability or other insurance policies maintained by the Company, regardless of, in the case of (i) or (ii), whether the Indemnitee ultimately is determined to be entitled to such indemnification, Expense Advance or insurance recovery, as the case may be. Indemnitee shall be required to reimburse the Company in the event that a final judicial determination is made that such action brought by Indemnitee was frivolous or not made in good faith.

(g) Reliance on Reports. Indemnitee shall be deemed to have acted in good faith if Indemnitee's action is based on Indemnitee's good faith reliance on the records and/or books of account of the Company or an affiliate, including financial statements, or on information supplied to Indemnitee by the officers of the Company in the course of their duties, or on the advice of legal counsel for the Company or on information or records given or reports made to the Company by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Company. In addition, the knowledge and/or actions, or failure to act, of any director, officer, agent, or employee of the Company shall not be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement.

(h) Presumption in Favor of Indemnitee; Burden of Proof. In making any determination with respect to entitlement to indemnification hereunder, the Person or Persons or entity making such determination shall presume that Indemnitee is entitled to indemnification under this Agreement and has, at all times, acted in good faith. Any Person seeking to overcome this presumption shall have the burden of proof and the burden of persuasion and indemnification shall be denied only if such Person proves by clear and convincing evidence that Indemnitee is not entitled to indemnification.

(i) Effect of Termination of Proceedings. The termination of any Proceeding or of any claim, issue, or matter therein by judgment, order, settlement, conviction, or upon a plea of *nolo contendere* or its equivalent, shall not, of itself, adversely affect the right of Indemnitee to indemnification or create a presumption that Indemnitee did not act in good faith and in a manner which Indemnitee reasonably believed to be in or not opposed to the best interests of the Company, or, with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that Indemnitee's conduct was unlawful.

(j) Assumption of Defense and Selection of Counsel. In the event the Company shall be obligated under Section 3(a) hereof to make Expense Advances in connection with any Proceeding against Indemnitee, the Company shall be entitled to assume the defense of such Proceeding, with counsel approved by Indemnitee, which approval shall not be unreasonably withheld or delayed, upon the delivery to Indemnitee of written notice of its election so to do. Notwithstanding the foregoing, the Company shall not be permitted to settle any action or claim on behalf of Indemnitee in any manner which would impose any liability or penalty on Indemnitee that is not indemnified hereunder or require any acknowledgment of wrongdoing on the part of Indemnitee without Indemnitee's written consent, which consent shall not be unreasonably withheld or delayed. After delivery of such notice, approval of such counsel by Indemnitee, and the retention of such counsel by the Company, the Company will not be liable to Indemnitee under this Agreement for any fees of counsel subsequently incurred by Indemnitee with respect to the same Proceeding, provided that (i) Indemnitee shall have the right to employ his or her counsel in any such Proceeding at Indemnitee's expense; and (ii) if (A) the employment of separate counsel by Indemnitee has been previously authorized by the Company; (B) Indemnitee shall have reasonably concluded that there may be a conflict of interest between the Company and Indemnitee in the conduct of any such defense; or (C) the Company shall not, in fact, have employed counsel to assume the defense of such Proceeding, then the fees and Expenses of Indemnitee's counsel shall be at the expense of the Company. The Company shall not be entitled, without the consent of Indemnitee, to assume the defense of any claim brought by or in the right of the Company or as to which counsel for Indemnitee shall have reasonably made the conclusion provided for in clause (ii)(B) above. Notwithstanding the foregoing, following a Change in Control, Indemnitee shall have the absolute right to select separate counsel of Indemnitee's sole choosing to represent Indemnitee in any Proceeding. The Company hereby waives any right to object to Indemnitee's selection of counsel, and all fees and Expenses of such counsel shall be deemed *per se* reasonable Expenses for all purposes under this Agreement.

4. Additional Indemnification Rights; Non- Exclusivity; Contribution.

(a) Scope. Notwithstanding any other provision of this Agreement, the Company hereby agrees to indemnify Indemnitee to the fullest extent permitted by law, notwithstanding that such indemnification is not specifically authorized by the other provisions of this Agreement, the Certificate of Incorporation, the Bylaws or statute. In the event of any change, after the date of this Agreement, in any applicable law, statute or rule which expands the right of a Delaware corporation to indemnify a member of its board of directors or an officer, such changes shall be, *ipso facto*, within the purview of Indemnitee's rights and the Company's obligations under this Agreement. In the event of any change in any applicable law, statute or rule which narrows the right of a Delaware corporation to indemnify a member of its board of directors or an officer, such changes, to the extent not otherwise required by such law, statute or rule to be applied to this Agreement shall have no effect on this Agreement or the parties' rights and obligations hereunder.

(b) Non-Exclusivity. The rights to indemnification and to receive Expense Advances provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under the Certificate of Incorporation, the Bylaws, any agreement, any vote of the Company's stockholders or disinterested directors, the DGCL or other applicable law, or otherwise. The indemnification provided under this Agreement shall continue as to Indemnitee for any action taken or not taken while serving in an indemnified capacity even though he or she may have ceased to serve in any such capacity at the time of any covered Proceeding.

(c) Contribution.

(i) Whether or not the indemnification provided in Section 2 hereof is available, in respect of any threatened, pending, or completed Proceeding in which the Company is jointly liable with Indemnitee (or would be if joined in such Proceeding), the Company shall pay, in the first instance, the entire amount of any judgment or settlement of such Proceeding without requiring Indemnitee to contribute to such payment and the Company hereby waives and relinquishes any right of contribution it may have against Indemnitee. The Company shall not enter into any settlement of any Proceeding in which the Company is jointly liable with Indemnitee (or would be if joined in such Proceeding) unless such settlement provides for a full and final release of all claims asserted against Indemnitee;

(ii) Without diminishing or impairing the obligations of the Company set forth in the preceding subparagraph, if, for any reason, Indemnitee shall elect or be required to pay all or any portion of any judgment or settlement in any threatened, pending or completed Proceeding in which the Company is jointly liable with Indemnitee (or would be if joined in such Proceeding), the Company shall contribute to the amount of Expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred and paid or payable by Indemnitee in proportion to the relative benefits received by the Company and all officers, directors or employees of the Company, other than Indemnitee, who are jointly liable with Indemnitee (or would be if joined in such Proceeding), on the one hand, and Indemnitee, on the other hand, from the transaction from which such Proceeding arose; *provided, however,* that the proportion determined on the basis of relative benefit may, to the extent necessary to conform to law, be further adjusted by reference to the relative fault of the Company and all officers, directors or employees of the Company other than Indemnitee who are jointly liable with Indemnitee (or would be if joined in such Proceeding), on the one hand, and Indemnitee, on the other hand, in connection with the events that resulted in such Expenses, judgments, fines or settlement amounts, as well as any other equitable considerations which they may be required to be considered by law. The relative fault of the Company and all officers, directors or employees of the Company, other than Indemnitee, who are jointly liable with Indemnitee (or would be if joined in such Proceeding), on the one hand, and Indemnitee, on the other hand, shall be determined by reference to, among other things, the degree to which their actions were motivated by intent to gain personal profit or advantage, the degree to which their liability is primary or secondary and the degree to which their conduct is active or passive;

(iii) The Company hereby agrees fully to indemnify and hold Indemnitee harmless from any claims of contribution which may be brought by officers, directors, or employees of the Company, other than Indemnitee, who may be jointly liable with Indemnitee; and

(iv) To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever, the Company, in lieu of indemnifying Indemnitee, shall contribute to the Expenses actually and reasonably incurred by or on behalf of Indemnitee in connection with any Proceeding relating to an Indemnifiable Event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (a) the relative benefits received by the Company and Indemnitee as a result of the event(s) and/or transaction(s) giving cause to such Proceeding; and/or (b) the relative fault of the Company (and its directors, officers, employees and agents) and Indemnitee in connection with such event(s) and/or transaction(s).

5. Partial Indemnification. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of the Expenses actually and reasonably incurred by or on behalf of Indemnitee in the investigation, defense, appeal, or settlement of any civil or criminal Proceeding, but not, however, for the total amount thereof, the Company shall nevertheless indemnify Indemnitee for the portion of such Expenses to which Indemnitee is entitled.

6. Primacy of Indemnification. The Company hereby agrees (i) that it is the primary indemnitor of first resort relative to any claim for indemnification or advancement of Expenses arising out of Indemnitee's Official Capacity, and any obligation of any other Person to advance Expenses or to provide indemnification for the same Expenses incurred by Indemnitee are secondary; and (ii) that it shall be required to advance the full amount of Expenses incurred by Indemnitee and shall be liable for the full amount of all Expenses, judgments, penalties, fines and amounts paid in settlement to the extent legally permitted and as required by the terms of this Agreement and the Certificate of Incorporation or Bylaws of the Company (or any other agreement between the Company and Indemnitee), without regard to any rights Indemnitee may have against any other Person.

7. Directors’ and Officers’ Liability Insurance.

(a) The Company shall maintain a policy or policies of insurance with reputable insurance companies providing the officers and directors of the Company with coverage for losses from wrongful acts, or to ensure the Company’s performance of its indemnification obligations under this Agreement. Among other considerations, the Company will weigh the costs of obtaining such insurance coverage against the protection afforded by such coverage. In all policies of director and officer liability insurance, Indemnitee shall be named as an insured in such a manner as to provide Indemnitee the same rights and benefits as are accorded to the most favorably insured of the Company’s directors, if Indemnitee is a director; or of the Company’s officers, if Indemnitee is not a director of the Company but is an officer; or of the Company’s key employees, if Indemnitee is not an officer or director but is a key employee. Notwithstanding the foregoing, subject to any other obligation or agreement to maintain such insurance, the Company shall have no obligation to obtain or maintain such insurance if the Company determines in good faith that such insurance is not reasonably available, if the premium costs for such insurance are disproportionate to the amount of coverage provided, if the coverage provided by such insurance is limited by exclusions so as to provide an insufficient benefit, or if Indemnitee is covered by similar insurance maintained by a subsidiary or parent of the Company.

(b) If, at the time of the receipt of a notice of a Proceeding pursuant to this Agreement, the Company has directors’ and officers’ liability insurance in effect, the Company shall give prompt notice of the commencement of such Proceeding to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of Indemnitee, all Expenses incurred or to be incurred, and liability incurred, by the Indemnitee with respect to such Proceeding, in accordance with the terms of the applicable insurance policies.

8. Exceptions. Notwithstanding anything in this Agreement to the contrary, Indemnitee shall not be entitled to indemnification or Expense Advances pursuant to this Agreement (a) in connection with any Proceeding (or any part of any Proceeding) voluntarily initiated by the Indemnitee (other than any cross-claim, counterclaim or affirmative defense asserted by the Indemnitee in an action brought against Indemnitee), including any Proceeding (or any part of any Proceeding) initiated by the Indemnitee against the Company, any entity that the Company controls, any of the directors, officers, or employees thereof, other indemnitees or any third party, unless (i) the Company has joined in or the Board of Directors of the Company has authorized or consented to the initiation of such Proceeding, (ii) it is a Proceeding brought by Indemnitee under Section 3(d) to adjudicate its rights to indemnification or Expense Advances under this Agreement, (iii) the Company provides the indemnification or Expense Advances, in its sole discretion, pursuant to the powers vested in the Company under applicable law, (iv) otherwise made under Section 145 of the DGCL, or (v) otherwise required by applicable law, (b) if a final adjudication by a court of competent jurisdiction determines that such indemnification is prohibited by applicable law, (c) on account of any Proceeding for an accounting of profits made from the purchase and sale (or sale and purchase) by Indemnitee of securities of the Company within the meaning of Section 16(b) of the Exchange Act or similar provisions of state statutory law or common law, or (d) on account of any Proceeding for any reimbursement of the Company by the Indemnitee of any bonus or other incentive-based or equity-based compensation or of any profits realized by the Indemnitee from the sale of securities of the Company, as required in each case under the Exchange Act (including any such reimbursements that arise from an accounting restatement of the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 (the “***Sarbanes-Oxley Act***”), or the payment to the Company of profits arising from the purchase and sale by the Indemnitee of securities in violation of Section 306 of the Sarbanes-Oxley Act), or (e) as limited by Section 14 of this Agreement.

9. Construction of Certain Phrases. For purposes of this Agreement, references to the "Company" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, employees or agents, so that if Indemnitee is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, Indemnitee shall stand in the same position under the provisions of this Agreement with respect to the resulting or surviving corporation as Indemnitee would have with respect to such constituent corporation if its separate existence had continued.

10. Effectiveness of Agreement. This Agreement shall be effective as of the date set forth on the first page and may apply to acts or omissions of Indemnitee which occurred prior to such date if Indemnitee was serving in an Official Capacity at the Company, or was serving at the request of the Company at an Other Enterprise, at the time such act or omission occurred. The Company's obligations hereunder shall continue as to Indemnitee if he or she ceases to serve in an Official Capacity.

11. Attorneys' Fees. In the event that any Proceeding is instituted by Indemnitee under this Agreement to enforce or interpret any of the terms hereof, Indemnitee shall be entitled to be paid all court costs and Expenses, including reasonable attorneys' fees, incurred by Indemnitee with respect to such Proceeding, unless as a part of such Proceeding, a court of competent jurisdiction in Delaware determines that each of the material assertions made by Indemnitee as a basis for such Proceeding were not made in good faith or were frivolous. In the event of a Proceeding instituted by or in the name of the Company under this Agreement or to enforce or interpret any of the terms of this Agreement, Indemnitee shall be entitled to be paid all court costs and Expenses, including attorneys' fees, incurred by Indemnitee in defense of such Proceeding (including with respect to Indemnitee's counterclaims and crossclaims made in such Proceeding), unless, as a part of such Proceeding, the court determines that each of Indemnitee's material defenses to such Proceeding were made in bad faith or were frivolous.

12. No Rights of Continued Service. This Agreement shall not be deemed to constitute an agreement of employment nor shall it impose any obligation on Indemnitee or the Company to continue Indemnitee's service to the Company beyond any period otherwise required by law or by other agreements or commitments of the parties, if any.

13. More Favorable Indemnification Agreements. In the event the Company or any of its subsidiaries enters into an indemnification agreement with another director, officer, agent, fiduciary, or manager of the Company or any of its subsidiaries containing a term or terms more favorable to Indemnitee than the terms contained herein (as reasonably determined by Indemnitee), Indemnitee shall be afforded the benefit of such more favorable term or terms and such more favorable term or terms shall be deemed incorporated by reference herein as if set forth in full herein.

14. No Duplication of Payments. The Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnified hereunder if and to the extent that Indemnitee has otherwise actually received payment (whether under any statute, insurance policy, any provision of the Bylaws, any provision of the Certificate of Incorporation, any contract, any stockholder vote, or otherwise) of the amounts otherwise indemnifiable hereunder. The Company's obligation of indemnification or Expense Advances hereunder to Indemnitee who is or was serving at the request of the Company at an Other Enterprise shall be reduced by any amount Indemnitee has actually received as indemnification or advancement of Expenses from such Person.

15. Subrogation. In the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of contribution or recovery of Indemnitee against other Persons, and Indemnitee shall execute all documents reasonably required and shall do all acts that may be reasonably necessary to secure such rights and to enable the Company to effectively bring suit to enforce such rights.

16. Irrevocable Vested Contract Rights. The rights conferred upon Indemnitee under this Agreement are irrevocable contract rights that vest fully upon Indemnitee's execution of this Agreement. No amendment, alteration, repeal, or termination of this Agreement, or of any provision of the Certificate of Incorporation or Bylaws of the Company, shall limit or diminish any right of Indemnitee under this Agreement in respect of any action taken or omitted by Indemnitee in Indemnitee's Official Capacity prior to such amendment, alteration, repeal, or termination.

17. Noninterference**.** The Company shall not seek or agree to any order of any court or other governmental authority that would prohibit or otherwise interfere, and shall not take or fail to take any other action if such action or failure would reasonably be expected to have the effect of prohibiting or otherwise interfering, with the performance of the Company's indemnification, advancement of Expenses or other obligations under this Agreement.

18. Access to Information. Indemnitee shall be entitled to access such information in the possession of the Company as may be reasonably necessary to enforce Indemnitee's rights under this Agreement.

19. Miscellaneous.

(a) Governing Law. This Agreement and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed by, and construed, interpreted, and enforced in accordance with, the laws of the State of Delaware, without giving effect to principles of conflict of law of such State or any other jurisdiction.

(b) Exclusive Jurisdiction. The Company and Indemnitee each hereby irrevocably and unconditionally agrees that any Proceeding arising out of or relating to this Agreement shall be brought, heard, and determined exclusively in the Court of Chancery of the State of Delaware (or, solely if the Court of Chancery of the State of Delaware declines to accept jurisdiction over a particular matter, any state court located within the State of Delaware, or the United States District Court for the District of Delaware).

(c) Severability. Nothing in this Agreement is intended to require or shall be construed as requiring the Company to do or fail to do any act in violation of applicable law. The Company's inability, pursuant to court order, to perform its obligations under this Agreement shall not constitute a breach of this Agreement. The provisions of this Agreement shall be severable as provided herein. If any provision or provisions of this Agreement shall be held to be invalid, illegal, or unenforceable for any reason whatsoever by any court of competent jurisdiction (a) the validity, legality, and enforceability of the remaining provisions of this Agreement shall not in any way be affected or impaired thereby; (b) to the fullest extent possible, the provisions of this Agreement shall be construed so as to give effect to the intent manifested by the provision held to be invalid, illegal, or unenforceable, and (c) the Company shall nevertheless indemnify Indemnitee to the fullest extent permitted by any applicable provisions of this Agreement that shall not have been held to be invalid, illegal, or unenforceable.

(d) Specific Performance. The Company and Indemnitee agree that a monetary remedy for breach of this Agreement may be inadequate, impracticable, and difficult to prove, and further agree that such breach may cause Indemnitee irreparable harm. Accordingly, the parties hereto agree that Indemnitee may enforce this Agreement by seeking injunctive relief and/or specific performance hereof, without any necessity of showing actual damage or irreparable harm and that, by seeking injunctive relief and/or specific performance, Indemnitee shall not be precluded from seeking or obtaining any other relief to which Indemnitee may be entitled. The Company and Indemnitee further agree that Indemnitee shall be entitled to such specific performance and injunctive relief, including temporary restraining orders, preliminary injunctions and permanent injunctions, without the necessity of posting bonds or other undertaking in connection therewith. The Company acknowledges that in the absence of a waiver, a bond or undertaking may be required of Indemnitee by the court, and the Company hereby waives any such requirement of a bond or undertaking.

(e) Entire Agreement. This Agreement sets forth the entire agreement and understanding of the parties relating to the subject matter herein and merges all prior discussions between them, and any other prior or contemporaneous oral or written understandings or agreements with respect to the matters covered hereby are expressly superseded by this Agreement, including, but not limited to, any previous forms of directors' and officers' indemnification agreements adopted by the Board and/or entered into by the Company with Indemnitee; *provided, however*, that this Agreement is supplemental to and in furtherance of the rights provided to, or for the benefit of Indemnitee, by the Certificate of Incorporation, the Bylaws, the DGCL, and any other applicable law, and shall not be deemed a substitute therefor, and does not diminish or abrogate any rights of Indemnitee thereunder.

(f) Modification; Waiver. No supplement, modification, or amendment of this Agreement, nor any waiver of any rights under this Agreement, shall be binding and effective unless in writing and signed by both of the parties to this Agreement. The failure by either party to enforce any rights under this Agreement shall not be construed as a waiver of any rights of such party.

(g) Construction. This Agreement is the result of negotiations between, and has been reviewed by, each of the parties hereto and their respective counsel, if any; accordingly, this Agreement shall be deemed to be the product of all of the parties hereto, and no ambiguity shall be construed in favor of or against any one of the parties hereto.

(h) Notices. Unless otherwise provided in this Agreement, any notice, demand or request required or permitted to be given under this Agreement to the Company shall be in writing and shall be deemed sufficient when directed to the Chief Executive Officer or Chief Financial Officer of the Company at the address shown on the signature page of this Agreement (or such other address as the Company shall designate in writing) and when delivered personally or three (3) business days after being postmarked, as certified or registered mail, with postage prepaid, and addressed to the party to be notified at such party's address as set forth below or as subsequently modified by written notice.

(i) Counterparts. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original, but all of which together shall constitute one and the same instrument.

(j) Successors and Assigns; Mandatory Assumption. This Agreement shall be binding upon the Company and its successors and assigns, including any direct or indirect successor by purchase, merger, consolidation, corporate restructuring, or otherwise to all, substantially all or a substantial part of the business or assets of the Company. This Agreement shall inure to the benefit of Indemnitee and Indemnitee's heirs, legal representatives, executives and administrators. The Company shall require and cause any successor (whether direct or indirect, and whether by purchase, merger, consolidation or otherwise) to all, substantially all or a substantial part of the business or assets of the Company, by written agreement in form and substance reasonably satisfactory to Indemnitee, to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

(k) No Third-Party Beneficiaries. No parties other than Indemnitee or the Company (and their successors and assigns as provided above) are entitled to rely upon this Agreement and enforce the Company's or Indemnitee's obligations hereunder.

(l) Conflict With Governing Documents. To the fullest extent permitted by applicable law, in the event of a conflict between the terms of this Agreement and the terms of the Certificate of Incorporation or the Bylaws, the terms of this Agreement shall prevail.

[*Remainder of page intentionally left blank; signature page to follow*]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

MOTORSPORT GAMES INC.	**INDEMNITEE**
By: ______________________	Signature: ______________________
Name:	Print Name:
Title:	Date:
Address:	Address:

Signature Page to Indemnification Agreement

Exhibit 10.8

AMENDED AND RESTATED
MOTORSPORT GAMES INC.
2021 EQUITY INCENTIVE PLAN

RESTRICTED STOCK UNIT AWARD GRANT NOTICE

Motorsport Games Inc., a Delaware corporation (the "Company"), pursuant to its Amended and Restated Motorsport Games Inc. 2021 Equity Incentive Plan, as amended from time to time (the "Plan"), hereby grants to the holder listed below (the "Participant"), an award of restricted stock units ("Restricted Stock Units" or "RSUs"). Each vested Restricted Stock Unit represents the right to receive, in accordance with the Restricted Stock Unit Award Agreement attached hereto as Exhibit A (the "Agreement"), one share of the Company's Class A common stock, par value $0.0001 per share ("Common Stock"). This award of Restricted Stock Units is subject to all of the terms and conditions set forth herein and in the Agreement and the Plan, each of which are incorporated herein by reference. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Restricted Stock Unit Award Grant Notice (the "Grant Notice") and the Agreement.

Participant:	______________________
Grant Date:	______________________
Total Number of RSUs:	______________________
Vesting Commencement Date:	______________________
Vesting Schedule:	______________________

By his or her signature and the Company's signature below, the Participant agrees to be bound by the terms and conditions of the Plan, the Agreement and this Grant Notice. The Participant has reviewed the Agreement, the Plan and this Grant Notice in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice and fully understands all provisions of this Grant Notice, the Agreement and the Plan. The Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions arising under the Plan, this Grant Notice or the Agreement. In addition, by signing below, the Participant also agrees that the Company, in its sole discretion, may satisfy any withholding obligations in accordance with Section 14 of the Plan and Section 2.6(b) of the Agreement by (i) withholding shares of Common Stock otherwise issuable to the Participant upon vesting of the RSUs, (ii) instructing a broker on the Participant's behalf to sell shares of Common Stock otherwise issuable to the Participant upon vesting of the RSUs and submit the proceeds of such sale to the Company, or (iii) using any other method permitted by Section 2.6(b) of the Agreement or the Plan.

MOTORSPORT GAMES INC.:		**PARTICIPANT:**	
By:	______________________	By:	______________________
Name:	______________________	Name:	______________________
Title:	______________________	Address:	______________________

EXHIBIT A
TO RESTRICTED STOCK UNIT AWARD GRANT NOTICE

RESTRICTED STOCK UNIT AWARD AGREEMENT

Pursuant to the Restricted Stock Unit Award Grant Notice (the "Grant Notice") to which this Restricted Stock Unit Award Agreement (this "Agreement") is attached, Motorsport Games Inc., a Delaware corporation (the "Company"), has granted to the Participant the number of restricted stock units ("Restricted Stock Units" or "RSUs") set forth in the Grant Notice under the Company's Amended and Restated Motorsport Games Inc. 2021 Equity Incentive Plan, as amended from time to time (the "Plan"). Each vested Restricted Stock Unit represents the right to receive one share (a "Share") of the Company's Class A common stock, par value $0.0001 per share (the "Common Stock"). Capitalized terms not specifically defined herein shall have the meanings specified in the Plan and Grant Notice.

ARTICLE I.
GENERAL

1.1 Incorporation of Terms of Plan. The RSUs are subject to the terms and conditions of the Plan, which are incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan shall control.

ARTICLE II.
GRANT OF RESTRICTED STOCK UNITS

2.1 Grant of RSUs. Pursuant to the Grant Notice and upon the terms and conditions set forth in the Plan and this Agreement, effective as of the Grant Date set forth in the Grant Notice, the Company hereby grants to the Participant an award of RSUs under the Plan in consideration of the Participant's past and/or continued employment with or service to the Company or any Subsidiaries and for other good and valuable consideration.

2.2 Unsecured Obligation to RSUs. Unless and until the RSUs have vested in the manner set forth in Article 2 hereof, the Participant will have no right to receive any Shares under any such RSUs. Prior to actual payment of any vested RSUs, such RSUs will represent an unsecured obligation of the Company, payable (if at all) only from the general assets of the Company.

2.3 Vesting Schedule. Subject to Section 2.5 hereof, the RSUs shall vest and become nonforfeitable with respect to the applicable portion thereof according to the vesting schedule set forth in the Grant Notice (rounding down to the nearest whole share of Common Stock); *provided*, however, that notwithstanding any provision in the Grant Notice, the Plan or this Agreement to the contrary, in the event of a Change of Control (as defined in the Plan), the RSUs shall be treated in accordance with Section 11 of the Plan.

2.4 Consideration to the Company. In consideration of the grant of the award of RSUs pursuant hereto, the Participant agrees to render faithful and efficient services to the Company or any Subsidiary.

2.5 Forfeiture, Termination and Cancellation upon Termination of Service. Notwithstanding any contrary provision of this Agreement or the Plan, except as otherwise provided in this Agreement, an employment agreement, a change of control agreement, or other written document, upon a termination of employment (or termination of service in the case of a Consultant or Non-Employee Director) for any or no reason, all Restricted Stock Units which have not vested prior to or in connection with such termination (after taking into consideration any accelerated vesting which may occur in connection with such termination (if any), including without limitation in the event of a Change of Control, as set forth in Section 2.3 hereof and Section 11 of the Plan) shall thereupon automatically be forfeited, terminated and cancelled as of the applicable termination date without payment of any consideration by the Company, and the Participant, or the Participant's beneficiary or personal representative, as the case may be, shall have no further rights hereunder. No portion of the RSUs which has not become vested as of the date on which the Participant incurs a termination of employment (or termination of service) shall thereafter become vested.

2.6 Issuance of Shares upon Vesting.

(a) As soon as administratively practicable following the vesting of any Restricted Stock Units pursuant to Section 2.3 hereof, but in no event later than sixty (60) days after such vesting date, the Company shall deliver to the Participant (or any transferee permitted under Section 3.2 hereof) a number of Shares (either by delivering one or more certificates for such shares or by entering such shares in book entry form, as determined by the Company in its sole discretion) equal to the number of RSUs subject to this Agreement that vest on the applicable vesting date, unless such RSUs terminate prior to the given vesting date pursuant to Section 2.5 hereof. The RSUs shall be settled in accordance with Section 8.2(c) of the Plan. Notwithstanding the foregoing, if the Participant is a Specified Employee (as defined in the Plan), any delivery of Shares that constitutes "nonqualified deferred compensation" within the meaning of Section 409A of the Code and that is payable on account of the Participant's Separation from Service shall be delayed until the first business day following the date that is six (6) months after the Participant's Separation from Service (or the date of the Participant's death if earlier than the end of the six (6) month period), as provided in Section 16.11(b) of the Plan. In the event Shares cannot be issued pursuant to the Plan, the Shares shall be issued pursuant to the preceding sentences as soon as administratively practicable after the Committee determines that Shares can again be issued in accordance with such provisions.

(b) Pursuant to Section 14 of the Plan, the Company shall have the power to withhold, or require a Participant to remit to the Company, up to the maximum statutory amount necessary in the applicable jurisdiction, to satisfy federal, state, and local withholding tax requirements on the award of RSUs pursuant hereto. The Committee may permit the Participant to satisfy a tax withholding obligation by (i) directing the Company to withhold Shares to which the Participant is entitled pursuant to this Agreement, (ii) tendering previously-owned shares of Common Stock held by the Participant for six (6) months or longer, (iii) a broker-assisted "cashless" transaction, or (iv) personal check or other cash equivalent acceptable to the Company. The Company shall not be obligated to deliver any certificate representing Shares to the Participant or the Participant's legal representative or enter such Shares in book entry form unless and until the Participant or the Participant's legal representative shall have paid or otherwise satisfied in full the amount of all federal, state and local taxes applicable to the taxable income of the Participant resulting from the grant or vesting of the Restricted Stock Units or the issuance of Shares.

2.7 Conditions to Delivery of Shares. The Shares deliverable hereunder may be either previously authorized but unissued shares, treasury shares or issued shares which have then been reacquired by the Company. Such Shares shall be fully paid and nonassessable. The Company shall not be required to issue or deliver any certificates or make any book entries evidencing Shares deliverable hereunder prior to fulfillment of the conditions set forth in the Plan.

2.8 Rights as Stockholder. The holder of the RSUs shall not be, nor have any of the rights or privileges of, a stockholder of the Company, including, without limitation, voting rights and rights to dividends, in respect of the RSUs and any Shares underlying the RSUs and deliverable hereunder unless and until such Shares shall have been issued by the Company and held of record by such holder (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company). No adjustment shall be made for a dividend or other right for which the record date is prior to the date the Shares are issued, except as provided in the Plan.

ARTICLE III.
OTHER PROVISIONS

3.1 Administration. The Committee shall have the power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret, amend or revoke any such rules. All actions taken and all interpretations and determinations made by the Committee in good faith shall be final and binding upon the Participant, the Company and all other interested persons. No member of the Committee or the Board shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan, this Agreement or the RSUs.

3.2 RSUs Not Transferable. The RSUs shall be subject to the restrictions on transferability set forth in Section 12.3 of the Plan; *provided, however*, that this Section 3.2 notwithstanding, with the consent of the Committee, the RSUs may be transferred to one or more Family Members (as defined in the Plan), subject to and in accordance with Section 12.3(b) of the Plan.

3.3 Tax Consultation. The Participant understands that the Participant may suffer adverse tax consequences in connection with the RSUs granted pursuant to this Agreement (and the Shares issuable with respect thereto). The Participant represents that the Participant has consulted with any tax consultants the Participant deems advisable in connection with the RSUs and the issuance of Shares with respect thereto and that the Participant is not relying on the Company for any tax advice.

3.4 Binding Agreement. Subject to the limitation on the transferability of the RSUs contained herein, this Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

3.5 Adjustments Upon Specified Events. The Committee may accelerate the vesting of the RSUs in such circumstances as it, in its sole discretion, may determine. The Participant acknowledges that the RSUs are subject to adjustment, modification and termination in certain events as provided in this Agreement and Section 10 of the Plan.

3.6 Notices. Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company in care of the Secretary of the Company at the Company's principal office, and any notice to be given to the Participant shall be addressed to the Participant at the Participant's last address reflected on the Company's records. By a notice given pursuant to this Section 3.6, either party may hereafter designate a different address for notices to be given to that party. Any notice shall be deemed duly given when sent via email or when sent by certified mail (return receipt requested) and deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service.

3.7 Participant's Representations. If the Shares issuable hereunder have not been registered under the Securities Act or any applicable state laws on an effective registration statement at the time of such issuance, the Participant shall, if required by the Company, concurrently with such issuance, make such written representations as are deemed necessary or appropriate by the Company and/or its counsel.

3.8 Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

3.9 Governing Law. The laws of the State of Delaware shall govern the interpretation, validity, administration, enforcement and performance of the terms of this Agreement regardless of the law that might be applied under principles of conflicts of laws.

3.10 Conformity to Securities Laws. The Participant acknowledges that the Plan and this Agreement are intended to conform to the extent necessary with all provisions of the Securities Act and the Exchange Act and any other Applicable Law. Notwithstanding anything herein to the contrary, the Plan shall be administered, and the RSUs are granted, only in such a manner as to conform to Applicable Law. To the extent permitted by Applicable Law, the Plan and this Agreement shall be deemed amended to the extent necessary to conform to such Applicable Law.

3.11 Amendment, Suspension and Termination. To the extent permitted by the Plan, this Agreement may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Committee or the Board; *provided, however,* that, except as may otherwise be provided by the Plan, no amendment, modification, suspension or termination of this Agreement shall adversely affect the RSUs in any material way without the prior written consent of the Participant.

3.12 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth in Section 3.2 hereof, this Agreement shall be binding upon the Participant and his or her heirs, executors, administrators, successors and assigns.

3.13 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if the Participant is subject to Section 16 of the Exchange Act, then the Plan, the RSUs and this Agreement shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by Applicable Law, this Agreement shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

3.14 Not a Contract of Service Relationship. Nothing in this Agreement or in the Plan shall confer upon Participant any right to continue to serve as an employee or other service provider of the Company or any of its Subsidiaries or interfere with or restrict in any way with the right of the Company or any of its Subsidiaries, which rights are hereby expressly reserved, to discharge or to terminate for any reason whatsoever, with or without cause, the services of the Participant's at any time.

3.15 Entire Agreement. The Plan, the Grant Notice and this Agreement (including all Exhibits thereto, if any) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and the Participant with respect to the subject matter hereof.

3.16 Section 409A. This Award is not intended to constitute "non-qualified deferred compensation" within the meaning of Section 409A of the Code (together with any Department of Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the date hereof, "Section 409A"). However, notwithstanding any other provision of the Plan, the Grant Notice or this Agreement, if at any time the Committee determines that this Award (or any portion thereof) may be subject to Section 409A, the Committee shall have the right in its sole discretion (without any obligation to do so or to indemnify Participant or any other person for failure to do so) to adopt such amendments to the Plan, the Grant Notice or this Agreement, or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, as the Committee determines are necessary or appropriate for this Award either to be exempt from the application of Section 409A or to comply with the requirements of Section 409A. Notwithstanding the foregoing, if the Participant is a Specified Employee (as defined in the Plan) and any payment hereunder is subject to Section 409A and payable on account of the Participant's Separation from Service, such payment shall be delayed in accordance with Section 16.11(b) of the Plan.

3.17 Limitation on Participant's Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and shall not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. The Participant shall have only the rights of a general unsecured creditor of the Company and its Subsidiaries with respect to amounts credited and benefits payable, if any, with respect to the RSUs, and rights no greater than the right to receive the Shares as a general unsecured creditor with respect to RSUs, as and when payable hereunder.

3.18 Clawback. The RSUs and any Shares delivered in settlement thereof are subject to potential forfeiture or recovery to the fullest extent called for by applicable law, any applicable listing standard, or any current or future clawback policy that may be adopted by the Company from time to time, including without limitation any clawback provisions set forth in Section 12.6 of the Plan. By accepting this Award, the Participant agrees to be bound by, and comply with, the terms of any such forfeiture or clawback provision.

3.19 Dividend Equivalents. In the event that the Company declares and pays any cash dividend on its Common Stock while the RSUs are outstanding and unvested, the Participant shall be entitled to receive dividend equivalents with respect to the unvested RSUs in an amount equal to the per-share dividend paid on the Common Stock, multiplied by the number of unvested RSUs held by the Participant as of the record date for such dividend. Any such dividend equivalents shall be subject to the same vesting conditions and forfeiture provisions as the underlying RSUs to which they relate, shall not vest or be paid prior to the vesting of the corresponding RSUs, and shall be paid to the Participant only upon and at the same time as the settlement of the corresponding vested RSUs, in accordance with Section f12.7 of the Plan. In the event that any RSUs are forfeited, the corresponding accrued dividend equivalents shall also be forfeited.

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO RULE 13a-14(a) OR RULE 15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Stephen Hood, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Motorsport Games Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2026

/s/ Stephen Hood
Stephen Hood
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO RULE 13a-14(a) OR RULE 15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Peter Hansen-Chambers, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Motorsport Games Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2026

/s/ Peter Hansen-Chambers
Peter Hansen-Chambers
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

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

In connection with the Quarterly Report on Form 10-Q of Motorsport Games Inc. (the "Company") for the quarter ended June 30, 2026, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned, Stephen Hood, Chief Executive Officer of the Company, and Peter Hansen-Chambers, Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 14, 2026

/s/ Stephen Hood
Stephen Hood
Chief Executive Officer
(Principal Executive Officer)

Date: August 14, 2026

/s/ Peter Hansen-Chambers
Peter Hansen-Chambers
Chief Financial Officer
(Principal Financial Officer)

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. § 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.