

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

FORM 10-Q

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

For the quarterly period ended March 31, 2025

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: **001-39826**

Banzai International, Inc.

(Exact name of Registrant as specified in its Charter)

Delaware
(State or other jurisdiction of
incorporation or organization)
435 Ericksen Ave, Suite 250
Bainbridge Island, Washington
(Address of principal executive offices)

85-3118980
(I.R.S. Employer
Identification No.)

98110
(Zip Code)

(206) 414-1777

(Registrant's telephone number, including area code)

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, par value \$0.0001 per share Redeemable Warrants, each whole warrant exercisable for one share of Class A common stock at an exercise price of \$11.50 | BNZI BNZIW | The Nasdaq Capital Market 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, 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 | <input type="checkbox"/> | Accelerated filer | <input type="checkbox"/> |
| Non-accelerated filer | <input checked="" type="checkbox"/> | Smaller reporting company | <input checked="" type="checkbox"/> |
| | | Emerging growth company | <input checked="" type="checkbox"/> |

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

The number of shares outstanding of each of the registrant's classes of common stock, \$0.0001 par value per share, as of May 13, 2025:

Class A Common Stock - 16,645,627 shares

Class B Common Stock - 2,311,134 shares

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PART I—FINANCIAL INFORMATION

**BANZAI INTERNATIONAL, INC.
Condensed Consolidated Balance Sheets**

| | March 31, 2025 | December 31, 2024 |
|---|-----------------------|--------------------------|
| | (Unaudited) | |
| ASSETS | | |
| Current assets: | | |
| Cash | \$ 780,764 | \$ 1,087,497 |
| Accounts receivable, net of allowance for credit losses of \$14,503 and \$24,210, respectively | 1,028,379 | 936,321 |
| Prepaid expenses and other current assets | 831,394 | 643,674 |
| Total current assets | 2,640,537 | 2,667,492 |
| Property and equipment, net | 10,889 | 3,539 |
| Intangible assets, net | 8,936,187 | 3,883,853 |
| Goodwill | 21,991,721 | 18,972,475 |
| Operating lease right-of-use assets | 66,896 | 72,565 |
| Bifurcated embedded derivative asset - related party | 20,000 | 63,000 |
| Other assets | 13,984 | 11,154 |
| Total assets | 33,680,214 | 25,674,078 |
| LIABILITIES AND STOCKHOLDERS' DEFICIT | | |
| Current liabilities: | | |
| Accounts payable | 2,830,450 | 7,782,746 |
| Accrued expenses and other current liabilities | 4,030,965 | 3,891,018 |
| Convertible notes (Yorkville) | 1,684,000 | — |
| Convertible notes - related party | 8,104,901 | 8,639,701 |
| Convertible notes | — | 215,057 |
| Notes payable, carried at fair value | 5,949,001 | 3,575,000 |
| Warrant liability | 11,000 | 15,000 |
| Warrant liability - related party | 4,600 | 2,300 |
| Earnout liability | 2,046,370 | 14,850 |
| Due to related party | 167,118 | 167,118 |
| Deferred revenue | 4,419,195 | 3,934,627 |
| Operating lease liabilities, current | 23,485 | 22,731 |
| Total current liabilities | 29,271,085 | 28,260,148 |
| Deferred revenue, non-current | 111,161 | 117,643 |
| Deferred tax liability | 1,309,333 | 10,115 |
| Operating lease liabilities, non-current | 43,765 | 49,974 |
| Total liabilities | 30,735,344 | 28,437,880 |
| Commitments and contingencies (Note 15) | | |
| Stockholders' equity (deficit): | | |
| Common stock, \$0.0001 par value, 275,000,000 (250,000,000 Class A and 25,000,000 Class B) shares authorized and 14,686,775 (12,375,641 Class A and 2,311,134 Class B) and 8,195,163 (5,884,029 Class A and 2,311,134 Class B) issued and outstanding at March 31, 2025 and December 31, 2024, respectively | 1,450 | 800 |
| Preferred stock, \$0.0001 par value, 75,000,000 shares authorized, 1 and 1 shares issued and outstanding at March 31, 2025 and December 31, 2024 | — | — |
| Additional paid-in capital | 84,866,612 | 75,515,111 |
| Accumulated deficit | (81,923,192) | (78,279,713) |
| Stockholders' equity (deficit) | 2,944,870 | (2,763,802) |
| Total liabilities and stockholders' equity (deficit) | \$ 33,680,214 | \$ 25,674,078 |

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

BANZAI INTERNATIONAL, INC.
Unaudited Condensed Consolidated Statements of Operations

| | For the Three Months Ended March 31, | |
|---|--------------------------------------|----------------|
| | 2025 | 2024 |
| Revenue | \$ 3,379,083 | \$ 1,079,472 |
| Cost of revenue | 605,999 | 381,380 |
| Gross profit | 2,773,084 | 698,092 |
| Operating expenses: | | |
| General and administrative expenses | 7,433,088 | 4,098,789 |
| Depreciation and amortization expense | 246,691 | 1,564 |
| Total operating expenses | 7,679,779 | 4,100,353 |
| Operating loss | (4,906,695) | (3,402,261) |
| Other expenses (income): | | |
| GEM settlement fee expense | — | 200,000 |
| Interest income | (2) | (10) |
| Interest expense | — | 451,399 |
| Interest expense - related party | 358,381 | 577,513 |
| Gain on extinguishment of liabilities | (4,343,406) | (527,980) |
| Loss on debt issuance | 273,800 | 171,000 |
| Loss on extinguishment of term notes | 1,769,895 | — |
| Change in fair value of warrant liability | (4,000) | (408,000) |
| Change in fair value of warrant liability - related party | 2,300 | (115,000) |
| Change in fair value of bifurcated embedded derivative assets - related party | 43,000 | — |
| Change in fair value of convertible notes | 159,100 | 544,000 |
| Change in fair value of term notes | 165,906 | — |
| Change in fair value of convertible bridge notes | (21,714) | — |
| Loss on Yorkville SEPA advances | 384,524 | — |
| Other income, net | (124,531) | (4,118) |
| Total other (income) expenses, net | (1,336,747) | 888,804 |
| Loss before income taxes | (3,569,948) | (4,291,065) |
| Income tax expense (benefit) | 73,531 | (933) |
| Net loss | (3,643,479) | (4,290,132) |
| Net loss attributable to common shareholders | \$ (3,643,479) | \$ (4,290,132) |
| Net loss per share attributable to common shareholders | | |
| Basic and diluted | \$ (0.15) | \$ (1.64) |
| Weighted average common shares outstanding | | |
| Basic and diluted | 23,963,166 | 2,612,025 |

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

BANZAI INTERNATIONAL, INC.
Unaudited Condensed Consolidated Statements of Stockholders' Equity (Deficit)
for the Three Months Ended March 31, 2025 and 2024

| | Series A Preferred Stock | | Series FE Preferred Stock | | Common Stock | | Additional Paid-in-Capital | Accumulated Deficit | Total Stockholders' Equity |
|--|--------------------------|-------------|---------------------------|-------------|-------------------|-----------------|----------------------------|------------------------|----------------------------|
| | Shares | Amount | Share | Amount | Shares | Amount | | | |
| Balance December 31, 2024 | — | \$ — | 1 | \$ — | 8,195,163 | \$ 800 | \$ 75,515,111 | \$ (78,279,713) | \$ (2,763,802) |
| Issuance of shares to Yorkville under the SEPA agreement | — | — | — | — | 5,075,635 | 508 | 7,071,098 | — | 7,071,606 |
| Shares issued to Hudson for consulting fee | — | — | — | — | 150,000 | 15 | 232,485 | — | 232,500 |
| Shares issued for payment to Verista | — | — | — | — | 30,000 | 3 | 49,797 | — | 49,800 |
| Exercise of RSU's | — | — | — | — | 337,773 | 34 | (34) | — | — |
| Shares issued for Vidello acquisition | — | — | — | — | 898,204 | 90 | 1,661,587 | — | 1,661,677 |
| Stock-based compensation | — | — | — | — | — | — | 336,568 | — | 336,568 |
| Net loss | — | — | — | — | — | — | — | (3,643,479) | (3,643,479) |
| Balance March 31, 2025 | — | \$ — | 1 | \$ — | 14,686,775 | \$ 1,450 | \$ 84,866,612 | \$ (81,923,192) | \$ 2,944,870 |

| | Series A Preferred Stock | | Common Stock | | Additional Paid-in-Capital | Accumulated Deficit | Total Stockholders' Deficit |
|--|--------------------------|-------------|------------------|---------------|----------------------------|------------------------|-----------------------------|
| | Shares | Amount | Shares | Amount | | | |
| Balance December 31, 2023 | — | \$ — | 2,585,297 | \$ 259 | \$ 14,889,936 | \$ (46,766,324) | \$ (31,876,129) |
| Conversion of convertible notes - related party | — | — | 17,813 | 2 | 2,540,089 | — | 2,540,091 |
| Shares issued to Yorkville for convertible notes | — | — | 44,675 | 4 | 1,666,996 | — | 1,667,000 |
| Shares issued to Yorkville for commitment fee | — | — | 14,201 | 1 | 499,999 | — | 500,000 |
| Shares issued to Roth for advisory fee | — | — | 3,500 | — | 278,833 | — | 278,833 |
| Shares issued to GEM | — | — | 2,790 | — | 100,000 | — | 100,000 |
| Shares issued for marketing expense | — | — | 3,070 | — | 194,935 | — | 194,935 |
| Forfeiture of sponsor shares | — | — | (2,000) | — | — | — | — |
| Stock-based compensation | — | — | — | — | 42,827 | — | 42,827 |
| Net loss | — | — | — | — | — | (4,290,132) | (4,290,132) |
| Balance March 31, 2024 | — | \$ — | 2,669,346 | \$ 266 | \$ 20,213,615 | \$ (51,056,456) | \$ (30,842,575) |

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

BANZAI INTERNATIONAL, INC.
Unaudited Condensed Consolidated Statements of Cash Flows

| | For the Three Months Ended March 31, | |
|--|--------------------------------------|----------------|
| | 2025 | 2024 |
| Cash flows from operating activities: | | |
| Net loss | \$ (3,643,479) | \$ (4,290,132) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Depreciation and amortization expense | 246,691 | 1,564 |
| Provision for credit losses on accounts receivable | (9,707) | (2,191) |
| Non-cash share issuance for marketing expenses | — | 48,734 |
| Non-cash shares issued for consulting expenses | 232,500 | — |
| Non-cash settlement of GEM commitment fee | — | 200,000 |
| Discount at issuance on notes carried at fair value | 16,200 | — |
| Non-cash interest expense | — | 374,944 |
| Non-cash interest expense - related party | 336,275 | 87,758 |
| Amortization of debt discount and issuance costs | (885) | 30,027 |
| Amortization of debt discount and issuance costs - related party | — | 489,755 |
| Amortization of operating lease right-of-use assets | 5,669 | 43,705 |
| Stock based compensation expense | 336,568 | 42,827 |
| Gain on extinguishment of liability | (4,343,406) | (527,980) |
| Loss on debt issuance | 273,800 | 171,000 |
| Loss on extinguishment of term notes | 1,769,895 | — |
| Loss on SEPA issuance | 384,524 | — |
| Change in fair value of warrant liability | (4,000) | (408,000) |
| Change in fair value of warrant liability - related party | 2,300 | (115,000) |
| Change in fair value of bifurcated embedded derivative liabilities - related party | 43,000 | — |
| Change in fair value of convertible promissory notes | 159,100 | 544,000 |
| Change in fair value of term notes | 165,906 | — |
| Change in fair value of convertible bridge notes | (21,714) | — |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (82,351) | 72,570 |
| Prepaid expenses and other current assets | (187,720) | (186,558) |
| Other assets | (2,830) | — |
| Accounts payable | (609,595) | 1,897,046 |
| Deferred revenue | 36,602 | 31,210 |
| Accrued expenses | (212,557) | (524,713) |
| Operating lease liabilities | (5,455) | (75,078) |
| Earnout liability | 170,481 | (22,274) |
| Deferred revenue - long-term | (6,482) | — |
| Deferred tax liability | (25,032) | — |
| Net cash used in operating activities | (4,975,702) | (2,116,786) |
| Cash flows from investing activities: | | |
| Cash paid in acquisition of Vidello, net of cash acquired | (2,677,480) | — |
| Net cash used in investing activities | (2,677,480) | — |
| Cash flows from financing activities: | | |
| Payment of GEM commitment fee promissory note | (215,057) | (1,200,000) |
| Repayment of convertible notes (Yorkville) | (1,877,100) | — |
| Proceeds from term notes, net of issuance costs | 4,000,000 | — |
| Repayment of term notes | (3,686,086) | — |
| Partial repayment of convertible notes - related party | (870,190) | — |
| Proceeds from issuance of convertible notes, net of issuance costs | 3,258,000 | 2,250,000 |
| Proceeds from issuance of shares to Yorkville under the SEPA | 6,687,082 | — |
| Proceeds from shares issued to Verista | 49,800 | — |
| Net cash provided by financing activities | 7,346,449 | 1,050,000 |
| Net decrease in cash | (306,733) | (1,066,786) |
| Cash at beginning of period | 1,087,497 | 2,093,718 |
| Cash at end of period | \$ 780,764 | \$ 1,026,932 |
| Supplemental disclosure of cash flow information: | | |
| Cash paid for interest | — | 44,814 |
| <i>Non-cash investing and financing activities</i> | | |
| Shares issued to Roth for advisory fee | — | 278,833 |
| Shares issued to GEM | — | 100,000 |
| Shares issued for marketing expenses | — | 194,935 |
| Shares issued to Hudson for consulting fee | 232,500 | — |
| Settlement of GEM commitment fee | — | 200,000 |
| Consideration transferred for acquisition of Vidello | 1,661,677 | — |
| Assets acquired in acquisition of Vidello | 8,393,172 | — |
| Liabilities assumed in acquisition of Vidello | 3,986,464 | — |
| Shares issued to Yorkville of aggregate commitment fee | — | 500,000 |
| Conversion of convertible notes - Yorkville | — | 1,667,000 |
| Conversion of convertible notes - related party | — | 2,540,091 |

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

BANZAI INTERNATIONAL, INC.
Unaudited Notes to Condensed Consolidated Financial Statements

1. Organization

The Business

Banzai International, Inc. (the "Company" or "Banzai") was incorporated in Delaware on September 30, 2015. Banzai is a leading enterprise SaaS Video Engagement platform used by marketers to power webinars, trainings, virtual events, and on-demand video content.

Reverse Stock Split

On August 29, 2024, the Company held a special meeting of securityholders (the "Special Meeting"). At the Special Meeting, the Company's securityholders approved the proposal to amend the Second Amended and Restated Certificate of Incorporation to effect a reverse stock split with respect to the Company's issued and outstanding Class A Common Stock, at a ratio of up to 1-for-50, with the final ratio and exact timing to be determined at the discretion of the Board of Directors (the "Reverse Stock Split"). On September 10, 2024, the Board determined to effect a reverse stock split at a ratio of 1-for-50, effective as of September 19, 2024 and filed an amendment with the Secretary of State of the State of Delaware. The Class B Common Stock was not affected by the Reverse Stock Split.

No cash or fractional shares were issued in connection with the Reverse Stock Split, and instead the Company rounded up to the next whole share in lieu of issuing fractional shares that would have been issued in the reverse split. Proportional adjustments were made to the number of shares of Class A Common Stock issuable upon exercise or conversion of the Company's outstanding stock options and warrants, the exercise price or conversion price (as applicable) of the Company's outstanding stock options and warrants, and the number of shares reserved for issuance under the Company's equity incentive plan. All Class A Common Stock share and per share information included in this Quarterly Report on Form 10-Q has been retroactively adjusted to reflect the impact of the Reverse Stock Split.

Emerging Growth Company

Upon closure of the Merger, the Company became an "emerging growth company," as defined in Section 2(a) of the Securities Act of 1933, as amended, (the "Securities Act"), as modified by the Jumpstart our Business Startups Act of 2012, (the "JOBS Act"), and it may take advantage of certain exemptions from various reporting requirements that are applicable to public companies that are not emerging growth companies.

Section 102(b) (1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies are required to comply. Private companies are those companies that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act of 1934, as amended (the "Exchange Act"). The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies. Any such election to opt out is irrevocable. The Company has elected not to opt out of such extended transition period, which means that when a standard is issued or revised, it adopts the new or revised standard at the time private companies adopt the new or revised standard. Therefore, the Company's financial statements may not be comparable to certain public companies.

2. Going Concern

As of March 31, 2025 the Company had cash of approximately \$0.8 million. For the three months ended March 31, 2025, the Company used approximately \$5.0 million in cash for operating activities. The Company has incurred recurring net losses from operations and negative cash flows from operating activities since inception. As of March 31, 2025, the Company had an accumulated deficit of approximately \$81.9 million. These factors raise substantial doubt regarding the Company's ability to continue as a going concern within one year of the date these financial statements were issued.

The continuation of the Company as a going concern is dependent upon the continued financial support from its stockholders and debt holders. Specifically, continuation is contingent on the Company's ability to obtain necessary equity or debt financing to continue operations, and ultimately the Company's ability to generate profit from sales and positive operating cash flows, which is not assured.

The Company's plans include obtaining future debt financings (see *Note 13*) and equity financings associated with the Yorkville SEPA (as defined in *Note 16*). If the Company is unsuccessful in completing these planned transactions, it may be required to reduce its spending rate to align with expected revenue levels and cash reserves, although there can be no guarantee that it will be successful in doing so. Accordingly, the Company may be required to raise additional cash through debt or equity transactions. It may not be able to secure financing in a timely manner or on favorable terms, if at all. As a result, management's plans cannot be considered probable and thus do not alleviate substantial doubt about the Company's ability to continue as a going concern.

These accompanying condensed consolidated financial statements have been prepared assuming that the Company will continue as a going concern and do not include any adjustments that might result from the outcome of this uncertainty.

3. Summary of Significant Accounting Policies

Basis of Presentation

The Company's unaudited condensed consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as determined by the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") and applicable regulations of the Securities and Exchange Commission ("SEC") for interim financial information and with the instructions to Form 10-Q of Regulation S-X. Certain information and note disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been omitted pursuant to such rules and regulations of the SEC relating to interim financial statements. The December 31, 2024 balance sheet information was derived from the audited financial statements as of that date. Except as disclosed herein, there has been no material change in the information disclosed in the notes to the consolidated financial statements for the year ended December 31, 2024 included in the Company's Annual Report on Form 10-K, as filed with the Securities and Exchange Commission on April 15, 2025. The interim unaudited condensed consolidated financial statements should be read in conjunction with those consolidated financial statements included in the Form 10-K. In the opinion of management, all adjustments considered necessary for a fair statement of the financial statements, consisting solely of normal recurring adjustments, have been made. Operating results for the period ended March 31, 2025 are not necessarily indicative of the results that may be expected for the year ending December 31, 2025.

Intangible Assets

Intangible assets are presented at fair value, net of amortization. The fair value is determined based on the appraised value of the asset. Intangible assets are composed of developed technology, trade names and customer lists. Intangible assets subject to amortization consist of the following:

| | Estimated Useful Life (years): | March 31, 2025 |
|--------------------------------|---|-----------------------|
| Customer relationships | 6 - 7 | \$ 1,139,710 |
| Trade name | 10 - 15 | 1,635,600 |
| Technology | 6 - 8 | 6,425,010 |
| | | <u>9,200,320</u> |
| Less: Accumulated amortization | | (264,133) |
| Intangible assets, net | | <u>\$ 8,936,187</u> |

Total amortization expense related to intangible assets was \$244,666 for the three months ended March 31, 2025. Expected amortization expense is as follows:

| | |
|--|---------------------|
| Remainder of Year Ending December 31, 2025 | \$ 914,559 |
| Year Ending December 31, 2026 | 1,214,920 |
| Year Ending December 31, 2027 | 1,214,920 |
| Year Ending December 31, 2028 | 1,214,920 |
| Year Ending December 31, 2029 | 1,214,920 |
| Thereafter | 3,161,948 |
| Total | <u>\$ 8,936,187</u> |

The Company periodically evaluates its long-lived assets for potential impairment in accordance with ASC Topic 360, Property, Plant and Equipment ("ASC 360"). Potential impairment is assessed when there is evidence that events or changes in circumstances indicate that the carrying amount of an asset may not be recovered. The recoverability of these assets is assessed based on undiscounted expected future cash flows from the assets, considering a number of factors, including past operating results, budgets and economic projections, market trends and product development cycles. If impairments are identified, assets are written down to their estimated fair value. The Company has not recognized any impairment charges through March 31, 2025.

Warrant Liabilities

The Company does not use derivative instruments to hedge exposures to cash flow, market, or foreign currency risks. The Company evaluates all of its financial instruments, including issued stock purchase warrants, to determine if such instruments are derivatives or

contain features that qualify as embedded derivatives. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is re-assessed at the end of each reporting period.

Warrant Liability - related party

The warrants originally issued in 7GC's initial public offering (the "Public Warrants") are recognized as derivative liabilities in accordance with ASC 815. Accordingly, the Company recognizes the warrant instruments as liabilities at fair value and adjusts the instruments to fair value at each reporting period. The liabilities are subject to re-measurement at each balance sheet date until exercise or expiration, and any change in fair value is recognized in the Company's consolidated statements of operations.

The Public Warrants were initially measured at fair value using a Monte Carlo simulation model and have subsequently been measured based on the listed market price of such warrants. Warrant liabilities are classified as current liabilities on the Company's consolidated balance sheets.

Warrant Liability

The GEM Warrants were not considered indexed to the issuer's stock pursuant to ASC 815, as the holder's ability to receive in lieu of the Warrant one percent of the total consideration received by the Company's stockholders in connection with a Change of Control, where the surviving corporation is not publicly traded, adjusts the settlement value based on items outside the Company's control in violation of the fixed-for-fixed option pricing model. As such, the Company recorded the Warrants as liabilities initially measured at fair value with subsequent changes in fair value recognized in earnings each reporting period.

The measurement of fair value was determined utilizing a Monte Carlo simulation considering all relevant assumptions current at the date of issuance (i.e., share price, exercise price, term, volatility, risk-free rate, probability of dilutive term of three years, and expected time to conversion).

Loss Per Share

Basic loss per share of common stock is computed by dividing net loss attributable to common stockholders by the weighted average number of shares of common stock outstanding and pre-funded warrants outstanding during the period. Diluted net loss per share excludes, when applicable, the potential impact of stock options and convertible preferred stock because their effect would be anti-dilutive due to the net loss. Since the Company had a net loss in each of the periods presented, basic and diluted net loss per common share are the same.

The calculation of basic and diluted net loss per share attributable to common stock was as follows:

| | For the Three Months Ended March 31, | |
|--|---|----------------|
| | 2025 | 2024 |
| Numerator: | | |
| Net loss attributable to common shareholders—basic and diluted | \$ (3,643,479) | \$ (4,290,132) |
| Denominator: | | |
| Weighted average shares—basic and diluted | 23,963,166 | 2,612,025 |
| Net loss per share attributable to common shareholders—basic and diluted | \$ (0.15) | \$ (1.64) |

The above weighted average share numbers for the three months ended March 31, 2025, include 12,818,425 prefunded warrants which were outstanding throughout the period. No such prefunded warrants were outstanding during the comparative three month period ended March 31, 2024.

Securities that were excluded from loss per share as their effect would be anti-dilutive due to the net loss position that could potentially be dilutive in future periods are as follows:

| | As of March 31, | |
|--------------------------------|------------------------|----------------|
| | 2025 | 2024 |
| Options | 25,661 | 16,027 |
| RSUs | 2,607,763 | — |
| Public warrant shares | 230,000 | 230,000 |
| GEM warrant shares | 16,571 | 16,571 |
| Common warrant shares | 4,527,613 | — |
| Placement agent warrant shares | 104,902 | — |
| Total | 7,512,510 | 262,598 |

Derivative Financial Instruments

The Company evaluates all its financial instruments to determine if such instruments contain features that qualify as embedded derivatives. Embedded derivatives must be separately measured from the host contract if all the requirements for bifurcation are met. The assessment of the conditions surrounding the bifurcation of embedded derivatives depends on the nature of the host contract. Bifurcated embedded derivatives are recognized at fair value, with changes in fair value recognized in the statement of operations each period. Bifurcated embedded derivatives are classified with the related host contract in the Company's balance sheet. Refer to *Note 7 - Fair Value Measurements* and *Note 13 - Debt* for further detail.

Bridge Notes - Fair Value Option Election

The Company determined the Agile Notes and 1800 Diagonal Notes (The "Bridge Notes") (as defined in *Note 13*) were eligible for the fair value option, in accordance with ASC 825-10-50-28, and made such election to account for the Bridge Notes at fair value. The fair value option may be elected on an instrument-by-instrument basis and is irrevocable unless a new election date occurs. Additional term or other notes may be issued in subsequent periods where the Company would be able to make a fair value option election upon issuance provided eligibility criteria are met. The Company records the portion of the Bridge Notes that are issued and outstanding for accounting purposes at fair value with changes in fair value recorded in other income (expense), net in the condensed consolidated statement of operations, except for the portion of the total change in fair value that results from a change in the instrument-specific credit risk of the Bridge Notes, which is recorded in other comprehensive income (loss), if applicable. The fair value option election was made to align the accounting for the Bridge Notes with the Company's financial reporting objectives and reduce operational effort to account for embedded features that otherwise would require bifurcation as a separate unit of account.

Pursuant to the fair value option election, direct and incremental debt issuance costs and consideration paid to the lender related to the Bridge Notes were expensed as incurred and recorded in other income (expense), net in the condensed consolidated statements of operations. Measurement of the change in fair value of the Bridge Notes includes accrued interest, whether paid-in-kind or cash.

Fair Value of Financial Instruments

In accordance with FASB ASC 820 *Fair Value Measurements and Disclosures*, the Company uses a three-level hierarchy for fair value measurements of certain assets and liabilities for financial reporting purposes that distinguishes between market participant assumptions developed from market data obtained from outside sources (observable inputs) and the Company's own assumptions about market participant assumptions developed from the best information available to us in the circumstances (unobservable inputs). The fair value hierarchy is divided into three levels based on the source of inputs as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than Level 1 prices for similar assets or liabilities that are directly or indirectly observable in the marketplace.

Level 3: Unobservable inputs which are supported by little or no market activity and values determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant judgment or estimation.

The fair value measurements discussed herein are based upon certain market assumptions and pertinent information available to management during the three months ended March 31, 2025 and 2024. The carrying amount of cash, accounts receivable, prepaid

expenses and other current assets, accounts payable, accrued expenses, deferred revenue, and other current liabilities approximated their fair values as of March 31, 2025 and December 31, 2024.

Recent Accounting Pronouncements

Recent accounting pronouncements not yet effective

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740), Improvements to income tax disclosures*, which enhances the disclosure requirements for the income tax rate reconciliation, domestic and foreign income taxes paid, requiring disclosure of disaggregated income taxes paid by jurisdiction, unrecognized tax benefits, and modifies other income tax-related disclosures. The amendments are effective for annual periods beginning after December 15, 2024. Early adoption is permitted and should be applied prospectively. The Company is currently evaluating the effect of adopting this guidance on its consolidated financial statements.

In November 2024, the FASB issued ASU No. 2024-03, *Disaggregation of Income Statement Expenses (Subtopic 220-40)*. The ASU requires the disaggregated disclosure of specific expense categories, including purchases of inventory, employee compensation, depreciation, and amortization included in each relevant expense caption presented on the statement of operations. The guidance also requires disclosure of a qualitative description of the amounts remaining in relevant expense captions that are not separately disaggregated quantitatively, as well as the total amount of selling expenses and an entity's definition of selling expenses. This guidance is effective for annual reporting periods beginning after December 15, 2026 and interim reporting periods beginning after December 15, 2027. Early adoption of the amendment is permitted. The Company is currently evaluating the guidance and its impact to its consolidated financial statements and related disclosures.

Recently adopted accounting pronouncements

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*. The amendments improve reportable segment disclosure requirements through enhanced disclosures over significant segment expenses regularly provided to the Chief Operating Decision Maker ("CODM"), extending certain annual disclosures to interim periods, and through permitting more than one measure of segment profit or loss to be reported under certain conditions. The Company adopted this guidance effective December 31, 2024, on a retrospective basis. Refer to *Note 19* for further information.

4. Acquisition of Vidello

On January 31, 2025, the Company closed a previously announced merger with Vidello Limited ("Vidello"), a private limited company registered in England and Wales (the "Vidello Merger"), pursuant to a Merger Agreement (the "Vidello Merger Agreement"), dated December 19, 2024, by and among Vidello, and certain shareholders of Vidello (the "Vidello Shareholders"). At the closing, Vidello Shareholders transferred all the outstanding shares of Vidello to the Company, and Vidello became a direct and wholly owned subsidiary of the Company. At the closing, the Company paid to the Vidello Shareholders, \$2,745,031 in cash (the "Vidello Cash Consideration"), whereby \$2,500,000 are withheld for indemnification expenses and other holdback provisions in accordance with the Vidello Merger Agreement, and issued 898,204 shares of Class A Common Stock (the "Share Consideration", together with the Cash Consideration, the "Vidello Closing Consideration"). The Company's primary reason for acquiring Vidello was to enhance revenue growth and strengthen the Company's competitive market position through cross selling opportunities. Vidello is a video hosting and marketing platform designed to help businesses manage, customize, and optimize their video content.

With respect to the holdback amount, this consists of three distinct components, being (1) the withholding of \$1,000,000 as security for the obligations of Company Shareholders for a period of twelve months (the "Indemnification Holdback Amount"), (2) the withholding of \$500,000 as security for the obligations of Company Shareholders to cooperate with best efforts and in good faith with to complete the transition, integration and related matters of Vidello's business with Banzai, including, but not limited to (a) the transition of data of Vidello managed and/or held by Vidello to Banzai, (b) certain services relating to the continued operations of Vidello, and (c) the training of certain employees of Banzai regarding the operations of Vidello including any proprietary business processes and trade secrets following the Closing, during the six months following the Closing (the "Transition Holdback Period"), and (3) the withholding of \$1,000,000 subject to certain revenue related conditions being met during the 180 day period following the Closing (the "Revenue Holdback Amount" and together with the Indemnification Holdback Amount and the Transition Holdback Amount, the "Holdback Amount").

In connection with and as a condition of closing pursuant to the Vidello Merger Agreement, the Company executed and delivered to each Vidello Shareholder a lock-up agreement (the "Vidello Lock-Up Agreement"), pursuant to which, the shareholders of Class A Common Stock and any other securities convertible or exercisable into the shares of Class A Common Stock beneficially owned by them, during the 180-day period following the closing of the Vidello Merger, cannot complete any Prohibited Transfer (as defined in the Vidello Merger Agreement).

Immediately prior to the closing of the Vidello Merger, the directors, and officers of Vidello tendered their resignation, effective at the closing. Pursuant to the Vidello Merger Agreement, the CEO of the Company shall be the sole member of the board of directors of Vidello effective upon the closing of the Vidello Merger.

The Company incurred transaction costs of approximately \$730,000 which are included in the Company's condensed consolidated statement of operations.

The Vidello Merger was accounted for as a business combination under the acquisition method pursuant to Accounting Standards Codification Topic 805, *Business Combinations* ("ASC 805"), with the Company as the accounting acquirer. Under the acquisition method, the total purchase price of the acquisition is allocated to the net identifiable tangible and intangible assets acquired and liabilities assumed based on the fair values as of the acquisition date. The preliminary fair value of the consideration transferred totaled \$6,267,747 summarized as follows:

| | Amount |
|---|---------------------|
| Cash paid at closing | \$ 2,745,031 |
| Common stock issued to Vidello Stockholders | 1,661,677 |
| Fair value of Holdback Amount | 1,861,039 |
| Total consideration paid | <u>\$ 6,267,747</u> |

The Company made a provisional allocation of the purchase price of the Vidello Merger to the assets acquired and liabilities assumed as of the acquisition date. The following table summarizes the provisional purchase price allocation relating to the Vidello Merger:

Assets acquired:

| | |
|--|---------------------|
| Cash and cash equivalents | \$ 67,551 |
| Property and equipment, net | 9,375 |
| Intangible Assets - Vidello - Customer relationships | 551,000 |
| Intangible Assets - Vidello - Trade name | 736,000 |
| Intangible Assets - Vidello - Developed Technology | 4,010,000 |
| Total assets | <u>\$ 5,373,926</u> |

Liabilities assumed:

| | |
|--|---------------------|
| Accounts payable | 705 |
| Accrued expenses and other current liabilities | 15,377 |
| Unearned revenue, current | 447,966 |
| Deferred tax liability | 1,324,250 |
| Taxes payable | 337,127 |
| Total liabilities | <u>\$ 2,125,425</u> |

| | |
|-------------------------------|------------------|
| Total identifiable net assets | <u>3,248,501</u> |
|-------------------------------|------------------|

Goodwill recorded:

| | |
|---------------------|---------------------|
| Goodwill | 3,019,246 |
| Total consideration | <u>\$ 6,267,747</u> |

Goodwill recognized is not expected to be deductible for tax purposes. We believe that in this acquisition goodwill represents the value of Vidello's existing products, combined with the added business synergies of integrating with the existing Banzai products and customer base.

As of the date these condensed consolidated financial statements were issued, the purchase accounting related to this acquisition was incomplete as certain working capital balances were subject to potential change. The Company has reflected the provisional amounts in these condensed consolidated financial statements. As such, the above balances may be adjusted in a future period, not to exceed one (1) year from the acquisition date pursuant to ASC 805, as the Company finalizes and/or updates for any identified working capital adjustments, which may be material to the consolidated financial statements.

All intangible assets acquired are subject to amortization and their associated estimated acquisition date fair values are as follows:

| Intangible Assets | Estimated Useful Life | Acquisition Date Fair Value |
|----------------------------------|------------------------------|------------------------------------|
| Vidello - Customer Relationships | 6 years | 551,000 |
| Vidello - Trade name | 10 years | 736,000 |
| Vidello - Technology | 7 - 8 years | 4,010,000 |

Net income in the Condensed Consolidated Statement of Operations for the three months ended March 31, 2025 includes net income of Vidello from the date of acquisition to March 31, 2025 of approximately \$320 thousand.

Pro forma disclosure for the Vidello acquisition

The following unaudited pro forma financial information reflects the consolidated results of operations of the Company as if the Merger with Vidello had taken place on January 1, 2024. The pro forma results presented are the result of combining the revenues and earnings of the Company with the revenues and earnings of Vidello. The Company did not have any material, non-recurring pro forma adjustments directly attributable to the business combination included in the reported pro forma revenue.

The pro forma financial information is not necessarily indicative of the results of operations as they would have been had the transactions been effected on the assumed date:

| | For the Three Months Ended March 31, | |
|--|---|----------------|
| | 2025 | 2024 |
| Revenue | \$ 3,609,518 | \$ 3,131,557 |
| Cost of revenue | 796,454 | 642,725 |
| Operating expenses | 7,753,126 | 5,176,097 |
| Total other expenses (income), net | (1,336,747) | 888,804 |
| Loss before income taxes attributable to common stockholders | \$ (3,603,315) | \$ (3,576,069) |

5. Related Party Transactions

Due to Related Party of 7GC

During 2023, the Sponsor paid certain expenses on behalf of 7GC. Upon Closing of the Merger, Banzai assumed the \$67,118 liability. As of March 31, 2025, the entire balance remained outstanding and is included within due to related party under current liabilities on the accompanying condensed consolidated balance sheet.

Legacy Banzai Related Party Transactions

During 2023, Legacy Banzai issued Promissory Notes and Convertible Notes to related parties. See *Note 13 - Debt* for further details related to these transactions and associated balances.

Debt Restructuring Agreement with CPBF

On September 5, 2024, the Company and CP BF agreed to amend the outstanding balance of all debt previously in the form of one term note and two convertible notes into one new consolidated convertible note. The newly issued consolidated convertible note was issued on September 23, 2024. Additionally on September 23, 2024, the Company and CP BF entered into a share purchase agreement where the Company issued equity in the form of common stock, common stock warrants and pre-funded warrants to CP BF for the reduction of \$2 million of debt under the newly issued consolidated convertible note. See *Note 13 - Debt*, for further details related to the transaction and associated balances.

Due to Related Party of Company CEO

On September 12, 2024, the CEO of the Company loaned the Company an advance of \$100,000. The advance is non-interest bearing, and matures one year from issuance. As of March 31, 2025, the entire balance remained outstanding and is included within due to related party under current liabilities on the accompanying condensed consolidated balance sheet.

6. Revenue

Under ASC 606, revenue is recognized throughout the life of the executed agreement. The Company measures revenue based on considerations specified in terms and conditions agreed to by a customer. Furthermore, the Company recognizes revenue when a performance obligation is satisfied by transferring control of the service to the customer, which occurs over time. The Company considers this method a faithful depiction of the transfer of control as services are substantially the same and have the same pattern of transfer over the life of the contract.

The Company's services include providing end-to-end video engagement solutions that provide a fast, intuitive and powerful platform of marketing tools that create more intent-driven videos, webinars, virtual events and other digital and in-person marketing campaigns.

As noted within the SOW's and invoices, agreements range from monthly, to annual, to multi-year and Banzai generally provides for net 30-day payment terms with the payment made directly through check or electronic means.

Banzai's Management believes its exposure to credit risk is sufficiently mitigated by collection through credit card sales or direct payment from established clients.

The Company follows the provisions of ASC 606, under which the Company recognizes revenue when the customer obtains control of promised goods or services, in an amount that reflects the consideration which is expected to be received in exchange for those goods or services. The Company recognizes revenues following the five-step model prescribed under ASC 606: (i) identify contract(s) with a customer; (ii) identify the performance obligation(s) in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligation(s) in the contract; and (v) recognize revenues when (or as) the Company satisfies a performance obligation. The Company only applies the five-step model to contracts when it is probable that the entity will collect the consideration it is entitled to in exchange for the goods or services it transfers to the customer. At contract inception, once the contract is determined to be within the scope of ASC 606, the Company assesses the goods or services promised within each contract and determines those that are performance obligations and assesses whether each promised good or service is distinct. The Company then recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied. Sales, value add, and other taxes collected on behalf of third parties are excluded from revenue.

Nature of Products and Services

The following is a description of the Company's products and services from which the Company generates revenue, as well as the nature, timing of satisfaction of performance obligations, and significant payment terms for each, as applicable:

Demio

The Demio product is a full-stack technology that marketers can leverage live and automated for video marketing content such as webinars and virtual events. Software products are provided to Demio customers for a range of attendees and hosts within a specified time frame at a specified established price. The performance obligations identified include access to the suite and platform, within the parameters established, and within the standards established in the agreement. Contracts include a standalone selling price for the number of webinars and hosts as a performance obligation. There are no financing components and payments are typically net 30 of date or receipt of invoice. It is nearly 100% certain that a significant revenue reversal will not occur. The Company recognizes revenue for its sale of Demio services over time which corresponds with the period of time that access to the service is provided.

Reach

While the Reach product is in the process of being phased out, the Company continues to generate revenues from the product. The Reach product provides a multi-channel targeted audience acquisition (via Reach) to bolster engagement and Return on Investment (ROI). Banzai enables marketing teams to create winning webinars and virtual and in-person events that increase marketing efficiency and drive additional revenue. Software products are provided to Reach customers for a range of simultaneous events and registrations within a specified time frame at a specified established price. The performance obligations identified include access to the suite and platform, within the parameters established, and within the standards established in the agreement. Contracts include a standalone selling price for the number of simultaneous published events as a performance obligation. There are no financing components and payments are typically net 30 of date or receipt of invoice. It is nearly 100% certain that a significant revenue reversal will not occur. The Company recognizes revenue for its sale of Reach services over time which corresponds with the timing the service is rendered.

OpenReel

The OpenReel product offers subscription-based software as a service (SaaS) offerings to enterprise, media, entertainment and agency teams to remotely control, direct, script, film, and collaborate on high definition video projects from a mobile device or webcam. The Company enters into fixed price subscription contracts with customers, which can be monthly, annual, or multi-year agreements which auto-renew without discount for additional periods of the same duration as the initial term, unless either party requests termination in writing at least thirty (30) days prior to the end of the initial service term. The subscription revenues are recognized ratably over the term of the service agreement, which is considered an output method, as the obligation of hosting the SaaS product is fulfilled over the course of the agreement. The Company does not charge for implementation or recognize any revenues upfront due to minimal effort required. There are no financing components and payments are typically net 30 of date of receipt of invoice, or typically net 90 date of receipt of invoice for customers on multi-year subscription agreement contracts. It is nearly 100% certain that a significant revenue reversal will not occur.

Vidello

The Vidello product is a video hosting and marketing platform designed to help businesses manage, customize, and optimize their video

content. Revenue is generated through Vidello providing video hosting and marketing platform subscription software service for a set period of time. Customer contracting is achieved via self service and invoicing is initiated automatically once the customer accepts the terms and conditions on the platform, based on their selection of the desired subscription product. When execution or completion of the contract occurs, the contract is valid and revenue is earned when the service is provided for each period of performance, daily. The amount is paid by the customer based on the contract terms monthly, annually or indefinite with the majority paid via credit card processing.

Service Trade Revenue

The Company has one customer for which the customer is also a vendor. For this one customer, the Company exchanged services for approximately \$208,000 and \$333,000, during the three months ended March 31, 2025 and 2024, respectively.

Disaggregation of Revenue

The following table summarizes revenue by region based on the billing address of customers for the three months ended March 31, 2025 and 2024:

| | Three Months Ended March 31, | | | |
|---------------------------------------|-------------------------------------|------------------------------|---------------------|------------------------------|
| | 2025 | | 2024 | |
| | Amount | Percentage of Revenue | Amount | Percentage of Revenue |
| Americas | \$ 2,612,044 | 77% | \$ 582,827 | 54% |
| Europe, Middle East and Africa (EMEA) | 556,471 | 16% | 386,250 | 36% |
| Asia Pacific | 210,568 | 6% | 110,395 | 10% |
| Total | <u>\$ 3,379,083</u> | <u>99%</u> | <u>\$ 1,079,472</u> | <u>100%</u> |

Contract Balances

Accounts Receivable, Net

A receivable is recorded when an unconditional right to invoice and receive payment exists, such that only the passage of time is required before payment of consideration is due. The Company receives payments from customers based upon agreed-upon contractual terms, typically within 30 days of invoicing the customer. The timing of revenue recognition may differ from the timing of invoicing to customers.

| | Opening Balance 1/1/2025 | Closing Balance 3/31/2025 | Opening Balance 1/1/2024 | Closing Balance 3/31/2024 |
|--------------------------|-------------------------------------|--------------------------------------|-------------------------------------|--------------------------------------|
| Accounts receivable, net | \$ 936,321 | \$ 1,028,379 | \$ 105,049 | \$ 34,670 |

Costs to Obtain a Contract

Sales commissions, the principal costs incurred to obtain a contract, are earned when the contract is executed. Management has capitalized these costs and amortized the commission expense over time in accordance with the related contract's term. For the three months ended March 31, 2025 and 2024, commission expenses were \$91,188 and \$270,335, respectively. Certain commission expenses are not capitalized and are instead directly expensed.

Capitalized commissions at March 31, 2025 and December 31, 2024 were \$38,546 and \$31,504, respectively, and are included within prepaid expenses and other current assets on the condensed consolidated balance sheets.

The following summarizes the costs to obtain a contract activity during the three months ended March 31, 2025 and 2024:

| | | |
|---------------------------------|----|---------------|
| Balance - December 31, 2024 | \$ | 31,504 |
| Commissions Incurred | | 57,237 |
| Deferred Commissions Recognized | | (50,195) |
| Balance - March 31, 2025 | \$ | <u>38,546</u> |
| Balance - December 31, 2023 | \$ | 51,472 |
| Commissions Incurred | | 31,610 |
| Deferred Commissions Recognized | | (44,620) |
| Balance - March 31, 2024 | \$ | <u>38,462</u> |

7. Fair Value Measurements

The fair value measurements discussed herein are based upon certain market assumptions and pertinent information available to management as of and during the periods ended March 31, 2025 and the year ended December 31, 2024. The carrying amount of accounts payable approximated fair value as they are short term in nature.

Fair Value on a Recurring Basis

The Company follows the guidance in ASC 820 *Fair Value Measurements and Disclosures* for its financial assets and liabilities that are re-measured and reported at fair value at each reporting period, and non-financial assets and liabilities that are re-measured and reported at fair value at least annually. The estimated fair value of the Public Warrants liabilities represent Level 1 measurements. The estimated fair value of the convertible notes bifurcated embedded derivative asset, GEM warrant liabilities, Yorkville convertible note, Agile term notes, 1800 Diagonal convertible notes and Goodwill and Definite-lived intangible assets recognized as part of acquisitions, represent Level 3 measurements.

The following table presents information about the Company's financial instruments that are measured at fair value on a recurring basis at March 31, 2025 and December 31, 2024, and indicates the fair value hierarchy of the valuation inputs the Company utilized to determine such fair value:

| Description | Level | March 31, 2025 | December 31, 2024 |
|--|-------|----------------|-------------------|
| Assets: | | | |
| Bifurcated embedded derivative asset - related party | 3 | \$20,000 | \$63,000 |
| Definite-lived intangibles* | 3 | \$3,903,320 | \$3,903,320 |
| Definite-lived intangibles** | 3 | \$8,936,187 | \$3,883,853 |
| Goodwill - Vidello (Note 4)* | 3 | \$3,019,246 | \$— |
| Goodwill** | 3 | \$21,991,721 | \$18,972,475 |
| Liabilities: | | | |
| Warrant liabilities - public | 1 | \$4,600 | \$2,300 |
| GEM warrant liabilities | 3 | \$11,000 | \$15,000 |
| Yorkville convertible note | 3 | \$1,684,000 | \$— |
| Agile term notes | 3 | \$5,538,000 | \$3,143,000 |
| 1800 Diagonal convertible notes | 3 | \$411,000 | \$432,000 |

* Certain assets measured at the acquisition date.

** Measured at period-end.

Warrant Liability - Public Warrants

The Company assumed Public Warrants in the Merger, exercisable into 230,000 shares of Common A Common Stock, which were outstanding as of March 31, 2025 and December 31, 2024. The fair values of the Public Warrants are measured based on the listed market price of such warrants through March 31, 2025. See *Note 14 - Warrant Liabilities* for further details.

As of March 31, 2025, the Company recognized a loss of approximately \$2,300 resulting from changes in the fair value of the derivative warrant liabilities, presented as change in fair value of warrant liabilities - related party in the accompanying condensed consolidated statements of operations.

The following tables set forth a summary of the changes in the fair value of the Public Warrants liability which are Level 1 financial liabilities that are measured at fair value on a recurring basis:

| | Fair Value |
|------------------------------|-------------------|
| Balance at December 31, 2024 | \$ 2,300 |
| Change in fair value | 2,300 |
| Balance at March 31, 2025 | <u>\$ 4,600</u> |

Warrant Liability - GEM Warrants

The measurement of fair value of the GEM Warrants were determined utilizing a Monte Carlo simulation considering all relevant assumptions current at the date of issuance (i.e., share price, exercise price, term, volatility, risk-free rate, probability of dilutive term of three years, and expected time to conversion). Refer to *Note 14 - Warrant Liabilities* for further details.

As of March 31, 2025, the Company recognized a gain of approximately \$4,000, resulting from changes in the fair value of the derivative warrant liabilities, presented as change in fair value of warrant liabilities in the accompanying condensed consolidated statements of operations.

The following tables set forth a summary of the changes in the fair value of the GEM Warrants liability which are Level 3 financial liabilities that are measured at fair value on a recurring basis:

| | Fair Value |
|------------------------------|-------------------|
| Balance at December 31, 2024 | \$ 15,000 |
| Change in fair value | (4,000) |
| Balance at March 31, 2025 | <u>\$ 11,000</u> |

Yorkville Convertible Notes

The measurement of fair value of the Yorkville convertible notes were determined utilizing a Monte Carlo simulation considering all relevant assumptions current at the date of issuance (i.e., share price, term, volatility, risk-free rate, and probability of optional redemption). Refer to *Note 13 - Debt* for further details.

As of March 31, 2025, the Company recognized a loss of approximately \$159,100 resulting from changes in the fair value of the Yorkville convertible notes, presented as change in fair value of convertible promissory notes in the accompanying condensed consolidated statements of operations.

The following tables set forth a summary of the changes in the fair value of the Yorkville convertible notes which is a Level 3 financial liability measured at fair value on a recurring basis:

| | Fair Value |
|--|---------------------|
| Balance at December 31, 2024 | \$ - |
| Issuance of Yorkville convertible note | 3,150,000 |
| Loss on debt issuance | 252,000 |
| Repayment in cash of Yorkville convertible notes | (1,877,100) |
| Change in fair value | 159,100 |
| Balance at March 31, 2025 | <u>\$ 1,684,000</u> |

Bifurcated Embedded Derivative Assets

The fair value of the embedded put options, relating to the Convertible Note to CP BF issued on September 23, 2024, was determined using a Black Scholes option pricing model. Estimating fair values of embedded conversion features requires the development of significant and subjective estimates that may, and are likely to, change over the duration of the instrument with related changes in internal and external market factors. Because the embedded conversion features are initially and subsequently carried at fair values, the Company's consolidated statements of operations will reflect the volatility in these estimate and assumption changes. The bifurcated embedded derivative net asset was \$20,000 as of March 31, 2025. Refer to *Note 13 - Debt* for further details.

The following table sets forth a summary of the changes in the fair value of the bifurcated embedded derivative asset for the three months ended March 31, 2025, relating to the Convertible Note to CP BF issued on September 23, 2024, which are Level 3 financial liabilities that are measured at fair value on a recurring basis:

| | Fair Value | |
|------------------------------|--------------------------|----------|
| | <i>CP BF Convertible</i> | |
| Balance at December 31, 2024 | \$ | 63,000 |
| Change in fair value | | (43,000) |
| Balance at March 31, 2025 | \$ | 20,000 |

Term Notes (Agile)

On July 22, 2024, September 13, 2024, December 12, 2024, and March 31, 2025 the Company entered into term loan promissory note agreements with Agile Lending, LLC, and Agile Capital Funding, LLC, as the collateral agent, as discussed further in *Note 13 - Debt* of the notes to the condensed consolidated financial statements.

Fair value measurements discussed herein are based upon certain market assumptions and pertinent information available to management as of March 31, 2025. The Company classified the Agile Term Notes as a Level 3 fair value measurement and used a discounted cash flow model to calculate the fair values as of March 31, 2025 and December 31, 2024, respectively. Key inputs for the valuation are summarized below. The discounted cash flow model uses inputs such as the contractual term of the note and a market participant interest rate.

The range of key inputs at issuance of the Agile term notes and for the period ended March 31, 2025 and December 31, 2024, were as follows:

| Key Inputs | December 2024 Agile Note | | March 2025 Agile Note |
|--------------------------|---------------------------------|--------------------------|------------------------------|
| | March 31, 2025 | December 31, 2024 | March 31, 2025 |
| Contractual term (years) | 0.31 | 0.56 | 0.62 |
| Interest rate | 13.02% | 10.13% | 13.12% |

Refer to *Note 13 - Debt*, for a summary of the changes in the fair value of the Agile term notes which are Level 3 financial liabilities measured at fair value on a recurring basis.

Convertible Notes (1800 Diagonal)

On August 16, 2024, September 24, 2024, December 10, 2024, and February 7, 2025 the Company entered into convertible promissory notes with 1800 Diagonal Lending, LLC, as discussed further in *Note 13 - Debt* of the notes to the condensed consolidated financial statements.

Fair value measurements discussed herein are based upon certain market assumptions and pertinent information available to management as of March 31, 2025. The Company classified these notes as Level 3 financial liabilities and used the Black-Scholes option pricing model to calculate the fair values as of February 7, 2025, March 31, 2025 and December 10, 2024. Key inputs for the simulation are summarized below. The Black-Scholes simulation uses inputs such as the stock price, volatility, the contractual term of the note, risk free interest rates and dividend yields.

The range of key inputs for the Black-Scholes simulations at issuance of the 1800 Diagonal convertible notes and for the period ended March 31, 2025 and December 31, 2024, were as follows:

| Key Inputs | August 1800 Diagonal Note | | September 1800 Diagonal Note | | December 1800 Diagonal Note | | February 1800 Diagonal Note | |
|---------------------------|----------------------------------|--------------------------|-------------------------------------|--------------------------|------------------------------------|--------------------------|------------------------------------|-------------------------|
| | March 31, 2025 | December 31, 2024 | March 31, 2025 | December 31, 2024 | March 31, 2025 | December 31, 2024 | March 31, 2025 | February 7, 2025 |
| Stock price | \$ 1.12 | \$ 1.53 | \$ 1.12 | \$ 1.53 | \$ 1.12 | \$ 1.53 | \$ 1.12 | \$ 1.51 |
| Contractual term (years) | 0.21 | 0.46 | 0.34 | 0.59 | 0.55 | 0.80 | 0.72 | 0.86 |
| Risk-free rate | 4.28% | 4.25% | 4.26% | 4.23% | 4.22% | 4.19% | 4.19% | 4.22% |
| Volatility ⁽¹⁾ | 162% | 191% | 184% | 264% | 161% | 232% | 167% | 237% |
| Maturity probability | 80% | 80% | 80% | 80% | 80% | 75% | 75% | 75% |
| Default probability | 20% | 20% | 20% | 20% | 20% | 25% | 25% | 25% |
| Dividend yield | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |

⁽¹⁾ The Company utilized historical equity volatility in measurement of the fair value of the notes.

Refer to *Note 13 - Debt*, for a summary of the changes in the fair value of the 1800 Diagonal convertible notes which are Level 3 financial liabilities measured at fair value on a recurring basis.

Business Combination, including Definite-Lived Intangibles

The significant unobservable inputs used in our level 3 fair value measurement of business combinations, including definite-lived intangibles at the acquisition date (*Note 4 - Acquisition of Vidello*) are as follows:

| Area | Valuation Techniques | Unobservable Input | March 31, 2025 |
|---|-------------------------------------|---|----------------|
| Business Combination (<i>Note 4</i>) | Various * | Growth rate | 2.5% |
| | | Weighted average cost of capital | 26.0% |
| | | Internal rate of return | 26.9% |
| Customer Relationship (<i>Note 4</i>) | Distributor method | Long-term revenue growth rate | 2.5% |
| | | Revenue growth attributable to existing customers | 50.0% |
| | | Existing customer attrition | 20.0% |
| | | Distributor EBITA margin | 7.8% |
| | | Contributory asset charges rate | 0.6% - 1.6% |
| | | Weighted average cost of capital | 26.3% |
| Trade name (<i>Note 4</i>) | Relief-from-royalty method | Long-term revenue growth rate | 2.5% |
| | | Royalty rate | 3.0% |
| | | Contributory asset charges rate | 2.3% |
| | | Weighted average cost of capital | 26.3% |
| Technology (<i>Note 4</i>) | Multi-period excess earnings method | Long-term revenue growth rate | 2.5% |
| | | R&D expense for new developed technology | 4.5% |
| | | Developed technology obsolescence rate | 15.0% |
| | | Contributory asset charges rate | -1.4% - 2.3% |
| | | Weighted average cost of capital | 26.3% |

* Includes all of the valuation techniques for each of the fair valued assets above as of the acquisition date (*Note 4 - Acquisition of Vidello*).

8. Property and Equipment

Property and equipment, net consisted of the following at the dates indicated:

| | March 31, 2025 | December 31, 2024 |
|--------------------------------|----------------|-------------------|
| Computers and equipment | \$ 42,862 | \$ 34,474 |
| Less: accumulated depreciation | (31,973) | (30,935) |
| Property and equipment, net | \$ 10,889 | \$ 3,539 |

Depreciation expense for the three months ended March 31, 2025 and 2024 was \$1,038 and \$1,564 respectively.

9. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consisted of the following at the dates indicated:

| | March 31, 2025 | December 31, 2024 |
|---|-------------------|-------------------|
| Prepaid expenses and other current assets: | | |
| Prepaid insurance costs | \$ 408,585 | \$ 130,345 |
| Service trade | 208,219 | 239,041 |
| Prepaid consulting costs | 76,767 | 76,767 |
| Prepaid software costs | 52,536 | 59,855 |
| Prepaid commissions | 38,546 | 31,504 |
| Prepaid merchant fees | 30,898 | 26,690 |
| Prepaid advertising and marketing costs | — | 29,133 |
| Prepaid data license and subscription costs | — | 3,125 |
| Other current assets | 15,843 | 47,214 |
| Total prepaid expenses and other current assets | <u>\$ 831,394</u> | <u>\$ 643,674</u> |

10. Goodwill

The following is a summary of goodwill by reportable segment as of and for the three months ended March 31, 2025:

| | Banzai | | | |
|--------------------------------|---------------------|---------------------|----------------------|----------------------|
| | Operating Co. | Vidello | OpenReel | Consolidated |
| Goodwill - December 31, 2024 | \$ 2,171,526 | \$ - | \$ 16,800,949 | \$ 18,972,475 |
| Additions to goodwill (Note 4) | - | 3,019,246 | - | 3,019,246 |
| Impairment | - | - | - | - |
| Goodwill - March 31, 2025 | <u>\$ 2,171,526</u> | <u>\$ 3,019,246</u> | <u>\$ 16,800,949</u> | <u>\$ 21,991,721</u> |

We identify our reporting units in accordance with the FASB ASC Subtopic 280 *Segment Reporting*. The carrying value and fair value for intangible assets and goodwill for a reporting unit are calculated based on key assumptions and valuation methodologies. The discounted cash flow methodology is a widely accepted valuation technique utilized by market participants in the transaction evaluation process and has been applied consistently. We also consider our market capitalization, as compared to the aggregate fair values of our reporting units, to assess the reasonableness of our estimates pursuant to the discounted cash flow methodology. Management further supports its conclusions by assessing a combination of an income valuation methodology, comprising a discounted cash flow analysis and market valuation methodologies, comprising the guideline public company and guideline transaction methods. The estimates and assumptions made in assessing the fair value of our reporting units and the valuation of the underlying assets and liabilities are inherently subject to significant uncertainties related to future sales, gross margins, and advertising and marketing expenses, which can be impacted by increases in competition, changing consumer preferences, technology development expenses, technical advances, and inflation. The discount rate assumption may be influenced by such factors as changes in interest rates and rates of inflation, which can have an impact on the determination of fair value. If these assumptions are adversely affected, we may be required to record additional impairment charges in the future.

At March 31, 2025, as the Company has three operating segments which were deemed to be its reporting units, goodwill is allocated to each reporting unit and the carrying value of each reporting unit is determined based on the present value of the reporting unit's specific discounted cash flows for purposes of evaluating goodwill impairment. As of December 31, 2024, the date of the last goodwill impairment analysis, the Banzai Operating Co. reporting unit had a negative carrying value, and no impairment to goodwill was identified as of December 31, 2024. As of December 31, 2024, the OpenReel reporting unit had a carrying value that exceeded the fair value of the reporting unit. As such an impairment to goodwill \$2.7 million was identified as of December 31, 2024.

11. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following at the dates indicated:

| | March 31, 2025 | December 31, 2024 |
|---|-----------------------|--------------------------|
| Accrued expenses and other current liabilities: | | |
| Accrued accounting and professional services costs | \$ 2,337,383 | \$ 2,419,829 |
| Provision for tax payable | 426,925 | - |
| Sales tax payable | 513,531 | 452,508 |
| Accrued legal costs | 154,150 | 315,764 |
| Excise tax payable | 223,717 | 223,717 |
| Accrued payroll and benefit costs | 146,693 | 207,970 |
| Accrued streaming service costs | 56,833 | 51,308 |
| Accrued subscription costs | 50,638 | 46,759 |
| Other current liabilities | 121,095 | 173,163 |
| Total accrued expenses and other current liabilities | \$ 4,030,965 | \$ 3,891,018 |

12. Deferred Revenue

Deferred revenue represents amounts that have been collected in advance of revenue recognition and is recognized as revenue when transfer of control to customers has occurred or services have been provided. The deferred revenue balance does not represent the total contract value of annual or multi-year, non-cancelable revenue agreements. Differences between the revenue recognized per the below schedule, and the revenue recognized per the condensed consolidated statement of operations, reflect amounts not recognized through the deferred revenue process, and which have been determined to be insignificant. For the three months ended March 31, 2025 and the year ended December 31, 2024, the Company recognized \$1,671,897 and \$1,214,096 in revenue that was included in the prior year deferred revenue balance, respectively.

The change in total deferred revenue was as follows for the periods indicated:

| | Three Months Ended March 31, 2025 | Year Ended December 31, 2024 |
|---|--|---|
| Deferred revenue, beginning of period | \$ 3,934,627 | \$ 1,214,096 |
| Billings | 2,721,698 | 4,362,730 |
| Revenue recognized (prior year deferred revenue) | (1,671,897) | (1,214,096) |
| Revenue recognized (current year deferred revenue) | (1,013,199) | (3,091,333) |
| OpenReel deferred revenue - short-term - previously recognized at acquisition | — | 2,663,230 |
| Vidello deferred revenue - short-term | 447,966 | — |
| Deferred revenue - short-term, end of period | 4,419,195 | 3,934,627 |
| OpenReel deferred revenue - long-term | 111,161 | — |
| Deferred revenue - short-term and long-term, end of period | \$ 4,530,356 | \$ 3,934,627 |

13. Debt

Convertible notes

Promissory Note - GEM

On December 14, 2023, the Company and GEM Global Yield LLC SCS and GEM Yield Bahamas Limited (collectively, "GEM") agreed to terminate in its entirety the GEM Agreement, pursuant to which GEM was to purchase from the Company shares of common stock having an aggregate value up to \$100,000,000 and the Company was required to make and execute a warrant ("GEM Warrant"). The Company's obligation to issue the GEM Warrant remained, granting GEM the right to purchase Class A Common Stock in an amount equal to 3% of the total number of equity interests outstanding as of the Closing, calculated on a fully diluted basis, at an exercise price on the terms and conditions set forth therein, in exchange for issuance of a \$2.0 million convertible debenture with a five-year maturity and 0% coupon. Due to the determination of the final terms of the planned \$2.0 million convertible debenture having not been finalized, nor the final agreement related to the convertible debenture having been executed, as of December 31, 2023, the Company recognized, concurrent with the close of the merger, a liability for the GEM commitment fee, along with a corresponding GEM commitment fee expense, in the amount of \$2.0 million.

On February 5, 2024, the Company and GEM entered into a settlement agreement (the “GEM Settlement Agreement”), pursuant to which (a) the Company and GEM agreed to (i) settle the Company’s obligations under and terminate the binding term sheet entered into between Legacy Banzai and GEM, dated December 13, 2023, and (ii) terminate the share repurchase agreement, dated May 27, 2022, by and among the Company and GEM, and (b) the Company (i) agreed to pay GEM \$1.2 million in cash within three business days of the GEM Settlement Agreement and (ii) issued to GEM, on February 5, 2024, an unsecured promissory zero coupon note in the amount of \$1.0 million, payable in monthly installments of \$100,000 beginning on March 1, 2024, with the final payment to be made on December 1, 2024 (the “GEM Promissory Note”). The Company paid GEM the \$1.2 million in cash in February 2024.

The GEM Promissory Note provides that, in the event the Company fails to make a required monthly payment when due, the Company shall issue to GEM a number of shares of Class A Common Stock equal to the monthly payment amount divided by the VWAP of the Class A Common Stock for the trading day immediately preceding the applicable payment due date. In addition, the Company agreed to register on a registration statement 2,000,000 shares of Class A Common Stock that may be issuable under the terms of the GEM Promissory Note. The GEM Promissory Note contains customary events of default. If an event of default occurs, GEM may, at its option, demand from the Company immediate payment of any outstanding balance under the GEM Promissory Note. The GEM Promissory Note is recorded in the line Convertible notes on the Company's condensed consolidated balance sheets.

As of March 31, 2025, the Company has issued an aggregate of 190,001 shares of Class A Common Stock to GEM in lieu of monthly payment obligations and during the three months ending March 31, 2025, the Company paid an aggregate of \$215,057 to satisfy the remaining balance of the GEM Promissory Note.

Convertible Notes (Yorkville)

On December 14, 2023, in connection with and pursuant to the terms of its Standby Equity Purchase Agreement (“SEPA”) with YA II PN, LTD, a Cayman Islands exempt limited partnership managed by Yorkville Advisors Global, LP (“Yorkville”), (refer to *Note 16 - Equity* for further details), Yorkville agreed to advance to the Company, in exchange for convertible promissory notes, an aggregate principal amount of up to \$3,500,000, \$2,000,000 of which was funded at the Closing in exchange for the issuance by the Company of a Convertible Promissory Note (the “December Yorkville Convertible Note”). The Company received net proceeds of \$1,800,000 after a non-cash original issue discount of \$200,000.

On February 5, 2024, the Company and Yorkville entered into a supplemental agreement (the “SEPA Supplemental Agreement”) to increase the amount of convertible promissory notes allowed to be issued under SEPA by \$1,000,000 (the “Additional Pre-Paid Advance Amount”), for an aggregate principal amount of \$4,500,000 to be advanced by Yorkville to the Company in the form of convertible promissory notes. On February 5, 2024 in exchange for a promissory note in the principal amount of \$1,000,000 (the “February Yorkville Promissory Note”), with the same terms as the December Yorkville Convertible Note, the Company received net proceeds of \$900,000 after an original issue discount of \$100,000.

On March 26, 2024, the Company, in exchange for a convertible promissory note with a principal amount of \$1,500,000 (the “March Yorkville Promissory Note” and, together with the December Yorkville Convertible Note and February Yorkville Promissory Note the “Yorkville Promissory Notes”), received net proceeds of \$1,250,000 after an original issue discount of \$250,000 from Yorkville.

On May 3, 2024, the Company and Yorkville entered into a Debt Repayment Agreement (the “Original Debt Repayment Agreement”) with respect to the Yorkville Promissory Notes. Under the Original Debt Repayment Agreement, Yorkville agreed that, upon completion of a Company registered offering and repayment of an aggregate \$2,000,000 outstanding under the Yorkville Promissory Notes (the “Original Repayment Amount”), Yorkville would not deliver to the Company any Investor Notice (as defined in the SEPA) and would not exercise its right to convert the remainder of the amount outstanding under the Promissory Notes for a period commencing on the date of the closing of the offering and ending on the date that is 90 days thereafter. Under the Original Debt Repayment Agreement, the Company and Yorkville also agreed to extend the maturity date of the Promissory Notes to the date that is 120 days after the closing of the offering and to satisfy the \$200,000 payment premium due in connection with an early redemption through the issuance of an Advance Notice (as defined in the SEPA) for shares of the Company’s Class A common stock, par value \$0.0001 per share. The Debt Repayment Agreement was conditioned on the completion of the offering by June 2, 2024.

On May 22, 2024, the Company and Yorkville entered into an Amended and Restated Debt Repayment Agreement (the “Amended Debt Repayment Agreement”) with respect to the Yorkville Promissory Notes, which amends and restates the Original Debt Repayment Agreement. Under the Amended Debt Repayment Agreement, Yorkville has agreed that, upon completion of a registered offering and repayment of an aggregate \$750,000 outstanding under the Yorkville Promissory Notes (the “Amended Repayment Amount”), Yorkville will not deliver to the Company any Investor Notice (as defined in the SEPA) and will not exercise its right to convert the remainder of the amount outstanding under the Promissory Notes for a period commencing on the date of the closing of the offering and ending on the date that is 90 days thereafter (the “Stand-still Period”); provided that the Company will seek any consents necessary to allow Yorkville to issue Investor Notices or exercise its right to convert the remainder of the amount outstanding under the Promissory Notes

after a period of 60 days following the closing of the offering. Under the Amended Debt Repayment Agreement, the Company and Yorkville also agreed to extend the maturity date of the Promissory Notes to the date that is 120 days after the closing of the offering and to satisfy the \$75,000 payment premium due in connection with an early redemption through the issuance of an Advance Notice for shares of Class A Common Stock (the "Q2 Prepayment Premium"). The Amended Debt Repayment Agreement was conditioned on the completion of the offering by May 29, 2024, which condition was satisfied upon the closing of the offering on May 28, 2024 (the "May 2024 Offering").

Pursuant to the terms of the Amended Repayment Agreement, the Company made a cash principal payment of \$750,000 on May 31, 2024 (the "Repayment Date"), and issued an Advance Notice for the purchase of 12,000 shares of Class A Common Stock (the "Premium Advance Shares") (representing the number of shares the Company reasonably believed would be sufficient to result in net proceeds of \$75,000 as of the Repayment Date) (the "Premium Advance"). The total purchase price for the Premium Advance was \$110,040, of which \$75,000 was applied in satisfaction of the Payment Premium, and the remaining \$35,040 was paid by Yorkville to the Company in cash (the "Cash Surplus"). The Premium Advance Shares were recorded at fair value totaling \$115,800 on the Repayment Date, and the excess of fair value over the Cash Surplus was recorded to the consolidated statement of operations in line Yorkville prepayment premium expense.

On September 20, 2024, the Company entered into a Floor Price Reduction Agreement (the "Floor Price Reduction Agreement") with Yorkville. The Company and Yorkville, pursuant to the Floor Price Adjustment Agreement, agreed to amend and restate the prior repayment agreements such that the outstanding principal under the Amended Debt Repayment Agreement was reduced to \$0.7 million, with no remaining interest, the floor price, as described in the Outstanding Promissory Notes, was adjusted to \$2.00, and the maturity date for the Outstanding Promissory Notes is extended by 120 days to January 17, 2025.

The Yorkville Promissory Notes have a maturity date (as modified by the Floor Price Reduction Agreement) of January 17, 2025, and accrue interest at 0% per annum, subject to an increase to 18% per annum upon events of default as defined in the agreement. As of March 31, 2025, no events of default have occurred.

Yorkville has the right to convert any portion of the outstanding principal into shares of Class A common stock at any time subsequent to the Stand-still Period through maturity. The number of shares issuable upon conversion is equal to the amount of principal to be converted (as specified by Yorkville) divided by the Conversion Price (as defined in the Standby Equity Purchase Agreement disclosure in *Note 16*). Yorkville will not have the right to convert any portion of the principal to the extent that after giving effect to such conversion, Yorkville would beneficially own in excess of 9.99% of the total number of shares of Class A common stock outstanding after giving effect to such conversion.

Additionally, the Company, at its option, shall have the right, but not the obligation, to redeem early a portion or all amounts outstanding under the Promissory Notes at a redemption amount equal to the outstanding principal balance being repaid or redeemed, plus a 10% prepayment premium, plus all accrued and unpaid interest; provided that (i) the Company provides Yorkville with no less than ten trading days' prior written notice thereof and (ii) on the date such notice is issued, the VWAP of the Class A common stock is less than the Fixed Price.

Upon the occurrence of certain triggering events, as defined in the Yorkville Promissory Notes agreement (each an "Amortization Event"), the Company may be required to make monthly repayments of amounts outstanding under the Yorkville Promissory Notes, with each monthly repayment to be in an amount equal to the sum of (x) \$1,000,000, plus (y) 10% in respect of such amount, and (z) all outstanding accrued and unpaid interest as of each payment date.

During January 2024, the Company's stock price per share fell below the then in effect Floor Price (as defined in the Standby Equity Purchase Agreement disclosure in *Note 16*) of \$2.00 for five trading days during a period of seven consecutive trading days (an Amortization Event under the terms of the December Yorkville Convertible Note agreement), thus triggering amortization payments under the terms of the December Yorkville Convertible Note. On January 24, 2024, Yorkville agreed to waive the Amortization Event trigger, prior to the date upon which any amortization payment would have been required. As discussed in the definitions below, the Floor Price was reset on February 14, 2024, in conjunction with the effective date of the Company's Registration Statement, at a price of \$0.294 per share of Common Stock, thus curing the Amortization Event condition.

During the year ended December 31, 2024, \$2,000,000 of the full outstanding principal under the December Yorkville Convertible Note, respectively, was converted into 275,383 shares of Class A Common stock of the Company. During the year ended December 31, 2024, the full principal amount of \$1,000,000 under the February Yorkville Promissory Note was converted into 28,910 Class A Common stock of the Company. During the year ended December 31, 2024, the full outstanding principal amount of \$750,000 under the March Yorkville Promissory Note was converted into 149,863, Class A Common stock of the Company.

On January 30, 2025 (the "Issuance Date"), in connection with and pursuant to the terms of the SEPA (refer to *Note 16 – Equity* for further details), Yorkville agreed to advance to the Company \$3,150,000 in cash, in exchange for a Convertible Promissory Note (the

“Yorkville Note”) with a total principal amount of \$3,500,000. The Company received net proceeds of \$3,140,000 after an original issue discount of \$350,000, and \$10,000 debt issuance costs paid to Yorkville.

The Yorkville Note has a maturity date of July 31, 2025, but may be extended at Yorkville's option. Beginning on February 28, 2025 and continuing on March 31, 2025 and April 30, 2025, (each, an “Installment Date”), the Company shall repay a portion of the outstanding balance of this Note in an amount equal to the sum of (i) \$1,500,000 of Principal in respect to the first two Installment Dates, and \$500,000 in respect of the third Installment Date (or the outstanding Principal if less than such amount), plus (ii) a payment premium (in an amount equal to 4% of the Principal amount being paid (the “Payment Premium”), and (iii) accrued and unpaid interest hereunder as of each Installment Date (collectively, the “Installment Amount”). The Company maintains the right to pay each Installment Amount in cash or via an Advance Notice pursuant to the SEPA or any combination thereof. The Note bears an interest rate of 0% for the first 90 days following the Issuance Date, and 6% thereafter (the “Interest Rate”). The Interest Rate shall increase to an annual rate of 18% upon the occurrence of an Event of Default (as defined by the Note). The Note is convertible into shares of the Company’s Class A common stock, par value \$0.0001 per share (the “Class A Common Stock”), at a conversion price of \$2.00 per share (the “Conversion Price”). Yorkville may elect to convert part or all of the outstanding balance of the Note at any time or from time to time after the Issuance Date. The Company may prepay the outstanding amount at any time, in whole or in part, subject to a 4% premium, provided that (i) the Company provides the Investor with at least 10 trading days’ prior written notice (each, a “Redemption Notice”) of its desire to prepay the outstanding amount (an “Optional Redemption”), and (ii) on the date the Redemption Notice is issued, the VWAP (as defined in the note agreement) of the Class A Common Stock is less than the Conversion Price.

The Company determined that the Yorkville Note was eligible for the fair value option election in accordance with ASC 825-10-50-28, and made such election to account for the Yorkville Note at fair value. The Company estimated the fair value of the Yorkville Note at issuance of \$3,402,000 using a Monte Carlo simulation, using the following key inputs: principal on the Yorkville Note of \$3,500,000; remaining term of 0.50 years; the fair value of the Company’s Class A common stock on the valuation date of \$2.24 per share; a market interest rate of 8.7%; a risk-free rate of 4.27%; equity volatility of 224.0%; and the Payment Premium of 4%. Upon issuance, the Company recognized a loss of \$252,000 representing the difference between issuance date fair value and the proceeds received net of the original issue discount of \$3,150,000, which is included in loss on debt issuance on the accompanying condensed consolidated statement of operations.

The Company made principal payments totaling approximately \$1,805,000 during the three months ended March 31, 2025 via Advance Repayments and incurred approximately \$72,000 in Payment Premiums, which were expensed as incurred, in fulfillment of its obligation to repay \$1,500,000 in principal by February 28, 2025. The shortfall in repayment of the additional \$1,500,000 principal due on March 31, 2025 was waived by Yorkville and was not considered an Event of Default; the Company repaid the remaining outstanding principal of approximately \$1,695,000 via Advance Repayments during April and May of 2025.

During the three months ended March 31, 2025, the Company recognized a loss of approximately \$159,000 on the change in fair value of the Yorkville Note. The Company estimated the fair value of the Yorkville Note at March 31, 2025 of \$1,684,000 using a Monte Carlo simulation, using the following key inputs: outstanding principal on the Yorkville Note of approximately \$1,695,000; remaining term of 0.33 years; the fair value of the Company’s Class A common stock on the valuation date of \$1.12 per share; a market interest rate of 11.3%; a risk-free rate of 4.29%; equity volatility of 171.0%; and the Payment Premium of 4%.

During the three months ended March 31, 2024, the Company recorded a loss of \$544,000 related to the change in fair value of the Yorkville Convertible Notes liability. The Company used a Monte Carlo simulation model in order to determine the Yorkville Convertible Note’s fair value at March 31, 2024, with the following inputs: the fair value of the Company's common stock of \$0.61 on March 31, 2024, estimated equity volatility of 106%, the time to maturity of 0.21 years, a discounted market interest rate of 16.5%, a risk free rate of 5.46%, and probability of optional redemption 75.0%.

Convertible notes - related party

Term and Convertible Notes - related party (CP BF)

During 2021, the Company entered into a loan agreement with CP BF Lending, LLC (“CP BF”) comprised of a Term Note and a Convertible Note. The Term Note bears cash interest at a rate of 14% per annum paid monthly and accrued interest payable-in-kind (“PIK”) cumulatively at 1.5% per annum. The outstanding principal balance of the Term Note together with accrued and unpaid interest thereon, unpaid fees and expenses and any other Obligations then due, shall be paid on February 19, 2025 (“Loan Maturity Date”). The Convertible Note accrues PIK interest cumulatively at a rate of 15.5% per annum, and is convertible into Class A Common Stock upon Qualified Financing (as defined in the agreement), upon a Change of Control (as defined in the agreement), upon Prepayment, or at Maturity at a fixed conversion price of \$133.64 per unit. If not sooner converted or prepaid, the Convertible Note principal together with accrued and unpaid interest thereon, unpaid fees and expenses and any other Obligations then due, shall be paid on the Loan Maturity Date.

For all respective periods presented, the Company was not in compliance with the Minimum Gross Profit Margin covenant in section 7.14.1 of the Loan Agreement, the Minimum ARR Growth covenant in section 7.14.2 of the Loan Agreement, and the Fixed Charge Coverage Ratio covenant in section 7.14.3 of the Loan Agreement. As a result of the Company's noncompliance with the financial covenants, the entire principal amount and all unpaid and accrued interest will be classified as current on the Company's consolidated balance sheets.

On October 10, 2022 the Loan Agreement was amended, where CP BF waived payment by the Company of four months of cash interest with respect to the Term Note in replacement for a Convertible Note ("First Amendment Convertible Note") in the principal amount of \$321,345, which is not considered an Additional Loan as defined above. The First Amendment Convertible Note has the same features as the Convertible Note described above.

The effective interest rate for the Term Note was 16% for the three months ended March 31, 2024. For the three months ended March 31, 2024, interest expense on the Term Note totaled \$292,327, comprised of \$266,348 of contractual interest and \$25,979 for the amortization of the discount. The effective interest rate for the CP BF Convertible Note and First Amendment Convertible Note was 16% for the three months ended March 31, 2024. For the three months ended March 31, 2024, interest expense on the Convertible Notes totaled \$116,411, comprised of \$108,596 of contractual interest and \$7,815 for the amortization of the discount.

The Company utilizes a combination of scenario-based methods and Black-Scholes option pricing models to determine the average share count outstanding at conversion and the simulated price per share for the Company as of the valuation date. Key inputs into these models included the timing and probability of the identified scenarios, and for Black-Scholes option pricing models used for notes that included a valuation cap, equity values, risk-free rate and volatility.

Convertible notes - related party (CP BF restructuring)

On September 5, 2024, the Company entered into a side letter to the loan agreement with CP BF whereby the Company agreed to consolidate the Term Note, CP BF Convertible Note and First Amendment Convertible Note (combined the "Old CP BF Notes") into a single convertible note (the "2024 CP BF Convertible Note"). In accordance with ASC 470 Debt, the Company treated the Old CP BF Notes as extinguished and recognized a loss on debt extinguishment of \$6,529,402, determined by the sum of the fair value of the 2024 CP BF Convertible Note, plus the fair value of the additional equity consideration given as part of the side letter and share purchase agreement, as discussed below, in excess of the carrying value of the Old CP BF Notes. After consideration of the below transactions it was determined CP BF is a related party as they own approximately 16% of the outstanding Class A Common Stock.

In conjunction with the side letter, the Company agreed to issue to CP BF, 70,000 shares of the Company's Class A Common Stock. On September 23, 2024 the transaction was finalized and the Company issued the 2024 CP BF Convertible Note with a principal amount of \$10,758,775. The outstanding principal balance of the 2024 CP BF Convertible Note together with accrued interest thereon, unpaid fees and expenses and any other Obligations then due, shall be paid on February 19, 2027 ("2024 Loan Maturity Date"). The 2024 CP BF Convertible Note accrues interest at a rate of 15.5% which interest shall be paid in kind monthly and is convertible at the holder's option at any time on or following the effectiveness of the first resale registration statement covering the applicable conversion shares at a fixed conversion price per share of \$3.89. Upon the occurrence, and during the continuance, of an Event of Default (as defined in the agreement), interest on the 2024 CP BF Convertible Note will bear PIK interest at a per annum rate of 20% ("2024 Default Rate").

The Company may voluntarily prepay the principal of the 2024 CP BF Convertible Note, in accordance with their terms, in whole or in part at any time. On the date of any such prepayment, the Company will owe to Lender: (i) all accrued interest with respect to the principal amount so prepaid through the date the prepayment is made and (ii) the Exit Fee with respect to the principal amount so prepaid, calculated as 1.0% of the outstanding principal balance of the loans, with only the portion of the principal balance so converted counted for purposes of determining the applicable Exit Fee; and provided further, that, in the event of a partial prepayment of the loans, the Exit Fee shall be calculated on the principal amount so repaid and not on the entire outstanding principal balance thereof, and (iii) all other Obligations, if any, that shall have become due and payable hereunder with respect to the principal amount so prepaid. The 2024 CP BF Convertible Note obtain features that relate to the mandatory prepayment, either partially or in whole, upon certain contingent events.

The embedded redemption put feature upon a Prepayment and Default Interest triggering events that are unrelated to the creditworthiness of the Company are not clearly and closely related to the debt host instrument, were separated and bundled together, as a derivative and assigned probabilities of being affected and initially measured at fair value in the amount of \$12,000. Subsequent changes in fair value of the feature will be recognized as a gain or loss in the Consolidated Statement of Operations. The fair value of the bifurcated derivative asset was estimated utilizing the with and without method which uses the probability weighted difference between the scenarios with the derivative and the plain vanilla maturity scenario without a derivative (See *Note 7 - Fair Value Measurements*). As of March 31, 2025, the fair value of the bifurcated derivatives was \$20,000. The Company recorded a loss related to the change in fair value of the bifurcated derivatives of \$43,000 for the three months ended March 31, 2025.

In October 2024, CP BF exercised its optional conversion option in which it received 55,600 Class A Common Stock at the fixed conversion price per share of \$3.89 in satisfaction of \$216,284 of the Company's obligations under the 2024 CP BF Convertible Note.

On September 23, 2024, the Company entered into a Securities Purchase Agreement (the "CP BF SPA"), a Registration Rights Agreement (the "CP BF RRA"), a Lock-Up Agreement (the "CP BF Lock Up") and issued CP BF a Common Stock Purchase Warrant (the "CP BF Warrant") and a Pre-Funded Warrant (the "CP BF Pre-Funded Warrant," together with the CP BF SPA, CP BF RRA, CP BF Lock Up and CP BF Warrant, the "CP BF Transaction Documents"). Pursuant to the CP BF SPA, CP BF agreed to convert \$2,000,000 in debt into 260,849 shares of Class A Common Stock, CP BF Warrants to purchase up to 565,553 shares of Class A Common Stock and CP BF Pre-Funded Warrants to purchase up to 304,704 shares of Class A Common Stock (all such securities and shares collectively referred to as the "CP BF Registrable Securities"). The CP BF Warrant can be exercised at an initial exercise price of \$3.89 per share, subject to adjustment for a term of five years. The CP BF Pre-Funded Warrant will be exercisable at any time after the date of issuance at an exercise price of \$0.0001. Neither warrant may be exercised if the holder, together with its affiliates, would beneficially own more than 19.99% of the number of shares of Common Stock outstanding immediately after giving effect to such exercise. Both warrants may be exercised via cash or cashless exercise. Pursuant to the CP BF RRA, the Company agreed to file a registration statement to register the CP BF Registrable Securities and for the registration statement to become effective on or before December 9, 2024. Under the CP BF Lock-Up, the Company's CEO, Joe Davy, agreed not to sell an aggregate of 2,311,143 shares of Class B Common Stock that he owns until such time as CP BF no longer owns any of the CP BF Registrable Securities.

On September 24, 2024, the Company entered into a securities purchase agreement with an institutional investor for the issuance and sale in a private placement with gross proceeds to the Company of approximately \$4.6 million. One of the contingent redemption features in the 2024 CP BF Convertible Note relates to the Company prepaying, either partially or in whole, the obligations in an aggregate amount upon the sale of the Company's capital stock equal to 20% of the cash proceeds in excess of \$3,000,000. For the three months ended March 31, 2025, the Company paid a total of \$870,190 of which satisfied outstanding principal under the 2024 CP BF Convertible Note.

The effective interest rate for the 2024 CP BF Convertible Note was approximately 15.4% for the three months ended March 31, 2025. For the three months ended March 31, 2025, interest expense on the 2024 CP BF Convertible Note totaled \$335,390 consisting of \$336,275 of contractual interest offset by \$885 of amortization of the debt premium.

The following table presents the 2024 CP BF Convertible Note as of March 31, 2025:

| | | |
|--|----|------------------|
| Face value of the CP BF convertible notes | \$ | 8,758,775 |
| Debt premium, net | | 10,181 |
| Carrying value of the CP BF convertible notes | | 8,768,956 |
| Accrued interest | | 705,734 |
| Prepayments made | | (1,153,505) |
| Conversions | | (216,284) |
| Total CP BF convertible notes and accrued interest | \$ | <u>8,104,901</u> |

The following table presents the 2024 CP BF Convertible Note as of December 31, 2024:

| | | |
|--|----|------------------|
| Face value of the CP BF convertible notes | \$ | 8,758,775 |
| Debt premium, net | | 11,066 |
| Carrying value of the CP BF convertible notes | | 8,769,841 |
| Accrued interest | | 369,459 |
| Prepayments made | | (283,315) |
| Conversions | | (216,284) |
| Total CP BF convertible notes and accrued interest | \$ | <u>8,639,701</u> |

Notes payable, carried at fair value

Term Notes (Agile)

On July 22, 2024, the Company entered into a subordinated business loan and security agreement (the "July Subordinated Business Loan and Security Agreement") with Agile Lending, LLC and Agile Capital Funding, LLC as the collateral agent. On July 22, 2024, the Company issued a subordinated secured promissory note (the "July Agile Note") for an aggregate principal amount of \$787,500 and received \$750,000 of proceeds, net of administrative agent fees \$37,500 to the collateral agent, with a maturity date of February 5, 2025 under the subordinated business loan and security agreement. The loan under the agreement bears interest at a rate of 42% and will be

calculated on a three hundred and sixty (360) day year based on the actual number of days lapsed, and interest shall accrue on the loan commencing on and including the effective date pursuant to the Agreement's weekly repayment and amortization schedule.

On September 13, 2024, the Company entered into a subordinated business loan and security agreement (the "September Subordinated Business Loan and Security Agreement") with Agile Lending, LLC and Agile Capital Funding, LLC as the collateral agent. On September 13, 2024, the Company issued a subordinated secured promissory note (the "September Agile Note") for an aggregate principal amount of \$262,500 and received \$250,000 of proceeds, net of administrative agent fees \$12,500 to the collateral agent, with a maturity date of March 3, 2025 under the September Note. The September Note bears interest at a rate of 48%, and interest will be calculated on a three hundred and sixty (360) day year based on the actual number of days lapsed, and interest shall accrue on the September Note commencing on and including the effective date pursuant to the September Note Agreement's weekly repayment and amortization schedule.

On December 12, 2024, the Company issued a subordinated secured promissory note (the "December Agile Note") for an aggregate principal amount of \$2,400,000 and received \$1,782,438 of proceeds, net of administrative agent fees of \$120,000 paid to the collateral agent, and net of payments to Agile Lending, LLC of \$319,500 and \$178,063 in respect to early prepayment of the remaining outstanding balances of the July Agile Note and September Agile Note, with a maturity date on the December Agile Note of July 10, 2025. The December Agile Note bears interest at a rate of 44%, and interest will be calculated on a three hundred and sixty (360) day year based on the actual number of days lapsed, and interest shall accrue on the December Agile Note commencing on and including the effective date pursuant to the December Agile Note Agreement's weekly repayment and amortization schedule.

Upon the modification on December 12, 2024, the Company evaluated the debt modification guidance, determining that the modification is an extinguishment of the existing July Agile Note and September Agile Note due to the terms of the December Agile Note being substantially different from the terms of the July and September Agile Notes. As a result, the Company recorded a loss on debt extinguishment of \$1,071,563.

On March 31, 2025, the Company issued a subordinated secured promissory note (the "March Agile Note") for an aggregate principal amount of \$4,000,000 and received \$2,044,105 of proceeds, net of administrative agent fees of \$200,000 paid to the collateral agent, and net of payments to Agile Lending, LLC of \$1,755,895 in respect to early prepayment of the remaining outstanding balances of the December Agile Note, with a maturity date on the March Agile Note of November 12, 2025. The March Agile Note bears interest at a rate of 44%, and interest will be calculated on a three hundred and sixty (360) day year based on the actual number of days lapsed, and interest shall accrue on the March Agile Note commencing on and including the effective date pursuant to the March Agile Note Agreement's weekly repayment and amortization schedule.

Upon the modification on March 31, 2025, the Company evaluated the debt modification guidance, determining that the modification is an extinguishment of the existing December Agile Note due to the terms of the March Agile Note being substantially different from the terms of the December Agile Notes. As a result, the Company recorded a loss on debt extinguishment of \$1,769,895.

The July Agile Note, the September Agile Note, the December Agile Note, the March Agile Note are together referred to as the "Agile Notes".

The collateral under the subordinated business loan and security agreements consist of all of the Company's goods, accounts, equipment, inventory, contract rights or rights to payment of money, leases, license agreements, franchise agreements, general intangibles (including intellectual property), commercial tort claims, documents, instruments (including any promissory notes), chattel paper (whether tangible or electronic), cash, deposit accounts and other collateral accounts, all certificates of deposit, fixtures, letters of credit rights, securities, and all other investment property, supporting obligations, and financial assets. Upon any Changes in Business or Management, Ownership (as defined in the agreements) or upon an Event of Default (as defined in the agreements), each of the July Agile Note and or the September Agile Note then-outstanding will become accelerated and the Company shall immediately pay to Agile an amount equal to the sum of (i) all outstanding principal of the term loan plus accrued and unpaid interest thereon accrued through the prepayment date, (ii) a Prepayment Fee (as defined in the agreements), plus (iii) all other obligations that are due and payable, including, without limitation, incremental interest at the Default Rate of 5.0% (as defined in the agreements). Additionally, the Company may voluntarily prepay the July Agile Note and or the September Agile Note, in accordance with their terms, in whole or in part at any time. On the date of such prepayment of any principal amounts, the Company will owe to Agile a Prepayment Fee comprising a make-whole premium payment on account of such principal amount prepaid, which shall be equal to the aggregate and actual amount of interest (at the contract rate of interest) that would be paid through the maturity date of the respective note, as described above.

The Agile Notes include contingent redemption (put) rights which trigger mandatory prepayment and a make-whole premium upon certain events including an event of default, and defaulted contingent interest upon an event of default.

Due to the contingent redemption put feature and default interest embedded feature within the Agile Notes, the Company elected to account for the Agile Notes at fair value at their respective dates of issuance and in subsequent reporting periods, pursuant to ASC 825

Financial Instruments (“ASC 825”). The Company will record changes in the fair value of the notes that relate to changes in credit risk to other comprehensive income. The remaining changes in fair value, including the component related to accrued interest, will be recorded through the other (income) expense section of the Company’s condensed consolidated statements of operations and comprehensive loss statement in a single line item.

Interest expense on the Agile Notes totaled \$450,426 for the three months ending March 31, 2025 and is included in the fair value of the notes.

The following presents the Agile Notes as of March 31, 2025:

| | Fair Value |
|--|---------------------|
| Balance at December 31, 2024 | \$ 3,143,000 |
| Issuance of Agile term notes | \$ 4,000,000 |
| Loss on restructuring | \$ 1,769,895 |
| Repayments in cash | \$ (3,540,800) |
| Change in fair value | \$ 165,905 |
| Balance at March 31, 2025 | <u>\$ 5,538,000</u> |
| Outstanding principal balance as of March 31, 2025 | \$ 4,000,000 |
| Accrued interest as of March 31, 2025 | \$ — |

Convertible Notes (1800 Diagonal)

On August 16, 2024, the Company entered into a securities purchase agreement and promissory note agreement (the "August Securities Purchase Agreement") with 1800 Diagonal Lending LLC (“Lender”). On August 16, 2024 the Company issued a promissory note (the “August 1800 Diagonal Note”) for an aggregate principal amount of \$184,000 and received \$152,000 of proceeds, net of an original issue discount of \$24,000 and issuance costs of \$8,000 for due diligence and legal fees, with a maturity date of June 15, 2025. The August Securities Purchase Agreement stipulates that the Company and Lender may mutually agree to enter into additional tranches of promissory notes over the 12 month period commencing on August 16, 2024, up to an aggregate total of \$750,000. The stated interest rate on the August Note is 12% per annum, and interest shall accrue on the August Note commencing on and including the issuance date pursuant to the August Agreement’s monthly repayment and amortization schedule.

On September 24, 2024, the Company issued a second promissory note (the “September 1800 Diagonal Note”) for an aggregate principal amount of \$124,200 and received \$100,000 of proceeds, net of an original discount of \$16,200 and issuance costs of \$8,000 for due diligence and legal fees, with a maturity date of July 30, 2025. The stated interest rate on the September Note is 12% per annum, and interest shall accrue on the September Note commencing on and including the issuance date pursuant to the September Note Agreement’s repayment and amortization schedule.

On December 10, 2024, the Company issued a third promissory note (the “December 1800 Diagonal Note”) for an aggregate principal amount of \$124,200 and received \$100,000 of proceeds, net of an original discount of \$16,200 and issuance costs of \$8,000 for due diligence and legal fees, with a maturity date of October 15, 2025. The stated interest rate on the December Note is 12% per annum, and interest shall accrue on the December Note commencing on and including the issuance date pursuant to the December Note Agreement’s repayment and amortization schedule.

On February 7, 2025, the Company issued a fourth promissory note (the “February 1800 Diagonal Note”) for an aggregate principal amount of \$124,200 and received \$100,000 of proceeds, net of an original discount of \$16,200 and issuance costs of \$8,000 for due diligence and legal fees, with a maturity date of December 15, 2025. The stated interest rate on the February Note is 12% per annum, and interest shall accrue on the February Note commencing on and including the issuance date pursuant to the February Note Agreement’s repayment and amortization schedule.

The August 1800 Diagonal Note, the September 1800 Diagonal Note, the December 1800 Diagonal Note, and the February 1800 Diagonal Note are together referred to as the “1800 Diagonal Notes”.

Upon an event of default, as defined in the agreements, all or any portion of the 1800 Diagonal Notes that are then-outstanding, may become convertible at the option of the Lender into fully paid and non-assessable shares of the Company’s Common Stock up to 4.99% of the Company’s outstanding shares of Common Stock. The Notes become convertible at the lender’s option upon an event of default, at a conversion price equal to the quotient resulting from dividing the Conversion Amount, measured as the sum of (1) the principal amount of the Note or Notes being converted in such conversion, plus (2) at the lender’s option, accrued and unpaid interest, if any, on such principal amount at the interest rates to the respective note or notes being converted through the conversion date, plus (3) at the lender’s option, the default interest, divided by the “Conversion Price” then in effect on the date specified in the notice of conversion

(the conversion date). The Conversion Price will be measured as seventy-five percent (75%) multiplied by the market price, which means the lowest trading price for the Company's Common Stock during the ten (10) trading day period ending on the latest complete trading day prior to the conversion date.

The 1800 Diagonal Notes include optional conversion rights to the holder upon an event of default, contingent redemption (put) rights which trigger mandatory prepayment upon event of default, and defaulted contingent interest upon an event of default.

Due to these embedded features within the 1800 Diagonal Notes, the Company elected to account for the 1800 Agile Notes at fair value at their respective dates of issuance and in subsequent reporting periods, pursuant to ASC 825 *Financial Instruments* ("ASC 825"). The Company will record changes in the fair value of the notes that relate to changes in credit risk to other comprehensive income. The remaining changes in fair value, including the component related to accrued interest, will be recorded through the other (income) expense section of the Company's condensed consolidated statements of operations and comprehensive loss statement in a single line item.

Interest expense on the 1800 Diagonal Notes totaled approximately \$36,935 for the three months ending March 31, 2025 and is included in the fair value of the notes.

The following table presents the 1800 Diagonal Notes as of March 31, 2025:

| | Fair Value |
|--|-------------------|
| Balance at December 31, 2024 | \$ 432,000 |
| Issuance of 1800 Diagonal convertible notes | 124,200 |
| Loss on debt issuance | 21,800 |
| Repayments in cash | (145,286) |
| Change in fair value | (21,714) |
| Balance at March 31, 2025 | <u>\$ 411,000</u> |
| Outstanding principal balance as of March 31, 2025 | \$ 370,886 |
| Accrued interest as of March 31, 2025 | \$ 36,935 |

14. Warrant Liabilities

Public Warrants

The Company assumed Public Warrants in the Merger, exercisable into 230,000 shares of Common Stock of the Company, and which remained outstanding as of March 31, 2025. The Public Warrants have an exercise price of \$575.00 per share, subject to adjustments, and will expire five years from the Merger Closing Date. The exercise price and number of shares of Class A Common Stock issuable upon exercise of the warrants may be adjusted in certain circumstances including in the event of a share dividend, or recapitalization, reorganization, merger or consolidation.

The Company will not be obligated to deliver any shares of Class A Common Stock pursuant to the exercise of a Public Warrant and will have no obligation to settle such Public Warrant exercise unless a registration statement under the Securities Act with respect to the shares of Class A Common Stock underlying the Public Warrants is then effective and a prospectus relating thereto is current, subject to the Company's satisfying its obligations described below with respect to registration, or a valid exemption from registration is available. No Public Warrant will be exercisable and the Company will not be obligated to issue a share of Class A Common Stock upon exercise of a Public Warrant unless the shares of Class A Common Stock issuable upon such Public Warrant exercise has been registered, qualified, or deemed to be exempt under the securities laws of the state of of the registered holder of the Public Warrants. In the event that the conditions in the two immediately preceding sentences are not satisfied with respect to a Public Warrant, the holder of such Public Warrant will not be entitled to exercise such Public Warrant and such Public Warrant may have no value and expire worthless. In no event will the Company be required to net cash settle any Public Warrant. The Resale Registration statement went effective on February 14, 2024. As the Resale Registration Statement was declared effective within the contractual 60-day term upon closing of the Merger, no "cashless basis" exercises were triggered during the period ended March 31, 2025.

Redemption of Public Warrants When the price per Share of Class A Common Stock Equals or Exceeds \$900.00

Once the Public Warrants become exercisable, the Company may redeem the outstanding Public Warrants:

- in whole and not in part;
- at a price of \$0.50 per Warrant;
- upon a minimum of 30 days' prior written notice of redemption (the "30-day redemption period"); and

- if, and only if, the closing price per share of Class A Common Stock equals or exceeds \$900.00 per share (as adjusted for adjustments to the number of shares issuable upon exercise or the exercise price of a Public Warrant as described under the heading “- Warrants—Public Stockholder Warrants—Anti-dilution Adjustments”) for any 20 trading days within a 30-trading day period ending three trading days before the Company sends the notice of redemption to the warrant holders.

The Company will not redeem the Public Warrants as described above unless a registration statement under the Securities Act covering the issuance of shares of Class A Common Stock issuable upon exercise of the Public Warrants is then effective and a current prospectus relating to those shares of Class A Common Stock is available throughout the 30-day redemption period. If and when the Public Warrants become redeemable by the Company, the Company may not exercise its redemption right if the Company is unable to register or qualify the underlying securities for sale under all applicable state securities laws.

The Company has established the last of the redemption criterion discussed above to prevent a redemption call unless there is at the time of the call a significant premium to the Public Warrant exercise price. If the foregoing conditions are satisfied and the Company issues a notice of redemption of the Public Warrants, each warrant holder will be entitled to exercise his, her or its Public Warrant prior to the scheduled redemption date. However, the price per share of Class A Common Stock may fall below the \$900.00 redemption trigger price (as adjusted for adjustments to the number of shares issuable upon exercise or the exercise price of a Public Warrant as described under the heading “-Warrants—Public Stockholder Warrants—Anti-dilution Adjustments”) as well as the \$575.00 (for whole shares) Public Warrant exercise price after the redemption notice is issued.

No fractional shares of Class A Common Stock will be issued upon exercise. If, upon exercise, a holder would be entitled to receive a fractional interest in a share, the Company will round down to the nearest whole number of the number of shares of Class A Common Stock to be issued to the holder.

GEM Financing Arrangement

In association with the GEM Letter, see *Note 13 - Debt* for further details, at Closing, the GEM Warrant automatically became an obligation of the Company, and on December 15, 2023, the Company issued the GEM Warrant granting GEM the right to purchase 16,571 shares at an exercise price of \$324.50 per share. GEM may exercise the GEM Warrant at any time and from time to time until December 14, 2026. The terms of the GEM Warrant provide that the exercise price of the GEM Warrant, and the number of shares of Class A Common Stock for which the GEM Warrant may be exercised, are subject to adjustment to account for increases or decreases in the number of outstanding shares of New Banzai Common Stock resulting from stock splits, reverse stock splits, consolidations, combinations and reclassifications. Additionally, the GEM Warrant contains weighted average anti-dilution provisions that provide that if the Company issues shares of Common Stock, or securities convertible into or exercisable or exchange for, shares of Common Stock at a price per share that is less than 90% of the exercise price then in effect or without consideration, then the exercise price of the GEM Warrant upon each such issuance will be adjusted to the price equal to 105% of the consideration per share paid for such Common Stock or other securities. In the event of a Change of Control, if the Surviving Corporation does not have registered class of equity securities and common shares listed on a U.S. national securities exchange, then the Holder is entitled to receive one percent of the total consideration received by the Company’s stockholders and the GEM Warrants will expire upon payment. Upon the closing of the OpenReel Merger, the exercise price of the GEM Warrants were adjusted to the price equal to 105% of the consideration per share paid which resulted in a strike price of \$1.83. The effect of the change in strike price feature being triggered resulted in a change of value of approximately \$15,000 which is recorded in the statement of operations line change in fair value of warrant liability.

The Warrants were not considered indexed to the issuer’s stock pursuant to ASC 815, as the holder’s ability to receive in lieu of the Warrant one percent of the total consideration received by the Company’s stockholders in connection with a Change of Control, where the surviving corporation is not publicly traded, adjusts the settlement value based on items outside the Company’s control in violation of the fixed-for-fixed option pricing model. As such, the Company recorded the Warrants as liabilities initially measured at fair value with subsequent changes in fair value recognized in earnings each reporting period.

The measurement of fair value was determined utilizing a Monte Carlo simulation considering all relevant assumptions current at the date of issuance (i.e., share price, exercise price, term, volatility, risk-free rate, probability of dilutive term of three years, and expected time to conversion). As of March 31, 2025 and December 31, 2024, the fair value of the Warrants, as determined by the Monte Carlo simulation option pricing model, were \$11,000 and \$15,000, respectively.

If the per share market value of one share of Class A Common Stock is greater than the then-current exercise price, then GEM will have the option to exercise the GEM Warrant on a cashless basis and receive a number of shares of Class A Common Stock equal to (x) the number of shares of Class A Common Stock purchasable upon exercise of all of the GEM Warrant or, if only a portion of the GEM Warrant is being exercised, the portion of the GEM Warrant being exercised, less (y) the product of the then-current exercise price and the number of shares of Class A Common Stock purchasable upon exercise of all of the GEM Warrant or, if only a portion of the GEM Warrant is being exercised, the portion of the GEM Warrant being exercised, divided by the per share market value of one share of Class A Common Stock.

The GEM Warrant may not be exercised if such exercise would result in the beneficial ownership of the holder and its affiliates in excess of 9.99% of the then-issued and outstanding shares of Common Stock.

15. Commitments and Contingencies

Leases

The Company has operating leases for its real estate across multiple states. The operating leases have remaining lease terms of approximately 2.58 years as of March 31, 2025 and consist primarily of office space.

The lease agreements generally do not provide an implicit borrowing rate. Therefore, the Company used a benchmark approach to derive an appropriate incremental borrowing rate to discount remaining lease payments.

Leases with an initial term of twelve months or less are not recorded on the balance sheet. There are no material residual guarantees associated with any of the Company's leases, and there are no significant restrictions or covenants included in the Company's lease agreements. Certain leases include variable payments related to common area maintenance and property taxes, which are billed by the landlord, as is customary with these types of charges for office space. The Company has not entered into any lease arrangements with related parties.

The Company's existing leases contain escalation clauses and renewal options. The Company is not reasonably certain that renewal options will be exercised upon expiration of the initial terms of its existing leases.

The Company entered into a sublease which it has identified as an operating lease prior to the adoption of ASC 842 Leases. The Company remains the primary obligor to the head lease lessor, making rental payments directly to the lessor and separately billing the sublessee. The sublease is subordinate to the master lease, and the sublessee must comply with all applicable terms of the master lease. The Company subleased the real estate to a third-party at a monthly rental payment amount that was less than the monthly cost that it pays on the headlease with the lessor. The sublease expired at the end of September 2024.

The components of lease expense for the three months ended March 31, 2025 and 2024, are as follows:

| Components of lease expense: | For the Three Months Ended March 31, | |
|------------------------------|--------------------------------------|------------|
| | 2025 | 2024 |
| Operating lease cost | \$ 7,332 | \$ 47,244 |
| Sublease income | — | (52,542) |
| Total lease (income) cost | \$ 7,332 | \$ (5,298) |

Supplemental cash flow information related to leases are as follows:

| Supplemental cash flow information: | For the Three Months Ended March 31, | |
|---|--------------------------------------|-----------|
| | 2025 | 2024 |
| Cash paid for amounts included in the measurement of lease liabilities: | | |
| Non-cash lease expense (operating cash flow) | \$ 5,669 | \$ 43,705 |
| Change in lease liabilities (operating cash flow) | (5,455) | (75,078) |

Supplemental balance sheet information related to leases was as follows:

| Operating leases: | March 31, 2025 | December 31, 2024 |
|--|-------------------------------------|-------------------|
| | Operating lease right-of-use assets | \$ 66,896 |
| Operating lease liability, current | 23,485 | 22,731 |
| Operating lease liability, non-current | 43,765 | 49,974 |
| Total operating lease liabilities | \$ 67,250 | \$ 72,705 |

| Weighted-average remaining lease term: | March 31, 2025 | December 31, 2024 |
|--|-----------------------------|-------------------|
| | Operating leases (in years) | 2.58 |

| Weighted-average discount rate: | March 31, 2025 | December 31, 2024 |
|--|-----------------------|--------------------------|
| Operating leases | 9.40% | 9.40% |

Future minimum lease payments under non-cancellable lease as of March 31, 2025, are as follows:

Maturities of lease liabilities:

| | | |
|---|-----------|---------------|
| Year Ending December 31, | | |
| Remainder of 2025 | \$ | 21,487 |
| 2026 | | 29,466 |
| 2027 | | 25,167 |
| 2028 | | — |
| 2029 and thereafter | | — |
| Total undiscounted cash flows | | 76,120 |
| Less discounting | | (8,870) |
| Present value of lease liabilities | \$ | 67,250 |

Investor Relations Consulting Agreement with MZHCI, LLC

On August 26, 2024, the Company entered into an Investor Relations Consulting Agreement (the “Consulting Agreement”) with MZHCI, LLC, a MZ Group Company (“MZHCI”), pursuant to which the Company agreed to issue 24,000 restricted shares, partially in exchange for the various investor relations services outlined in the Consulting Agreement. The Company will also pay MZHCI \$12,500 per month for their investor relations services with an annual 5% cost of living adjustment. This agreement becomes effective upon the execution of the Consulting Agreement and shall remain effective for a period of six (6) months, unless terminated earlier. The Consulting Agreement shall automatically renew every six (6) months thereafter unless either party delivers to the other sixty (60) days written notice of termination prior to the end of the then-current term. On September 9, 2024, the Company issued 24,000 shares to MZHCI. The shares are exempt from registration pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended, and were issued as restricted stock with an appropriate restrictive legend.

Repayment Plans

During 2024 the Company entered into various agreements (the “Settlement Agreements”) to reorganize outstanding debt from certain creditors (collectively, the “Creditors”) into shares of the Company’s Class A Common Stock (the “Shares”) (collectively, the “Debt Reorganization”). The Shares issued as part of the Debt Reorganization include Shares that are to be registered with the Securities and Exchange Commission (the “SEC”) in a registration statement on Form S-1 and Shares that are exempt from registration. The details of the various agreements are summarized below.

Repayment Agreement with Perkins Coie LLP

On September 9, 2024, the Company entered into a Repayment Agreement (the “Perkins Repayment Agreement”) where the Company agreed to issue \$1,385,000 worth of shares, which the Company shall register no fewer than 460,000 shares, subject to adjustment, in a registration statement on Form S-1 within 60 days of entering into the Perkins Repayment Agreement, and will use reasonable best efforts to ensure the Registration Statement becomes effective promptly and remains effective until all shares issued under the Perkins Repayment Agreement are sold. The Company’s registration statement on Form S-1 was filed with the SEC on October 16, 2024 and became effective on November 6, 2024. As of December 31, 2024, the Company had issued 600,000 shares to Perkins to settle part of the outstanding liability balance. The remaining unpaid fee balance of \$465,393 to be paid with the issuance of additional shares has not yet been made as of the date of filing of these condensed consolidated financial statements and is included in Accounts Payable on the condensed consolidated balance sheet.

Repayment Agreement with Cooley LLP

On September 19, 2024 the Company entered into a Repayment Agreement with Cooley LLP (“Cooley”) for previously provided legal services (the “Cooley Repayment Agreement”). Under the Cooley Repayment Agreement, the Company’s outstanding fees have been lowered from \$1,523,029 to \$400,000 (the “Cooley Unpaid Fee”) in exchange for 11 monthly installments of \$36,300, with the first payment to be made on October 1, 2024. If payments are not made in accordance with the Repayment Agreement, Cooley retains the right to seek to collect the entire original outstanding fee balance. As such, in accordance with ASC 470-60, no gain on settlement will be recorded until all payments have been made as required and the potential obligation to pay the amounts written off are eliminated. The Company made all required payments as of March 31, 2025 and accordingly recognized a gain on settlement of approximately \$1.1

million, recognized within Gain on extinguishment of liabilities on the the condensed consolidated statement of operations, for the three months ended March 31, 2025.

Settlement Letter with CohnReznick LLP

On September 19, 2024, the Company entered into a Settlement Letter with CohnReznick LLP (“CohnReznick”) regarding the Company’s unpaid balance totaling \$817,400 for services rendered in connection with the 7GC business combination with the Company (the “Settlement Letter”). Under the Settlement Letter, the Company and CohnReznick agreed to settle the total unpaid balance due, upon CohnReznick’s receipt of \$450,000 (the “Settlement Amount”), which will be paid in 15 equal monthly installments of \$30,000. In consideration of the Settlement Letter, CohnReznick has agreed to not to pursue collection efforts now or at any time in the future, except as otherwise provided in the Settlement Letter. If payments are not made in accordance with the Settlement Letter, the unpaid portion of the total unpaid balance will immediately become due and payable. As such, in accordance with ASC 470-60, no gain on settlement will be recorded until all payments have been made as required and the potential obligation to pay the amounts written off are eliminated. The remaining unpaid balance of \$637,400 is included in Accrued expenses and other current liabilities on the condensed consolidated balance sheet as of March 31, 2025.

Repayment Agreement with Sidley Austin LLP

On September 19, 2024, the Company entered into a Repayment Agreement with Sidley Austin LLP (“Sidley”) for previously provided legal services (the “Sidley Repayment Agreement”). Under the Sidley Repayment Agreement, the Company’s outstanding fees have been lowered from \$4,815,979 to \$1,605,326 (the “Sidley Unpaid Fee”). Under the Sidley Repayment Agreement, the Company agrees to 12 monthly payments that Sidley applies to the balance of the Sidley Unpaid Fee on a 2 for 1 basis, such that for every one dollar (\$1.00) paid by Company, Sidley shall reduce the Sidley Unpaid Fee Amount by an additional two dollars (\$2.00). If payments are not made in accordance with the Sidley Repayment Agreement, the shortfall shall accrue interest at a rate of 12% per annum, compounded daily, until such payment is made. As such, in accordance with ASC 470-60, no gain on settlement will be recorded until all payments have been made as required and the potential obligation to pay the amounts written off are eliminated. The Company made all required payments as of March 31, 2025 and accordingly recognized a gain on settlement of approximately \$3.2 million, recognized within Gain on extinguishment of liabilities on the the condensed consolidated statement of operations, for the three months ended March 31, 2025.

Repayment Agreement with Donnelley Financial LLC

On September 13, 2024, the Company entered into a Repayment Agreement with Donnelley Financial LLC (“Donnelley”) for previously provided services (the “Donnelley Repayment Agreement”). Under the Donnelley Repayment Agreement, the Company’s outstanding fees have been lowered from \$1,072,148 to \$357,025 (the “Donnelley Unpaid Fee”). The Donnelley Unpaid Fee will be paid in 12 monthly installments, with the first monthly payment of \$45,000 due on October 1, 2024; the remaining 11 payments shall each be in the amount of \$28,366. Under the Donnelley Repayment Agreement, the original outstanding fee balance shall become immediately due and payable upon the occurrence of certain events, including failure to make a payment of the Donnelley Unpaid Fee when due and failure to pay for any additional services. As such, in accordance with ASC 470-60, no gain on settlement will be recorded until all payments have been made as required and the potential obligation to pay the amounts written off are eliminated. The remaining unpaid balance of \$186,830 is included in Accrued expenses and other current liabilities on the the condensed consolidated balance sheet as of March 31, 2025.

Repayment Agreement with Verista Partners, Inc.

On August 26, 2024, the Company entered into a Repayment Agreement with Verista Partners, Inc. aka Winterberry Group, (“Verista” or “Winterberry”) for previously provided services (the “Verista Repayment Agreement”). Under the Verista Repayment Agreement, the Company’s outstanding fees are \$196,666 (the “Verista Unpaid Fee”). The Company and Verista have agreed that the Verista Unpaid Fee will be repaid with \$66,666 worth of shares of the Company, and \$130,000 in 16 equal cash installment payments of \$8,125, beginning on October 1, 2024, and on the first day of each month thereafter through January 1, 2026. As of March 31, 2025, the Company had issued 30,000 shares and made aggregate installment payments of \$50,078, to Verista. The remaining unpaid balance of \$93,050 is included in Accounts Payable on the the condensed consolidated balance sheet as of March 31, 2025.

Legal Matters

In the regular course of business affairs and operations, the Company is subject to possible loss contingencies arising from third-party litigation and federal, state, and local environmental, labor, health and safety laws and regulations. The Company assesses the probability that they may incur a liability in connection with certain of these lawsuits. The Company’s assessments are made in accordance with generally accepted accounting principles, as codified in ASC 450-20, and is not an admission of any liability on the part of the Company or any of its subsidiaries. In certain cases that are in the early stages and in light of the uncertainties surrounding them, the Company does not currently possess sufficient information to determine a range of reasonably possible liability.

16. Equity

Class A and B Common Stock

The Company is authorized to issue up to 275,000,000 shares, consisting of 250,000,000 Class A Common Stock, and 25,000,000 shares of Class B Common Stock par value \$0.0001 per share.

The Class A Common Stock and Class B Common Stock entitle their holders to one vote per share and ten votes per share, respectively, on each matter properly submitted to the stockholders entitled to vote thereon. The holders of shares of Common Stock shall be entitled to receive dividends declared by the Board of Directors, on a pro rata basis based on the number of shares of Common Stock held by each such holder, assuming conversion of all Class B Common Stock into Class A Common Stock at a one to one conversion ratio.

There were 14,686,775 shares (12,375,641 Class A Common Stock and 2,311,134 Class B Common Stock) issued and outstanding at March 31, 2025 and 8,195,163 shares (5,884,029 Class A Common Stock and 2,311,134 Class B Common Stock) issued and outstanding at December 31, 2024.

Preferred Stock

The Company is authorized to issue 75,000,000 shares of preferred stock with a par value of \$0.0001 per share. The board of directors of the Company (the "Board") has the authority to issue preferred stock and to determine the rights, privileges, preferences, restrictions, and voting rights of those shares. As of March 31, 2025 and 2024, one and no shares of preferred stock were outstanding, respectively.

Yorkville Standby Equity Purchase Agreement ("SEPA")

On December 14, 2023, the Company entered into the SEPA with YA II PN, LTD, a Cayman Islands exempt limited partnership managed by Yorkville Advisors Global, LP ("Yorkville") in connection with the Merger. Pursuant to the SEPA, subject to certain conditions, the Company shall have the option, but not the obligation, to sell to Yorkville, and Yorkville shall subscribe for, an aggregate amount of up to up to \$100,000,000 of the Company's shares of Class A common stock, par value \$0.0001 per share, at the Company's request any time during the commitment period commencing on December 14, 2023 and terminating on the 36-month anniversary of the SEPA (the "SEPA Option").

Each advance (each, an "Advance") the Company requests under the SEPA (notice of such request, an "Advance Notice") may be for a number of shares of Class A common stock up to the greater of (i) 10,000 shares or (ii) such amount as is equal to 100% of the average daily volume traded of the Class A common stock during the five trading days immediately prior to the date the Company requests each Advance; provided, in no event shall the number of shares of Class A common stock issued cause the aggregate shares of Class A common stock held by Yorkville and its affiliates as of any such date to exceed 9.99% of the total number of shares of Class A common stock outstanding as of the date of the Advance Notice (less any such shares held by Yorkville and its affiliates as of such date) (the "Exchange Cap"). The shares would be purchased, at the Company's election, at a purchase price equal to either:

- (i) 95% of the average daily Volume Weighted Average Price ("VWAP") of the Class A Common Stock on the Nasdaq Stock Market ("Nasdaq"), subject to certain conditions per the SEPA (the "Option 1 Pricing Period; or
- (ii) 96% of the lowest daily VWAP of the Class A Common Stock during the three trading days commencing on the Advance Notice date, subject to certain conditions per the SEPA (the "Option 2 Pricing Period").

Any purchase under an Advance would be subject to certain limitations, including that Yorkville shall not purchase or acquire any shares that would result in it and its affiliates beneficially owning more than 9.99% of the then outstanding voting power or number of shares of Class A common stock or any shares that, aggregated with shares issued under all other earlier Advances, would exceed 19.99% of all shares of Class A common stock and Class B common stock of the Company, par value \$0.0001 per share, outstanding on the date of the SEPA, unless Company shareholder approval was obtained allowing for issuances in excess of such amount.

The SEPA Option was determined to be a freestanding financial instrument which did not meet the criteria to be accounted for as a derivative instrument or to be recognized within equity. Pursuant to ASC 815 *Derivatives and Hedging* ("ASC 815"), the Company will therefore recognize the SEPA Option as an asset or liability, measured at fair value at the date of issuance, December 14, 2023, and in subsequent reporting periods, with changes in fair value recognized in earnings.

In connection with the execution of the SEPA, the Company agreed to pay a commitment fee of \$500,000 to Yorkville at the earlier of (i) March 14, 2024 or (ii) the termination of the SEPA, which will be payable, at the option of the Company, in cash or shares of Class A common stock through an Advance (the "Deferred Fee"). In March 2024 the Company issued 14,201 Class A common stock as payment for the Deferred Fee.

Pursuant to the terms of the SEPA, at any time that there is a balance outstanding under the Yorkville Promissory Notes or Yorkville Note, Yorkville has the right to receive shares to pay down the principal balance, and may select the timing and delivery of such shares (via an "Investor Notice"), in an amount up to the outstanding principal balance on the Yorkville Promissory Notes at a purchase price equal to the lower of (i) \$500.00 per share of Class A common stock (the "Fixed Price"), or (ii) 90% of the lowest daily Volume Weighted Average Price ("VWAP") of the Class A common stock on Nasdaq during the 10 consecutive Trading Days immediately preceding the Investor Notice date or other date of determination (the "Variable Price"). The Variable Price shall not be lower than \$100.00 per share (the "Floor Price"). The Floor Price shall be adjusted (downwards only) to equal 20% of the average VWAP for the five trading days immediately prior to the date of effectiveness of the initial Registration Statement. Notwithstanding the foregoing, the Company may reduce the Floor Price to any amount via written notice to Yorkville, provided that such amount is no more than 75% of the closing price on the Trading Day immediately prior to the time of such reduction and no greater than \$100.00 per share of Class A common stock (the "Conversion Price"). At any time that there is a balance outstanding under the Yorkville Promissory Notes, the Company is not permitted to issue Advance Notices under the SEPA unless an Amortization Event has occurred under the terms of the Yorkville Promissory Notes agreement.

During the three months ended March 31, 2025, the Company issued Advance Notices to Yorkville pursuant to the SEPA requesting the purchase of shares of the Company's Class A common stock. The Company elected to issue Advance Notices subject to both the Option 1 Pricing Period (the "Option 1 Advances") and the Option 2 Pricing Period (the "Option 2 Advances").

During the three months ended March 31, 2025 the Company requested the purchase of a total of 730,000 shares of the Company's Class A common stock in connection with the Option 1 Advances, which Yorkville purchased for a total purchase price of approximately \$1,046,000. The Company recognized a loss of approximately \$52,000 on the sales, which represents the difference between the fair value of the shares issued and the proceeds received from the sales.

During the three months ended March 31, 2025 the Company requested the purchase of a total of 4,950,000 shares of the Company's Class A common stock in connection the Option 2 Advances. The issuance of the Advance Notices subject to the Option 2 Pricing Period represents the creation of forward share sales contracts, which were determined to meet the definition of a derivative pursuant to ASC Topic 815, *Derivatives and Hedging*. As such, upon issuance of the Advance Notices for the Option 2 Advances, the Company recognized derivative liabilities totaling approximately \$289,000 in the aggregate, the fair values of which represented the intrinsic value of the requested number of shares of Class A common stock on the Advance Notice dates. The Company recognized a loss of approximately \$43,000 during the three months ended March 31, 2025 representing the change in fair value of the derivative liabilities during the period from the Advance Notice dates and the settlement dates of the Option 2 Advances. Upon settlement of the Option 2 Advances, the Company sold an aggregate of 4,315,142 shares of the Company's Class A common stock to Yorkville for total proceeds of approximately \$5,592,000, of which approximately \$1,805,000 was applied against the outstanding principal on the Yorkville Note via Advance Repayments pursuant to the terms of the note agreement.

Additionally, during the three months ended March 31, 2025, the Company settled one Advance Notice subject to the Option 2 Pricing Period issued on December 30, 2024, and accordingly sold 30,489 of the Company's Class A common stock to Yorkville for proceeds of approximately \$48,000.

Shares Issued to Hudson

On January 3, 2025, the Company issued 150,000 restricted shares of its Common Stock, with a determined fair value of \$232,500, partially in exchange for the business advisory services outlined in the consulting agreement with Hudson Global Ventures, LLC, a Nevada limited liability company ("Hudson").

Shares Issued to Verista

On August 26, 2024, the Company issued 30,000 shares of its Common Stock, with a determined fair value of \$49,800, in partial settlement of amounts owing to Verista. Refer to *Note 15 - Commitments and Contingencies* for further detail.

Shares issued for RSU

On March 6, 2025, holders of 337,733 Restricted Stock Units (RSU's), previously granted during the 2024 financial year, exercised those RSU's in exchange for 337,733 shares of Class A Common Stock of the Company.

Shares Issued for Vidello Acquisition

As disclosed above, on January 31, 2025, the Company closed a previously announced merger with Vidello. As part of the consideration paid to the Vidello Shareholders, the Company issued 898,204 shares of Class A Common Stock, with a determined fair value of \$1,661,677. Refer to *Note 4 - Acquisition of Vidello* for further detail.

17. Stock-Based Compensation

During 2023, the Company adopted the 2023 Employee Stock Purchase Plan (the "Purchase Plan"). The Purchase Plan permits eligible employees of the Company and certain designated companies as determined by the Board of Directors, to purchase shares of the Company's Common Stock. The aggregate number of shares of common stock that may be purchased pursuant to the Purchase Plan is equal to 2% of the fully diluted common stock determined at the Close of the Merger Agreement, determined to be 11,444. In addition, the aggregate number of shares of common stock that remain available to be awarded under the Purchase Plan, will automatically increase on January 1 of each year for a period of 10 years commencing on January 1, 2024 and ending on January 1, 2033, in an amount equal to the lesser of one percent (1%) of the total number of shares of the fully diluted common stock determined as of December 31 of the preceding year, or a number of shares of common stock equal to two hundred percent (200%) of the initial share reserve of 11,444. As of March 31, 2025 and December 31, 2024, 260,389 and 11,558 shares of common stock remain available to be purchased under the Purchase Plan, respectively.

During 2023, the Company adopted the 2023 Equity Incentive Plan (the "Plan"). The Plan permits the granting of incentive stock options, nonstatutory stock options, SARs, restricted stock awards, RSU awards, performance awards, and other awards to employees, directors, and consultants. The aggregate number of shares of common stock that may be issued will not exceed approximately 12.5% of the fully diluted common stock determined at the Close of the Merger, determined to be 71,522. In addition, the aggregate number of shares of common stock that remain available to be awarded under the Plan, will automatically increase on January 1 of each year for a period of ten years commencing on January 1, 2024 and ending on January 1, 2033, in an amount equal to 5% of the total number of shares of the fully diluted common stock determined as of the day prior to such increase. As of March 31, 2025 and December 31, 2024, 6,957,478 and 2,323 stock options remain available to be awarded under the Plan, respectively.

The Company accounts for stock-based payments pursuant to ASC 718 *Stock Compensation* and, accordingly, the Company records compensation expense for stock-based awards based upon an assessment of the grant date fair value for options using the Black-Scholes option pricing model. The Company has concluded that its historical share option exercise experience does not provide a reasonable basis upon which to estimate expected term. Therefore, the expected term was determined according to the simplified method, which is the average of the vesting tranche dates and the contractual term. Due to the lack of company specific historical and implied volatility data, the estimate of expected volatility is primarily based on the historical volatility of a group of similar companies that are publicly traded. For these analyses, companies with comparable characteristics were selected, including enterprise value and position within the industry, and with historical share price information sufficient to meet the expected life of the share-based awards. The Company computes the historical volatility data using the daily closing prices for the selected companies' shares during the equivalent periods of the calculated expected term of its share-based awards. The risk-free interest rate is determined by reference to the U.S. Treasury zero-coupon issues with remaining maturities similar to the expected term of the options. Expected dividend yield is zero based on the fact that the Company has never paid cash dividends and does not expect to pay any cash dividends in the foreseeable future.

The following table summarizes assumptions used to compute the fair value of options granted:

| | March 31, 2025 | March 31, 2024 |
|--------------------------|----------------|----------------|
| Stock price | \$5.00-599.00 | \$30.50 |
| Exercise price | \$5.00-599.00 | \$30.50 |
| Expected volatility | 110.95% | 75.00 - 76.00% |
| Expected term (in years) | 10.00 | 5.75 - 6.08 |
| Risk-free interest rate | 4.45% | 4.2% |

A summary of stock option activity under the Plan is as follows:

| | Shares Underlying Options | Weighted Average Exercise Price | Weighted Average Remaining Contractual Term (in years) | Intrinsic Value |
|----------------------------------|---------------------------------|--|---|--------------------|
| Outstanding at December 31, 2024 | 25,661 | \$ 161.83 | 8.52 | \$ — |
| Outstanding at March 31, 2025 | 25,661 | \$ 162.50 | 8.29 | \$ — |
| Exercisable at March 31, 2025 | 6,977 | \$ 161.83 | 6.32 | \$ — |

In connection with issuances under the Plan, the Company recorded stock-based compensation expense related to stock options of \$21,941 and \$42,827, which is included in general and administrative expense for the three months ended March 31, 2025 and 2024, respectively. The weighted-average grant-date fair value per option granted during the three months ended March 31, 2025 and 2024

was \$0 and \$243.00, respectively. As of March 31, 2025 and 2024, \$191,214 and \$2,364,604 of unrecognized compensation expense related to non-vested awards is expected to be recognized over the weighted average period of 9.25 and 1.73 years, respectively. The aggregate intrinsic value is calculated as the difference between the fair value of the Company's stock price and the exercise price of the options.

RSUs

During the year ended December 31, 2024, the Company began issuing RSUs to employees and to non-employee directors. Each RSU entitles the recipient to one share of Class A Common Stock upon vesting. The Company measures the fair value of RSUs using the stock price on the date of grant. Stock-based compensation expense for employee-granted RSUs is recorded ratably over their vesting period of (a) four years - 25% of the RSUs will vest on each anniversary, or (b) one year - will vest quarterly, of the vesting commencement date until the RSU is fully vested. Stock-based compensation expense for non-employee director-granted RSUs is recorded ratably over their vesting period which is the earlier to occur of the one (1) year anniversary of the respective grant date, or the next annual meeting of stockholders following the respective grant date.

A summary of the activity with respect to, and status of, RSUs during the three months ended March 31, 2025 is presented below:

| | Units | Weighted Average Grant Date Fair Value |
|----------------------------------|------------------|--|
| Outstanding at December 31, 2024 | 340,783 | \$ 1.74 |
| Granted | 2,604,753 | 1.09 |
| Exercised | (337,773) | 1.62 |
| Forfeited | — | — |
| Outstanding at March 31, 2025 | <u>2,607,763</u> | <u>\$ 1.11</u> |

For the three months ended March 31, 2025, the Company recorded stock-based compensation expense related to RSUs of \$314,626 which is included in general and administrative expense. As of March 31, 2025, unrecognized compensation cost related to the grant of RSUs was \$2,295,624. Unvested outstanding RSUs as of March 31, 2025 had a weighted average remaining vesting period of 2.25 years.

18. Income Taxes

The Company estimates an annual effective tax rate of 19% for the year ended December 31, 2025. The effective tax rate for the three months ended March 31, 2025 is (1.45)%. The effective tax rate is due to the Company's operations in England and Wales derived by the Vidello Merger. The Vidello operations in England and Wales are subject to a statutory corporate tax rate of 25%. Due to the Company's history of net losses from historical operations in the US, there is no income tax benefit being recorded in relation to the Company's pre-tax book loss in the US taxing jurisdiction. Therefore, no US federal or state income taxes are expected, and none have been recorded at this time. Income taxes have been accounted for using the liability method in accordance with FASB ASC 740.

Due to the Company's history of losses since inception, there is not enough evidence at this time to support that the Company will generate future income of a sufficient amount and nature to utilize the benefits of its net deferred tax assets in the US taxing jurisdiction. Accordingly, the deferred tax assets in the US taxing jurisdiction have been reduced by a full valuation allowance, since the Company cannot currently support that realization of its deferred tax assets is more likely than not.

At March 31, 2025, the Company had no unrecognized tax benefits that would reduce the Company's effective tax rate if recognized.

19. Segment Reporting

The Company has three reportable operating segments, Banzai Operating Co, Inc., Banzai Reel Acquisition Inc. (OpenReel), and Vidello Limited (Vidello). The Company's segments deliver SaaS tools that leverage data, analytics, and AI to provide marketing and sales solutions, including video production and editing, for businesses of all sizes.

Our Chief Executive Officer, who serves as the Company's chief operating decision maker ("CODM"), primarily uses segment revenue, gross profit, and adjusted EBITDA to allocate resources and assess performance. Segment revenue and gross profit are determined on the same basis as consolidated revenue and consolidated gross profit as shown in the Company's consolidated statements of operations. Segment adjusted EBITDA is defined as revenue less the following expenses associated with each segment: cost of revenue, people, marketing and advertising, technology, and other segment expenses. Segment adjusted EBITDA excludes certain non-cash items or items that management does not consider reflective of ongoing core operations. Currently, the CODM does not review assets in evaluating the results of the operating segments, and therefore, such information is not presented.

The table below presents information about reported segments for the three months ending March 31, 2025:

Three months ended March 31, 2025

| | Banzai Operating | OpenReel | Vidello | Total Consolidated |
|---|-----------------------------|-------------------|-------------------|-------------------------------|
| Revenue | \$ 1,159,746 | \$ 1,441,543 | \$ 777,794 | \$ 3,379,083 |
| Cost of revenue | 376,598 | 74,808 | 154,593 | 605,999 |
| Gross profit | 783,148 | 1,366,735 | 623,201 | 2,773,084 |
| Expenses | | | | |
| People | 2,203,746 | 89,848 | - | 2,293,594 |
| Marketing and advertising | 795,096 | 39,117 | 103,059 | 937,272 |
| Technology | 276,408 | 518,880 | 27,377 | 822,665 |
| Other segment expenses ¹ | 368,582 | 20,128 | 73,022 | 461,732 |
| Total expenses | 3,643,832 | 667,973 | 203,458 | 4,515,263 |
| Adjusted EBITDA | (2,860,684) | 698,762 | 419,743 | (1,742,179) |
| Transaction, PubCo. Expenses and Stock-based compensation | 2,616,000 | 301,825 | — | 2,917,825 |
| EBITDA | <u>\$ (5,476,684)</u> | <u>\$ 396,937</u> | <u>\$ 419,743</u> | <u>\$ (4,660,004)</u> |

¹ Other segment expenses for each reportable segment includes travel and entertainment expenses, professional expenses other than those included in transaction and PubCo. expenses, insurance expenses, and expenses related to licenses.

The table below presents information about reported segments for the three months ending March 31, 2024:

Three months ended March 31, 2024

| | Banzai Operating | OpenReel¹ | Vidello¹ | Total Consolidated |
|---|-----------------------------|-----------------------------|----------------------------|-------------------------------|
| Revenue | \$ 1,079,472 | \$ — | \$ — | \$ 1,079,472 |
| Cost of revenue | 381,380 | — | — | 381,380 |
| Gross profit | 698,092 | — | — | 698,092 |
| Expenses | | | | |
| People | 1,252,667 | — | — | 1,252,667 |
| Marketing and advertising | 368,738 | — | — | 368,738 |
| Technology | 208,787 | — | — | 208,787 |
| Other segment expenses ² | 379,770 | — | — | 379,770 |
| Total expenses | 2,209,962 | — | — | 2,209,962 |
| Adjusted EBITDA | (1,511,870) | — | — | (1,511,870) |
| Transaction, PubCo. Expenses and Stock-based compensation | 1,888,827 | — | — | 1,888,827 |
| EBITDA | <u>\$ (3,400,697)</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ (3,400,697)</u> |

¹ The OpenReel acquisition occurred on December 18, 2024 and therefore is presented at \$0 for comparative purposes. The Vidello acquisition occurred on January 31, 2025 (refer to *Note 4*) and therefore is presented at \$0 for comparative purposes.

² Other segment expenses for each reportable segment includes travel and entertainment expenses, professional expenses other than those included in transaction and PubCo. expenses, the SEPA commitment fee expense and deferred fee expense, the GEM warrant expense, and the GEM commitment fee expense.

A reconciliation between reportable segment adjusted EBITDA to consolidated net loss before income taxes for the three months ended March 31, 2025, and 2024, is as follows:

| | March 31, 2025 | March 31, 2024 |
|--|-----------------------|-----------------------|
| EBITDA by segment | | |
| Banzai Operating Co. | \$ (5,476,684) | \$ (3,400,697) |
| OpenReel | 396,937 | — |
| Vidello | 419,743 | — |
| Total | (4,660,004) | (3,400,697) |
| <i>Reconciliation to loss before income taxes:</i> | | |
| Changes in fair value of financial instruments | 344,592 | 21,000 |
| Interest income | (2) | (10) |
| Interest expense | — | 451,399 |
| Interest expense – related party | 358,381 | 577,513 |
| Gain (loss) on extinguishment of liabilities, net | (2,573,511) | (527,980) |
| Loss on debt issuance | 273,800 | 171,000 |
| GEM settlement fee expense | - | 200,000 |
| Yorkville prepayment premium expense | - | - |
| Loss on Yorkville SEPA advances | 384,524 | - |
| Depreciation and amortization | 246,691 | 1,564 |
| Other | (124,531) | (4,118) |
| Loss before income taxes | \$ (3,569,948) | \$ (4,291,065) |

Disaggregation of Revenue

The following table presents the Company's percentage of revenue generated by SaaS product for the three months ended March 31, 2025, and 2024:

| <i>Revenue %</i> | <i>Three Months Ended March 31, 2025</i> | <i>Three Months Ended March 31, 2024</i> |
|------------------|--|--|
| Reach | 1.7% | 1.0% |
| Demio | 27.0% | 99.0% |
| OpenReel | 35.8% | 0.0% |
| Vidello | 35.5% | 0.0% |
| Total | 100.0% | 100.0% |

For disaggregation of revenue by geographic area, refer to *Note 6*.

20. Subsequent Events

Acquisition of Act-On Software

On January 22, 2025, the Company entered into an Agreement and Plan of Merger (the “AO Merger Agreement”) with Act-On Software Inc., a Delaware corporation (“Act-On”), and Banzai Passage Inc., a Delaware corporation and wholly owned subsidiary of Banzai (“Passage”) that was formed solely for purposes of consummating the transactions contemplated in the AO Merger Agreement (the “AO Merger”). Pursuant to the AO Merger Agreement, subject to the satisfaction or waiver of the conditions set forth therein, upon closing of the AO Merger (the “Closing”), Act-On will merge with and into Passage, with Act-On surviving the AO Merger (the “AO Surviving Entity”), thereafter being a direct, wholly owned subsidiary of Banzai. The AO Merger is intended to qualify for federal income tax purposes as a tax-free reorganization under the provisions of Section 368(a) of the Internal Revenue Code of 1986, as amended. The Company's primary reason for acquiring Act-On was to enhance revenue growth and strengthen the Company's competitive market position through cross selling opportunities. Act-On provides customers with a marketing automation platform for mid-market and enterprise B2B customers, assisting with engaging prospects and customers during the customer lifecycle, including lead generation, automated multi-channel marketing, customer journey orchestration, email personalization, customer data management, and sales intelligence.

Subject to the terms and conditions of the AO Merger Agreement, at the effective time of the Merger (the “AO Effective Time”), the aggregate merger consideration to be issued to Act-On Stockholders and certain Management Employees (as defined in the AO Merger Agreement) shall be a total of approximately \$35,050,000, payable in cash and in shares of our Class A Common Stock, subject to adjustment as set forth in the AO Merger Agreement (the “AO Merger Consideration”). The adjustments to the AO Merger Consideration in the AO Merger Agreement include a customary working capital adjustment based on the amount by which certain working capital items at closing are greater or less than the target working capital as defined in the AO Merger Agreement. In addition

to the AO Merger Consideration, at the AO Effective Time, we will fully pay off a certain loan owed to a certain lender of Act-On as of the AO Closing (the “Payoff Amount”) and the out-of-pocket expenses incurred by Act-On in connection with the AO Merger (the “Transaction Expenses”) in cash to Act-On Stockholders, and issue a number of shares of Class A Common Stock (the “AO Share Consideration”) (or pre-funded warrants in lieu thereof, the “AO Pre-Funded Warrants”) to Act-On Stockholders and Management Employees that equal to the quotient of \$33,200,000 divided by the average of the daily volume-weighted average trading prices of Class A Common Stock for the consecutive five (5) Trading Days (as defined in the AO Merger Agreement) immediately prior to and including the Trading Day immediately preceding the date of closing (the “AO Closing Date”) (the “Banzai 5-Day VWAP”).

Notwithstanding anything in the AO Merger Agreement to the contrary, Banzai shall not issue any shares of Class A Common Stock, to the extent that the issuance of shares of Class A Common Stock as AO Share Consideration would result in the Act-On Stockholders and Management Employees receiving an aggregate number of shares of Class A Common Stock exceeding 19.99% of the total shares of Class A Common Stock and shares of Class B Common Stock issued and outstanding immediately prior to the AO Effective Time (the “Nasdaq Ownership Limitation”). In addition, notwithstanding anything in the AO Merger Agreement and AO Pre-Funded Warrants to the contrary, Banzai shall not issue any shares of Class A Common Stock, to the extent that any issuance of the shares of Class A Common Stock as AO Share Consideration would result in an Act-On Stockholder or a Management Employee, together with its affiliates, beneficially owning (as determined in accordance with Section 13(d) of the Exchange Act and the rules promulgated thereunder) more than 4.99% of the Class A Common Stock issued and outstanding immediately following such issuance (the “Beneficial Ownership Limitation” and, together with Nasdaq Ownership Limitation, the “Ownership Limitations”). If and to the extent either of the Ownership Limitations prevents Banzai from issuing AO Share Consideration comprised exclusively of shares of Class A Common Stock, then Banzai instead will issue as AO Share Consideration (i) the maximum number of shares of Class A Common Stock that may be issued without exceeding either Ownership Limitation, and (ii) AO Pre-Funded Warrants exercisable for the number of shares of Class A Common Stock the issuance of which was prevented by application of the Ownership Limitations.

Some of the shares of Class A Common Stock and AO Pre-Funded Warrants will be issued to the Management Employees under Banzai’s 2023 equity incentive plan, as amended, pursuant to the registration statement on Form S-8, as amended (File No. 333-278218) and some of the shares of Class A Common Stock and AO Pre-Funded Warrants will be issued to certain Act-On Stockholders and Management Employees in reliance upon exemption provided by Rule 506(b) of Regulation D promulgated thereunder of the Securities Act, pursuant to a subscription booklet (the “Subscription Booklet”).

Each AO Pre-Funded Warrant shall have an exercise price of \$0.001 per each share of Class A Common Stock issuable thereunder. The AO Pre-Funded Warrants will be registered in Banzai’s books and will not be listed for trading on any stock exchange or trading market. The terms of the AO Pre-Funded Warrants will provide that Banzai shall not issue shares of Class A Common Stock to any holder of a AO Pre-Funded Warrant upon the exercise thereof to the extent that after giving effect to such issuance, such holder would beneficially own a number of shares of Class A Common Stock in excess of the Nasdaq Ownership Limitation. Notwithstanding the foregoing, the Nasdaq Ownership Limitation shall not apply following the receipt of the Banzai stockholder approval contemplated by Rule 5635 of the Nasdaq listing rules with respect to the issuance of shares of Class A Common Stock upon exercise of the AO Pre-Funded Warrants in excess of the Nasdaq Ownership Limitation (the “AO Stockholder Approval”). The AO Pre-Funded Warrants also contain a beneficial ownership limitation that provides that the Company shall not effect any exercise of the AO Pre-Funded Warrants, and the holders of the AO Pre-Funded Warrants shall not have the right to exercise any portion of the AO Pre-Funded Warrants, to the extent that after giving effect to such issuance after exercise, the holder would beneficially own in excess of the Beneficial Ownership Limitation.

Following the Closing, Banzai will convene and hold a special meeting of its stockholders to obtain the AO Stockholder Approval (the “AO Special Meeting”). In connection with the AO Special Meeting, on January 22, 2025, Joseph P. Davy, Banzai’s Chief Executive Officer, who holds approximately 78.55% of Banzai’s total voting power as of the date of the AO Merger Agreement, entered into a Voting and Support Agreement, with Banzai (the “Voting and Support Agreement”) that obligates him to vote all the shares of Class B Common Stock beneficially owned by him in favor of the AO Stockholder Approval.

Pursuant to the AO Merger Agreement, Banzai will withhold from the AO Share Consideration a number of shares of Class A Common Stock equal to the quotient of \$2,000,000 divided by the Banzai’s 5-Day VWAP, as adjusted pursuant to the AO Merger Agreement (the “Indemnification Holdback Amount”), as security for the obligations of Act-On Stockholders pursuant to the AO Merger Agreement. The Indemnification Holdback Amount shall be held for a period of twelve (12) months following the Closing Date (the “Indemnification Holdback Period”) and shall be released to Act-On Stockholders and Management Employees (in accordance with the Allocation Schedule) within ten (10) business days of the expiration of the Indemnification Holdback Period. The released aggregate amount shall be equal to (a) the Indemnification Holdback Amount, as allocated to Act-On Stockholders and Management Employees in accordance with the Allocation Schedule, less (b) any amounts set off against the Indemnification Holdback Amount pursuant to the AO Merger Agreement. The Indemnification Holdback amount shall be held by the Transfer Agent for the benefit of Act-On Stockholders and Management Employees and shall be released to Act-On Stockholders and Management Employees pursuant to the terms of a certain share consideration escrow agreement (the “Escrow Agreement”) by and among Banzai, Act-On, each of Act-On Stockholders and Management Employees and Continental Stock Transfer & Trust Company, a New York limited purpose trust company (the “Escrow Agent”).

On or prior to the consummation of the AO Merger, parties will enter into the Escrow Agreement, pursuant to which, the Escrow Agent shall hold, for the benefit of Banzai, the Indemnification Holdback Amount. The Escrow Agent shall administer the Indemnification Holdback Amount in accordance with the written instructions jointly provided by Banzai and Act-On to the Escrow Agent to release the Indemnification Holdback Amount, or any portion thereof, as set forth in such instruction.

On or prior to the consummation of the AO Merger, Banzai shall execute and deliver to the Act-On Stockholders and Management Employees a registration rights agreement (the "AO Registration Rights Agreement"), pursuant to which, among other things, Banzai will agree to register for resale, within five (5) Business Days (as defined in the AO Merger Agreement) following the AO Closing, on an applicable registration statement under the Securities Act, the shares of Class A Common Stock, to be issued to the Act-On Stockholders and Management Employees pursuant to the AO Merger Agreement and the shares of Class A Common Stock issuable upon exercise of the AO Pre-Funded Warrants.

In addition to the customary closing conditions, including (1) (A) adoption of the AO Merger Agreement by the Act-On Stockholders that hold the requisite percentage necessary to approve the AO Merger under Act-On's Amended and Restated Certificate of Incorporation and (B) approval of the AO Transaction by Banzai's board of directors, (2) authorization for listing on the Nasdaq Capital Market of the shares of Class A Common Stock to be issued in the AO Merger, subject to official notice of issuance, and (3) the absence of any order, injunction, decree or other legal restraint preventing the completion of the AO Merger or making the completion of the AO Merger illegal, the Company must also obtain sufficient financing to satisfy the Payoff Amount and the cash portion of the AO Merger Consideration, for which we cannot guarantee will be obtained on terms acceptable to us, or at all. As of the date hereof, we have not entered into any definitive agreements for such financing and therefore are unsure when the AO Merger will close, if ever. Each party's obligation to complete the AO Merger is also subject to certain additional customary conditions, including subject to certain exceptions, the accuracy of the representations and warranties of the other party and performance in all material respects by the other party of its obligations under the AO Merger Agreement. The AO Merger Agreement also contains customary representations, warranties, and indemnities of Banzai and Act-On.

April 2025 1800 Diagonal Promissory Note

On April 17, 2025, the Company entered into a Securities Purchase Agreement with 1800 Diagonal, in connection with the issuance of a convertible promissory note, in the aggregate principal amount of \$230,000. The maturity date of the note is February 15, 2026. The note was issued with an approximately thirteen percent (13%) original issue discount and bears interest at an annual rate of twelve percent (12%).

The Company shall repay the note in installments, beginning on October 15, 2025, and continuing on November 15, 2025, December 15, 2025, January 15, 2026 and on February 15, 2026 (each, an "Installment Date") in an amount equal to the sum of (i) \$128,800 of principal in respect to the first Installment Date, and \$32,200 in respect of the second, third, fourth and fifth Installment Dates (or the outstanding principal if less than such amount).

The Note is convertible into shares of the Company's Class A Common Stock, par value \$0.0001 per share (the "Class A Common Stock") at a conversion price equal to 75% of the Market Price (as defined within the agreement), but only on an event of default.

May 2025 1800 Diagonal Promissory Note

On May 9, 2025, the Company entered into a Securities Purchase Agreement with 1800 Diagonal, in connection with the issuance of a convertible promissory note, in the aggregate principal amount of \$163,300. The maturity date of the note is February 15, 2026. The note was issued with an approximately thirteen percent (13%) original issue discount and bears interest at an annual rate of twelve percent (12%).

The Company shall repay the note in installments, beginning on June 15, 2025, and continuing on monthly through February 15, 2026 (each, an "Installment Date") in an amount equal to the sum of (i) \$91,448 of principal in respect to the first Installment Date, and \$11,431 in respect of each following monthly Installment Date, respectively (or the outstanding principal if less than such amount).

The Note is convertible into shares of the Company's Class A Common Stock, par value \$0.0001 per share (the "Class A Common Stock") at a conversion price equal to 75% of the Market Price (as defined within the agreement), but only on an event of default.

Hudson Consulting Agreement

On April 25, 2025, the Company issued 400,000 restricted shares of its Class A Common Stock to Hudson, in exchange for certain business advisory services as outlined in a consulting agreement with Hudson, executed on April 1, 2025.

Alco Prefunded Warrant Exercise

On April 21, 2025, the Company issued 1,048,820 shares of Class A Common Stock to Alco, resulting from the exercise by Alco of prefunded warrants purchased during September 2024.

Yorkville Advanced Notice Settlements

Between April 1, 2025 and May 13, 2025, the Company settled the twenty-first through thirty-second Advance Notices received subsequent to March 31, 2025, by selling an aggregate of 2,821,166 shares of Class A Common Stock to Yorkville for an aggregate total purchase price of approximately \$2,782,119.

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited condensed consolidated financial statements and related notes that are included elsewhere in this Form 10-Q. In addition to historical condensed consolidated financial information, the following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed below and elsewhere particularly in the section titled “Risk Factors” and elsewhere in this Form 10-Q.

Certain figures, such as interest rates and other percentages, included in this section have been rounded for ease of presentation. Percentage figures included in this section have not in all cases been calculated on the basis of such rounded figures but on the basis of such amounts prior to rounding. For this reason, percentage amounts in this section may vary slightly from those obtained by performing the same calculations using the figures in our condensed consolidated financial statements or in the associated text. Certain other amounts that appear in this section may similarly not sum due to rounding.

Overview

Banzai is a Marketing Technology (MarTech) company that produces data-driven marketing and sales solutions for businesses of all sizes. Our mission is to help our customers accomplish their mission - by enabling better marketing, sales, and customer engagement outcomes. Banzai endeavors to acquire companies strategically positioned to enhance our product and service offerings, increasing the value provided to current and prospective customers.

Banzai was founded in 2015. The first product Banzai launched was Reach, a SaaS and managed services offering designed to increase registration and attendance of marketing events, followed by the acquisition of Demio, a SaaS solution for webinars designed for marketing, sales, and customer success teams, in 2021 and the launch of Boost, a SaaS solution for social sharing designed to increase attendance for Demio-hosted events by enabling easy social sharing by event registrants, in 2023. Our customer base included over 3,070 customers as of March 31, 2025 and comes from a variety of industries, including (among others) healthcare, financial services, e-commerce, technology and media, in over 90 countries. Our customers range in size from solo entrepreneurs and small businesses to Fortune 500 companies. No single customer represents more than 10% of our revenue. Since 2021, we have focused on increasing mid-market and enterprise customers for Demio. Progress towards this is reflected in our increase in multi-host Demio customers from 14 on January 1, 2021 to 163 on March 31, 2025.

We sell our products using a recurring subscription license model typical in SaaS businesses. Pricing tiers for our main product, Demio, are based on the number of host-capable users, desired feature sets, and maximum audience size. Boost pricing tiers are based on the Demio plan to which the customer subscribes. Reach pricing is based on the number of event campaigns a customer has access to run simultaneously or the maximum number of registrations a customer is allowed to generate per subscription period. Banzai’s customer contracts vary in term length from single months to multiple years.

Banzai generated revenue approximately \$3.4 million and \$1.1 million during the three months ended March 31, 2025 and 2024, respectively. Banzai has incurred significant net losses since inception, including net losses of approximately \$3.6 million and \$4.3 million for the three months ended March 31, 2025 and 2024, respectively. Banzai had an accumulated deficit of \$81.9 million and \$78.3 million as of March 31, 2025 and December 31, 2024, respectively.

Summary of our recent Mergers and Acquisitions

OpenReel Merger

On December 18, 2024 (the “OR Closing Date”), we closed the merger (the “Merger”, the consummation of the Merger, the “Closing”) with ClearDoc, Inc., a Delaware corporation doing business as OpenReel (“OpenReel”), pursuant to an Agreement and Plan of Merger (the “OR Merger Agreement”), dated December 10, 2024, by and among the Company, OpenReel, certain stockholders of OpenReel (the “OpenReel Stockholders”), and Banzai Reel Acquisition, Inc., a Delaware corporation and our wholly owned subsidiary (“Merger Sub”), that was formed solely for purposes of consummating the Merger. Upon Closing, the Merger Sub merged with and into OpenReel, with OpenReel being the surviving entity (the “Surviving Entity”) thereafter as our direct and wholly owned subsidiary named “OpenReel, Inc.”.

At the effective time of the Merger (the “Effective Time”), each share of capital stock of OpenReel issued and outstanding immediately prior to the Effective Time (other than shares as to which dissenter’s rights have been properly exercised and certain other excluded shares) was converted into the right to receive our Common Stock, and pre-funded warrants, each exercisable for one (1) share of Banzai Common Stock at an exercise price of US\$0.0001 (the “Pre-Funded Warrants”) issued in lieu thereof, in an amount equal to the quotient of \$19,600,000 divided by the Conversion Price (as defined in the OR Merger Agreement) (the “Merger Consideration”).

The Merger Consideration consisted of an aggregate of 930,558 shares of Banzai Common Stock and 11,769,501 Pre-Funded Warrants. The shares of Banzai Common Stock and Pre-Funded Warrants issued by Banzai to the OpenReel Stockholders pursuant to the OR Merger Agreement were issued in reliance upon the exemption from registration provided by Section 4(a)(2) of the Securities Act.

Vidello Acquisition

On January 31, 2025, the Company closed on the Vidello Limited acquisition, a private limited company registered in England and Wales for approximately \$2.7 million in cash (\$2,500,000 are withheld for indemnification expenses and other holdback provisions in accordance with the Acquisition Agreement, the “Cash Consideration”) and 898,204 shares of Banzai Class A common stock, pursuant to an Acquisition Agreement (the “Acquisition Agreement”), dated December 19, 2024, by and among the Company, Vidello, and certain shareholders of Vidello (the “Vidello Shareholders”). Vidello Shareholders transferred all the outstanding shares of Vidello to the Company, therefore, Vidello became a direct and wholly owned subsidiary of the Company. The Share Consideration to the Vidello Shareholders pursuant to the Acquisition Agreement were issued in reliance upon the exemption from registration provided by Regulation D as promulgated under the Securities Act of 1933, as amended (the “Securities Act”).

Vidello provides a suite of products for 3D video creation, royalty free music, and video marketing, with over \$6.5 million in TTM revenue, \$2 million in TTM EBITDA, which results are expected to reduce the combined company in operating losses to approximately \$1.3 million per year.

Act On Merger

On January 22, 2025, the Company entered into an Agreement and Plan of Merger (the “AO Merger Agreement”) with Act-On Software Inc., a Delaware corporation (“Act-On”), and Banzai Passage Inc., a Delaware corporation and wholly owned subsidiary of Banzai (“Passage”) that was formed solely for purposes of consummating the transactions contemplated in the AO Merger Agreement (the “AO Merger”). Pursuant to the AO Merger Agreement, subject to the satisfaction or waiver of the conditions set forth therein, upon closing of the AO Merger (the “Closing”), Act-On will merge with and into Passage, with Act-On surviving the AO Merger (the “AO Surviving Entity”), thereafter being a direct, wholly owned subsidiary of Banzai. The AO Merger is intended to qualify for federal income tax purposes as a tax-free reorganization under the provisions of Section 368(a) of the Internal Revenue Code of 1986, as amended.

Subject to the terms and conditions of the AO Merger Agreement, at the effective time of the Merger (the “AO Effective Time”), the aggregate merger consideration to be issued to Act-On Stockholders and certain Management Employees (as defined in the AO Merger Agreement) shall be a total of approximately \$35,050,000, payable in cash and in shares of our Class A Common Stock, subject to adjustment as set forth in the AO Merger Agreement (the “AO Merger Consideration”). The adjustments to the AO Merger Consideration in the AO Merger Agreement include a customary working capital adjustment based on the amount by which certain working capital items at closing are greater or less than the target working capital as defined in the AO Merger Agreement. In addition to the AO Merger Consideration, at the AO Effective Time, we will fully pay off a certain loan owed to a certain lender of Act-On as of the AO Closing (the “Payoff Amount”) and the out-of-pocket expenses incurred by Act-On in connection with the AO Merger (the “Transaction Expenses”) in cash to Act-On Stockholders, and issue a number of shares of Class A Common Stock (the “AO Share Consideration”) (or pre-funded warrants in lieu thereof, the “AO Pre-Funded Warrants”) to Act-On Stockholders and Management Employees that equal to the quotient of \$33,200,000 divided by the average of the daily volume-weighted average trading prices of Class A Common Stock for the consecutive five (5) Trading Days (as defined in the AO Merger Agreement) immediately prior to and including the Trading Day immediately preceding the date of closing (the “AO Closing Date”) (the “Banzai 5-Day VWAP”).

Notwithstanding anything in the AO Merger Agreement to the contrary, Banzai shall not issue any shares of Class A Common Stock, to the extent that the issuance of shares of Class A Common Stock as AO Share Consideration would result in the Act-On Stockholders and Management Employees receiving an aggregate number of shares of Class A Common Stock exceeding 19.99% of the total shares of Class A Common Stock and shares of Class B Common Stock issued and outstanding immediately prior to the AO Effective Time (the “Nasdaq Ownership Limitation”). In addition, notwithstanding anything in the AO Merger Agreement and AO Pre-Funded Warrants to the contrary, Banzai shall not issue any shares of Class A Common Stock, to the extent that any issuance of the shares of Class A Common Stock as AO Share Consideration would result in an Act-On Stockholder or a Management Employee, together with its affiliates, beneficially owning (as determined in accordance with Section 13(d) of the Exchange Act and the rules promulgated thereunder) more than 4.99% of the Class A Common Stock issued and outstanding immediately following such issuance (the “Beneficial Ownership Limitation” and, together with Nasdaq Ownership Limitation, the “Ownership Limitations”). If and to the extent either of the Ownership Limitations prevents Banzai from issuing AO Share Consideration comprised exclusively of shares of Class A Common Stock, then Banzai instead will issue as AO Share Consideration (i) the maximum number of shares of Class A Common Stock that may be issued without exceeding either Ownership Limitation, and (ii) AO Pre-Funded Warrants exercisable for the number of shares of Class A Common Stock the issuance of which was prevented by application of the Ownership Limitations.

Some of the shares of Class A Common Stock and AO Pre-Funded Warrants will be issued to the Management Employees under Banzai's 2023 equity incentive plan, as amended, pursuant to the registration statement on Form S-8, as amended (File No. 333-278218) and some of the shares of Class A Common Stock and AO Pre-Funded Warrants will be issued to certain Act-On Stockholders and Management Employees in reliance upon exemption provided by Rule 506(b) of Regulation D promulgated thereunder of the Securities Act, pursuant to a subscription booklet (the "Subscription Booklet").

Each AO Pre-Funded Warrant shall have an exercise price of \$0.001 per each share of Class A Common Stock issuable thereunder. The AO Pre-Funded Warrants will be registered in Banzai's books and will not be listed for trading on any stock exchange or trading market. The terms of the AO Pre-Funded Warrants will provide that Banzai shall not issue shares of Class A Common Stock to any holder of a AO Pre-Funded Warrant upon the exercise thereof to the extent that after giving effect to such issuance, such holder would beneficially own a number of shares of Class A Common Stock in excess of the Nasdaq Ownership Limitation. Notwithstanding the foregoing, the Nasdaq Ownership Limitation shall not apply following the receipt of the Banzai stockholder approval contemplated by Rule 5635 of the Nasdaq listing rules with respect to the issuance of shares of Class A Common Stock upon exercise of the AO Pre-Funded Warrants in excess of the Nasdaq Ownership Limitation (the "AO Stockholder Approval"). The AO Pre-Funded Warrants also contain a beneficial ownership limitation that provides that the Company shall not effect any exercise of the AO Pre-Funded Warrants, and the holders of the AO Pre-Funded Warrants shall not have the right to exercise any portion of the AO Pre-Funded Warrants, to the extent that after giving effect to such issuance after exercise, the holder would beneficially own in excess of the Beneficial Ownership Limitation.

Following the Closing, Banzai will convene and hold a special meeting of its stockholders to obtain the AO Stockholder Approval (the "AO Special Meeting"). In connection with the AO Special Meeting, on January 22, 2025, Joseph P. Davy, Banzai's Chief Executive Officer, who holds approximately 78.55% of Banzai's total voting power as of the date of the AO Merger Agreement, entered into a Voting and Support Agreement, with Banzai (the "Voting and Support Agreement") that obligates him to vote all the shares of Class B Common Stock beneficially owned by him in favor of the AO Stockholder Approval.

Pursuant to the AO Merger Agreement, Banzai will withhold from the AO Share Consideration a number of shares of Class A Common Stock equal to the quotient of \$2,000,000 divided by the Banzai's 5-Day VWAP, as adjusted pursuant to the AO Merger Agreement (the "Indemnification Holdback Amount"), as security for the obligations of Act-On Stockholders pursuant to the AO Merger Agreement. The Indemnification Holdback Amount shall be held for a period of twelve (12) months following the Closing Date (the "Indemnification Holdback Period") and shall be released to Act-On Stockholders and Management Employees (in accordance with the Allocation Schedule) within ten (10) business days of the expiration of the Indemnification Holdback Period. The released aggregate amount shall be equal to (a) the Indemnification Holdback Amount, as allocated to Act-On Stockholders and Management Employees in accordance with the Allocation Schedule, less (b) any amounts set off against the Indemnification Holdback Amount pursuant to the AO Merger Agreement. The Indemnification Holdback amount shall be held by the Transfer Agent for the benefit of Act-On Stockholders and Management Employees and shall be released to Act-On Stockholders and Management Employees pursuant to the terms of a certain share consideration escrow agreement (the "Escrow Agreement") by and among Banzai, Act-On, each of Act-On Stockholders and Management Employees and Continental Stock Transfer & Trust Company, a New York limited purpose trust company (the "Escrow Agent").

On or prior to the consummation of the AO Merger, parties will enter into the Escrow Agreement, pursuant to which, the Escrow Agent shall hold, for the benefit of Banzai, the Indemnification Holdback Amount. The Escrow Agent shall administer the Indemnification Holdback Amount in accordance with the written instructions jointly provided by Banzai and Act-On to the Escrow Agent to release the Indemnification Holdback Amount, or any portion thereof, as set forth in such instruction.

On or prior to the consummation of the AO Merger, Banzai shall execute and deliver to the Act-On Stockholders and Management Employees a registration rights agreement (the "AO Registration Rights Agreement"), pursuant to which, among other things, Banzai will agree to register for resale, within five (5) Business Days (as defined in the AO Merger Agreement) following the AO Closing, on an applicable registration statement under the Securities Act, the shares of Class A Common Stock, to be issued to the Act-On Stockholders and Management Employees pursuant to the AO Merger Agreement and the shares of Class A Common Stock issuable upon exercise of the AO Pre-Funded Warrants.

In addition to the customary closing conditions, including (1) (A) adoption of the AO Merger Agreement by the Act-On Stockholders that hold the requisite percentage necessary to approve the AO Merger under Act-On's Amended and Restated Certificate of Incorporation and (B) approval of the AO Transaction by Banzai's board of directors, (2) authorization for listing on the Nasdaq Capital Market of the shares of Class A Common Stock to be issued in the AO Merger, subject to official notice of issuance, and (3) the absence of any order, injunction, decree or other legal restraint preventing the completion of the AO Merger or making the completion of the AO Merger illegal, the Company must also obtain sufficient financing to satisfy the Payoff Amount and the cash portion of the AO Merger Consideration, for which we cannot guarantee will be obtained on terms acceptable to us, or at all. As of the date hereof, we have not entered into any definitive agreements for such financing and therefore are unsure when the AO Merger will close, if ever.

Each party's obligation to complete the AO Merger is also subject to certain additional customary conditions, including subject to certain exceptions, the accuracy of the representations and warranties of the other party and performance in all material respects by the other party of its obligations under the AO Merger Agreement. The AO Merger Agreement also contains customary representations, warranties, and indemnities of Banzai and Act-On.

Reverse Stock Split

On August 29, 2024, we held a special meeting of securityholders (the "Special Meeting"). At the Special Meeting, the Company's securityholders approved the proposal to amend our Second Amended and Restated Certificate of Incorporation to effect a reverse stock split with respect to the Company's issued and outstanding Class A Common Stock, at a ratio of up to 1-for-50, with the final ratio and exact timing to be determined at the discretion of the Board of Directors. On September 10, 2024, our Board determined to effect a reverse stock split at a ratio of 1-for-50, effective as of September 19, 2024 and filed an amendment with the Secretary of State of the State of Delaware.

Nasdaq Listing

The Company had a hearing before the Nasdaq Hearings Panel (the "Panel") on September 19, 2024. On September 26, 2024, Nasdaq provided the Company with its determination to phase the Company down from the Nasdaq Global Market to the Nasdaq Capital Market (the "Exchange") and grant the Company an extension until January 31, 2025 to demonstrate compliance with Nasdaq's listing rules, so long as the company applies to list on the Nasdaq Capital Market on or before October 7, 2024 and demonstrates compliance with Listing Rules 5550(a)(2), 5550(a)(5) and 5550(b)(1) on or before January 31, 2024. On February 12, 2025, the Company received a letter from the Nasdaq Stock Market LLC, Office of the General Counsel that Nasdaq's Listing Qualifications staff confirmed that the Company has demonstrated compliance with all of the Nasdaq Stock Market's listing requirements and therefore the Company's securities will remain listed on the Exchange.

2024 Financings

The Company may seek to raise additional capital through a private placement leveraging SEPA with the proceeds to support its operation and expansion through acquisition.

On May 22, 2024, we priced a "best efforts" public offering for the sale by the Company of an aggregate of 104,556 shares of our Class A common stock, pre-funded warrants exercisable into 173,222 shares of Class A Common Stock (the "May Pre-Funded Warrants"), and common warrants exercisable into 277,778 shares of Class A Common Stock (the "Common Warrants"). The public offering price was \$9.00 per aggregate share. The May Pre-Funded Warrants are exercisable immediately, may be exercised at any time until all of the May Pre-Funded Warrants are exercised in full, and have an exercise price of \$0.0050. The Common Warrants are exercisable immediately for a term of five years and have an exercise price of \$9.00.

A.G.P./Alliance Global Partners ("AGP") acted as placement agent for the offering, pursuant to a placement agency agreement, dated May 22, 2024, between the Company and AGP (the "Placement Agency Agreement"). Under the Placement Agency Agreement, AGP received a cash fee of \$174,939 and warrants (the "Placement Agent Warrants") to purchase 16,667 shares of our Class A Common Stock at an exercise price per share equal to \$10.00. The offering closed on May 28, 2024.

Recent Wainwright Private Financing

On September 24, 2024, the Company entered into a securities purchase agreement (the "Purchase Agreement") with an institutional investor for the issuance and sale in a private placement (the "Private Placement") of (i) pre-funded warrants ("HCW Pre-Funded Warrants") to purchase up to 1,176,471 shares of the Company's Class A common stock, par value \$0.0001 per share (the "Common Stock"), at an exercise price of \$0.001 per share, (ii) Series A warrants (the "Series A Warrants") to purchase up to 1,176,471 shares of Common Stock, at an exercise price of \$4.00 per share, and (iii) Series B warrants (the "Series B Warrants" and together with the Series A Warrants and the Placement Agent Warrants (defined below), the "Warrants") to purchase up to 1,176,471 shares of Common Stock at an exercise price of \$4.00 per share. The Series A Warrants are exercisable immediately upon issuance and have a term of exercise equal to five years from the date of issuance. The Series B Warrants are exercisable immediately upon issuance and have a term of exercise equal to eighteen (18) months from the date of issuance. The combined purchase price per HCW Pre-Funded Warrant and accompanying Warrants was \$4.249. The Private Placement closed on September 26, 2024.

A holder of the HCW Pre-Funded Warrants and the Warrants may not exercise any portion of such holder's HCW Pre-Funded Warrants or Warrants to the extent that the holder, together with its affiliates, would beneficially own more than 4.99% (or, at the election of the holder, 9.99%) of the Company's outstanding shares of Common Stock immediately after exercise, except that upon at least 61 days' prior notice from the holder to the Company, the holder may increase the beneficial ownership limitation to up to 9.99% of the number of shares of Common Stock outstanding immediately after giving effect to the exercise. In the event of certain fundamental

transactions, holders of the Warrants will have the right to receive the Black Scholes Value of their Warrants calculated pursuant to a formula set forth in the Warrants, payable either in cash or in the same type or form of consideration that is being offered and being paid to the holders of Common Stock.

In connection with the Private Placement, the Company entered into a registration rights agreement (the "Registration Rights Agreement"), dated as of September 24, 2024, with the investor, pursuant to which the Company agreed to prepare and file a registration statement on Form S-1 to register the resale of the shares of Common Stock underlying the HCW Pre-Funded Warrants and the Warrants, and to use its best efforts to have the registration statement declared effective as promptly as practical thereafter, and in any event no later than forty-five (45) days following the date of the Registration Rights Agreement (or seventy-five (75) days following the date of the Registration Rights Agreement in the event of a "full review" by the SEC). The Company filed an initial registration statement on Form S-1 (File No. 333-282506) with the SEC on October 4, 2024 and it was declared effective on November 6, 2024.

The net proceeds to the Company from the Private Placement were approximately \$4.4 million, after deducting placement agent fees and estimated offering expenses payable by the Company. The Company intends to use the net proceeds received from the Private Placement to support general corporate purposes and working capital.

H.C. Wainwright & Co., LLC ("Wainwright") acted as the Company's exclusive placement agent in connection with the Private Placement, pursuant to that certain engagement letter, dated as of September 12, 2024, as amended, between the Company and Wainwright (the "Engagement Letter"). Pursuant to the Engagement Letter, the Company paid Wainwright (i) a total cash fee equal to 7.5% of the aggregate gross proceeds of the Private Placement (inclusive of the gross proceeds to be received from the exercise of any Warrants), (ii) a management fee of 1.0% of the aggregate gross proceeds of the Private Placement (inclusive of the gross proceeds to be received from the exercise of any Warrants), and (iii) a non-accountable expense allowance of \$50,000. In addition, the Company issued to Wainwright or its designees warrants (the "Placement Agent Warrants") to purchase up to an aggregate of 88,235 shares of Common Stock at an exercise price equal to \$5.3125 per share and, if any Warrants are exercised for cash will be obligated to issue to Wainwright additional Placement Agent Warrants equal to 7.5% of the total Warrants exercised, if any. The Placement Agent Warrants have substantially the same terms as the Warrants, are exercisable immediately upon issuance and have a term of exercise equal to five (5) years from the date of issuance.

Pursuant to the Purchase Agreement, the Company agreed not to issue any shares of Common Stock or Common Stock equivalents or to file any other registration statement with the SEC (in each case, subject to certain exceptions) until sixty (60) days after the effective date of the Registration Statement. The Company has also agreed not to effect any Variable Rate Transaction (as defined in the Purchase Agreement) until one (1) year after the effective date of the Registration Statement (subject to certain exceptions). Since the OR Merger requires the Company to issue shares to the OpenReel Stockholders and file a registration statement prior to the expiration of the aforesaid period, the Wainwright Investor agreed to waive the Protective Provisions (the "Waiver"). In consideration for the Waiver, the Company agreed to reduce the exercise price of the Warrants issued to the Wainwright Investor from \$4.00 to \$2.50 per share.

The Engagement Letter and the Purchase Agreement contain customary representations and warranties and agreements and obligations, conditions to closing and termination provisions. The foregoing descriptions of terms and conditions of the Purchase Agreement, the HCW Pre-Funded Warrants, the Series A Warrants, the Series B Warrants, the Placement Agent Warrants, and the Registration Rights Agreement do not purport to be complete and are qualified in their entirety by the full text of the form of the Purchase Agreement, the form of the HCW Pre-Funded Warrant, the form of the Series A Warrant, the form of the Series B Warrant, the form of the Placement Agent Warrant, and the form of the Registration Rights Agreement, which are attached hereto as Exhibits.

Between January 1, 2024 and December 31, 2024, 454,158 shares of Class A Common Stock had been issued upon conversion of outstanding promissory notes issued to YA II PN, LTD, a Cayman Islands exempt limited partnership managed by Yorkville Advisors Global, LP and a cash payment of \$750,000 was made in May 2024. The aggregate principal amount was fully satisfied such that there is no remaining balance under the Yorkville Promissory Notes as of December 31, 2024.

Debt Equitization Plan

From August 23, 2024 to December 31, 2024 the Company entered into various agreements to reorganize outstanding debt from certain creditors (collectively, the "Creditors") into shares of the Company's Class A Common Stock (the "Shares") (collectively, the "Debt Reorganization"). The Shares issued as part of the Debt Reorganization are a mix of Shares that the Company agreed to register in a registration statement on Form S-1 and Shares that are exempt from registration. As of May 12, 2025 the Company has issued an aggregate of 1,597,944 Shares to the Creditors in exchange for the cancellation of an aggregate of \$5,068,547 of debt.

Hudson Global Ventures, LLC Consulting Services Agreement

On January 3, 2025, the Company issued 150,000 restricted shares of its Common Stock, partially in exchange for the business advisory services outlined in the Consulting Agreement with Hudson Global Ventures, LLC, a Nevada limited liability company.

CP BF Pre-Funded Warrant Exercise

On January 7, 2025, the Company issued 4 shares of Class A Common Stock for exercise of four (4) pre-funded warrants under the CP BF Pre-Funded Warrant, to CP BF.

Yorkville Advanced Notice Settlements

On January 3, 2025, the Company settled its outstanding obligation to sell shares of Class A Common Stock related to the fourth Advance Notice issued to Yorkville on December 30, 2024 pursuant to the SEPA. After adjustments to the number of shares originally requested pursuant to the terms of the SEPA, the Company settled the Advance Notice by selling a total of 30,489 shares of Class A Common Stock to Yorkville for a total purchase price of approximately \$48,000.

Between January 10, 2025 and May 13, 2025, the Company settled the fifth through thirty-second Advance Notices received subsequent to December 31, 2024, by selling an aggregate of 7,866,308 shares of Class A Common Stock to Yorkville for an aggregate total purchase price of approximately \$9,420,433.

RSU Issuance to Executives

On March 6, 2025, the Company issued 337,773 RSUs to executives as part of the Company's fiscal 2024 bonus plan, following Board approvals.

Convertible promissory note issuance to YA II PN, LTD.

On January 30, 2025, the Company entered into a convertible promissory note (the "Note") with Yorkville, in principal amount of \$3,500,000 as an advance under the outstanding SEPA entered into on December 14, 2023. The maturity date of the note is July 31, 2025, and may be extended at the option of the Company. The note was issued with a ten percent (10%) original issue discount and bears interest at an annual rate of (i) zero percent (0%) for the first ninety (90) days following issuance, (ii) six percent (6%) thereafter, and (iii) upon the occurrence of an event of default, the interest rate shall increase to an annual rate of eighteen percent (18%) so long as the event or events of default remain uncured. Interest will be calculated on a 365-day year and the actual number of days elapsed.

The Company shall repay the note in installments, beginning on February 28, 2025, and continuing on March 31, 2025, and on April 30, 2025 (each, an "Installment Date") in an amount equal to the sum of (i) \$1,500,000 of principal in respect to the first two Installment Dates, and \$500,000 in respect of the third Installment Date (or the outstanding principal if less than such amount), plus (ii) a payment premium (in an amount equal to 4% of the principal amount being paid), and (iii) accrued and unpaid interest as of each installment date.

The Note is convertible into shares of the Company's Class A Common Stock, par value \$0.0001 per share (the "Class A Common Stock") at a conversion price of \$2.00 per share (the "Conversion Price"). The lender may elect to convert part or all of the outstanding balance of the Note at any time or from time to time after the issuance date. The Company may redeem the outstanding amount at any time, in whole or in part, subject to a 4% premium, provided that (i) the Company provides the lender with at least ten (10) trading days' prior written notice (each, a "Redemption Notice") of its desire to redeem the outstanding amount (an "Optional Redemption"), and (ii) on the date the Redemption Notice is issued, the VWAP of the Class A Common Stock is less than the Conversion Price.

Shares of Class A Common Stock issued to Winterberry

On February 4, 2025 the Company issued 30,000 shares to Verista Partners, Inc., aka Winterberry Group, one of its Creditors, in exchange for the cancellation of a portion of the total outstanding debt, in the amount of \$16,666, pursuant to the Debt Reorganization.

Bridge Note Issuance to Agile Lending, LLC

On March 31, 2025, the Company issued a subordinated secured promissory note (the "March Agile Note") for an aggregate principal amount of \$4,000,000 and received \$2,044,105 of proceeds, net of administrative agent fees of \$200,000 paid to the collateral agent, and net of payments to Agile Lending, LLC of \$1,755,895 in respect to early prepayment of the remaining outstanding balance of the December Agile Note, with a maturity date on the March Agile Note of November 12, 2025. The March Agile Note bears interest at a rate of 44%, and interest will be calculated on a three hundred and sixty (360) day year based on the actual number of days lapsed, and interest shall accrue on the March Agile Note commencing on and including the effective date pursuant to the March Agile Note Agreement's weekly repayment and amortization schedule.

Operating Metrics

In the management of our businesses, we identify, measure, and evaluate a variety of operating metrics, as described below. These key performance measures and operating metrics are not prepared in accordance with GAAP and may not be comparable to or calculated in the same way as other similarly titled measures and metrics used by other companies. Measurements are specific to the group being measured, i.e. total customers, new customers, or other cohorts. We currently use these operating metrics with our Demio product. We do not track and use these operating metrics with prior products.

The following table presents the percentage of Banzai's revenue generated from Demio for the three months ended March 31, 2025 and 2024 as compared to our other SaaS products.

| <i>Revenue %</i> | <i>Three Months Ended March 31, 2025</i> | <i>Three Months Ended March 31, 2024</i> |
|------------------|--|--|
| Reach | 1.7% | 1.0% |
| Demio | 27.0% | 99.0% |
| OpenReel | 35.8% | 0.0% |
| Vidello | 35.5% | 0.0% |
| Total | 100.0% | 100.0% |

Net Revenue Retention ("NRR")

NRR is a metric Banzai uses to measure the revenue retention of its existing customer base. NRR calculates the change in revenue from existing customers by cohort over a period of time, after taking into account revenue lost due to customer churn and downgrades, and revenue gained due to upgrades and reactivations.

The formula for calculating NRR is: $NRR = (\text{Revenue at the beginning of a period} - \text{Revenue lost from churn, and downgrades} + \text{Revenue gained from expansion and reactivation}) / \text{Revenue at the beginning of the period}$.

The following table presents average monthly NRR for Demio for the three months ended March 31, 2025 and 2024.

| <i>Product: Demio</i> | <i>Three Months Ended March 31, 2025</i> | <i>Three Months Ended March 31, 2024</i> |
|-----------------------|--|--|
| Average Monthly NRR | 98.7% | 97.2% |

Average Customer Value ("ACV")

ACV is a metric Banzai uses to calculate the total revenue that it can expect to generate from a customer in a year. ACV is commonly used in the SaaS industry to measure the value of a customer to a subscription-based company over a 12-month period. Banzai uses ACV to segment its customers and to determine whether the value of new customers is growing or shrinking relative to the existing customer base. Banzai uses this information to make strategic decisions about pricing, marketing, and customer retention.

The formula for calculating ACV is: $ACV = \text{Total Annual Recurring Revenue (ARR)} / \text{Total Number Customers}$, where ARR is defined as annual run-rate revenue of subscription agreements from all customers measured at a point in time.

The following table presents new customer ACV and total average ACV for Demio for the three months ended March 31, 2025 and 2024.

| <i>Product: Demio</i> | <i>Three Months Ended March 31, 2025</i> | <i>Three Months Ended March 31, 2024</i> |
|-----------------------|--|--|
| New Customer ACV | \$ 5,619 | \$ 1,484 |
| Total Average ACV | \$ 8,053 | \$ 1,499 |

Customer Acquisition Cost (“CAC”)

CAC is a financial metric Banzai uses to evaluate the average cost of acquiring a new customer. It includes marketing, sales, and other related expenses incurred while attracting and converting prospects into paying customers. CAC is a critical metric for Banzai to understand the efficiency and effectiveness of its marketing and sales efforts, as well as to ensure sustainable growth.

The formula for calculating CAC is: $CAC = \text{Total Sales \& Marketing Cost} / \text{Number of Customers Acquired}$.

The following table presents CAC for Demio for the three months ended March 31, 2025 and 2024.

| <i>Product: Demio</i> | <i>Three Months Ended March 31, 2025</i> | <i>Three Months Ended March 31, 2024</i> |
|---------------------------------|--|--|
| Customer Acquisition Cost (CAC) | \$ 2,258 | \$ 1,220 |

Customer Churn %

Customer Churn % is the rate of customers who deactivate in a given period relative to the number of active customers at the beginning of such period or end of the prior period. Understanding drivers of churn allows Banzai to take measures to reduce the number of customers who deactivate and increase the overall rate of customer retention. There are two types of Churn % measured: Revenue churn and Customer (or logo) churn.

The formula for calculating Churn % is: $\text{Churn \%} = [\# \text{ or } \$ \text{ value of}] \text{ Deactivations} / [\# \text{ or } \$ \text{ value of}] \text{ Active Customers (Beginning of period)}$.

The following table presents revenue Churn and new customer (or logo) Churn for Demio for the three months ended March 31, 2025 and 2024.

| <i>Product: Demio</i> | <i>Three Months Ended March 31, 2025</i> | <i>Three Months Ended March 31, 2024</i> |
|---|--|--|
| Average Monthly Churn - Revenue | 5.1% | 5.2% |
| Average Monthly Churn - Customer (Logo) | 5.4% | 6.3% |

Churn - Customer (Logo) represents the number of customers, whereas the non-Logo Churn is based on sales dollars.

Customer Lifetime Value (“LTV”)

LTV is a financial metric Banzai uses to estimate the total revenue it can expect to generate from a customer throughout their entire relationship. LTV helps Banzai understand the long-term value of each customer, enabling it to make informed decisions about marketing, sales, customer support, and product development strategies. It also helps Banzai allocate resources more efficiently by identifying high-value customer segments to focus on growth and retention.

The formula for calculating LTV is comprised of two metrics: Monthly Recurring Revenue (MRR) and Customer Life represented in # of months. Calculations for these metrics on a per-customer basis, as follows:

$$\text{MRR} = \text{ACV} / 12$$

$$\text{Customer Life (\# of months)} = 1 / \text{Churn \%}$$

$$\text{LTV} = \text{MRR} * \text{Customer Life (\# of months)}$$

MRR is calculated by aggregating, for all customers from customer base or the group being measured during that month, monthly revenue from committed contractual amounts. For customers on annual contracts, this represents their ACV divided by 12.

The following table presents MRR, Customer Life, and LTV for Demio for the three months ended March 31, 2025 and 2024.

| | <i>Three Months Ended March 31, 2025</i> | <i>Three Months Ended March 31, 2024</i> |
|------------------------|--|--|
| <i>Product: Demio</i> | | |
| MRR (New Customers) | \$ 671 | \$ 125 |
| Customer Life (months) | 19.8 | 19.2 |
| LTV (New Customers) | \$ 9,261 | \$ 2,376 |

LTV / CAC Ratio

LTV / CAC ratio is a culminating metric measuring the efficiency of Sales and Marketing activities in terms of the dollar value of new business generated versus the amount invested in order to generate that new business. This provides a measurement of ROI for Sales and Marketing activities. A segmented view of LTV / CAC ratio gives additional insight into the profitability of various business development activities.

The formula for calculating LTV / CAC ratio is: LTV / CAC for the segment or activity being measured.

The following table presents the LTV / CAC ratio for Demio for the three months ended March 31, 2025 and 2024.

| | <i>Three Months Ended March 31, 2025</i> | <i>Three Months Ended March 31, 2024</i> |
|-----------------------|--|--|
| <i>Product: Demio</i> | | |
| LTV / CAC Ratio | 5.9 | 2.0 |

Analysis of the Impact of Key Business Drivers on Financial Performance

Banzai strives to maximize revenue growth within a reasonable cost structure through optimizing and continuous monitoring of the key business metrics described above relative to SaaS industry benchmarks, Banzai's direct competition, and historical company performance. This is accomplished through a combination of increased revenue per customer (higher ACVs and NRR) on an increasing customer base, generated through efficient customer acquisition (LTV / CAC ratio) and improved customer retention (lower churn, higher customer life). Other business activities contribute to improved performance and metrics, including but not limited to the following:

- Customer Success and Onboarding, leading to maximum customer satisfaction and retention.
- Product Development and Support, maximizing customer value, supporting usage and expansion revenue.
- Company Initiatives, designed to improve trial experience and conversion rates, on-demand adoption, and emphasis on data to position our products as a system of automation and a system of record for our customers, supporting growth and retention.

Identification of Operational Risk Factors

There are a number of key internal and external operational risks to the successful execution of Banzai's strategy.

Internal risks include, among others:

- Management and leadership issues: ineffective leadership, poor decision-making, or lack of direction.
- Operational inefficiencies: inadequate processes and poor resource allocation may lead to decreased productivity or insufficient ROI.
- Financial mismanagement: inadequate financial planning, improper accounting practices, or excessive debt can lead to financial instability.
- Employee-related challenges: high turnover, lack of skilled staff, or internal conflicts can impact morale and productivity.
- Technological obsolescence: failing to develop (or adapt) to new technologies in anticipation or response to changes in market trends can lead to competitive disadvantages.

External risks include, among others:

- Economic factors: including economic downturns, inflation, or currency fluctuations impacting business spending and overall market conditions.
- Competition: from established industry players to new entrants, eroding market share and profitability.
- Legal and regulatory: changes in laws or regulations that impact operations or increase compliance costs.
- Technological disruptions: from advancements in technology leading to obsolescence of existing products.
- Unforeseen events: including natural disasters, geo-political instability, and pandemics, potentially impacting market demand, operational or supply chain disruption.

Analysis of the Impact of Operational Risks on Financial Performance

The risk factors described above could have significant impacts on Banzai's financial performance. These or other factors, including those risk factors summarized in the section titled "Risk Factors" could impact Banzai's ability to generate and grow revenue, contain costs, or inhibit profitability, cash flow, and overall financial performance:

- Revenue and Sales: Internal risks from operating inefficiency or external factors, including economic downturns or increased competition, could lead to lower sales, impaired unit economics, and reduced revenue.
- Costs and Expenses: Internal operating mismanagement or external factors, including supplier issues, may cause increased cost relative to revenue generation, resulting in insufficient return on investment or profit margins.

By continuing to conduct comprehensive risk monitoring and analysis on financial performance, Banzai can optimize its ability to make informed decisions and improve its ability to navigate internal and external challenges. Such activities include: identification and categorization of risks, quantification and analysis of potential severity, and development of risk mitigation strategies. It is also important for Banzai to ensure financial reports and disclosures accurately reflect the potential impact of risks on financial performance, essential for transparent communication with investors and stakeholders.

The Business Combination and Public Company Costs

The Business Combination was accounted for as a reverse recapitalization. Under this method of accounting, 7GC was treated as the acquired company for financial statement reporting purposes. Accordingly, for accounting purposes, the financial statements of Banzai represent a continuation of the financial statements of Legacy Banzai with the Business Combination treated as the equivalent of Legacy Banzai issuing stock for the net assets of 7GC, accompanied by a recapitalization. The net assets of 7GC were stated at historical cost, with no goodwill or other intangible assets recorded. Operations prior to the Business Combination are those of Legacy Banzai in this and future reports of Banzai.

Due to the Business Combination, we became the successor to an SEC-registered and Nasdaq-listed company, which required Banzai to hire additional personnel and implement procedures and processes to address public company regulatory requirements and customary practices. We incurred and expect to incur additional annual expenses as a public company for, among other things, directors'

and officers' liability insurance, director fees and additional internal and external accounting, legal and administrative resources, including increased audit and legal fees. We are qualified as an "emerging growth company." As a result, we have been provided certain disclosure and regulatory relief. Our future results of operations and financial position may not be comparable to Legacy Banzai's historical results of operations and financial position as a result of the Business Combination.

Results of operations for the three months ended March 31, 2025 and 2024

| <i>(\$ in Thousands)</i> | <i>Three Months Ended March 31, 2025</i> | <i>Three Months Ended March 31, 2024</i> | <i>Period-over- Period \$</i> | <i>Period-over- Period %</i> |
|--|--|--|-----------------------------------|----------------------------------|
| Operating income: | | | | |
| Revenue | \$ 3,379 | \$ 1,079 | \$ 2,300 | 213.2% |
| Cost of revenue | 606 | 381 | 225 | 59.1% |
| Gross profit | 2,773 | 698 | 2,075 | 297.3% |
| Operating expenses: | | | | |
| General and administrative expenses | 7,433 | 4,099 | 3,334 | 81.3% |
| Depreciation expense | 247 | 2 | 245 | nm |
| Total operating expenses | 7,680 | 4,101 | 3,579 | 87.3% |
| Operating loss | (4,907) | (3,403) | (1,504) | 44.2% |
| Other expenses (income): | | | | |
| GEM settlement fee expense | — | 200 | (200) | -100.0% |
| Interest income | — | — | — | nm |
| Interest expense | — | 451 | (451) | -100.0% |
| Interest expense - related party | 358 | 578 | (220) | -38.1% |
| Gain on extinguishment of liabilities | (4,343) | (528) | (3,815) | 722.5% |
| Loss on debt issuance | 274 | 171 | 103 | 60.2% |
| Loss on extinguishment of term notes | 1,770 | — | 1,770 | nm |
| Change in fair value of warrant liability | (4) | (408) | 404 | -99.0% |
| Change in fair value of warrant liability - related party | 2 | (115) | 117 | -101.7% |
| Change in fair value of bifurcated embedded derivative liabilities - related party | 43 | — | 43 | nm |
| Change in fair value of convertible notes | 159 | 544 | (385) | -70.8% |
| Change in fair value of term notes | 166 | — | 166 | nm |
| Change in fair value of convertible bridge notes | (22) | — | (22) | nm |
| Yorkville prepayment premium expense | — | — | — | nm |
| Loss on yorkville sepa advances | 385 | — | 385 | nm |
| Other expense, net | (125) | (4) | (121) | nm |
| Total other expenses (income) | (1,337) | 889 | (2,226) | -250.4% |
| Loss before income taxes | (3,570) | (4,292) | 722 | -16.8% |
| Income tax expense | 74 | (1) | 75 | nm |
| Net loss | \$ (3,644) | \$ (4,291) | \$ 647 | -15.1% |

The percentage changes included in the tables herein that are not considered meaningful are presented as "nm".

Components of results of operations for the three months ended March 31, 2025 and 2024

Revenue Analysis

| <i>(\$ in Thousands)</i> | <i>Three Months Ended March 31, 2025</i> | <i>Three Months Ended March 31, 2024</i> | <i>Period-over- Period \$</i> | <i>Period-over- Period %</i> |
|--------------------------|--|--|-----------------------------------|----------------------------------|
| Revenue | \$ 3,379 | \$ 1,079 | \$ 2,300 | 213.2% |

For the three months ended March 31, 2025, Banzai reported total revenue of approximately \$3,379 thousand, representing an increase of approximately \$2,300 thousand, or approximately 213.2%, compared to the period ended March 31, 2024. This increase is primarily attributable to the revenue generated by the acquisitions of OpenReel and Vidello where OpenReel revenues of approximately \$1,442 thousand and Vidello revenues of approximately \$712 thousand for the three months ended March 31, 2025 and an increase in Reach revenue by approximately \$83 thousand.

Cost of Revenue Analysis

| <i>(\$ in Thousands)</i> | Three Months Ended March 31, 2025 | Three Months Ended March 31, 2024 | Period-over- Period \$ | Period-over- Period % |
|--------------------------|--|--|-----------------------------------|----------------------------------|
| Cost of revenue | \$ 606 | \$ 381 | \$ 225 | 59.1% |

For the three months ended March 31, 2025 and 2024, Banzai's cost of revenue totaled approximately \$606 thousand and approximately \$381 thousand, respectively. This represents an increase of approximately \$225 thousand, or approximately 59.1%, for the three months ended March 31, 2025 as compared to the three months ended March 31, 2024. This increase is due primarily attributable to the additional costs of OpenReel and Vidello products which were approximately \$75 thousand and \$136 thousand, respectively.

Gross Profit Analysis

| <i>(\$ in Thousands)</i> | Three Months Ended March 31, 2025 | Three Months Ended March 31, 2024 | Period-over- Period \$ | Period-over- Period % |
|--------------------------|--|--|-----------------------------------|----------------------------------|
| Gross profit | \$ 2,773 | \$ 698 | \$ 2,075 | 297.3% |

For the three months ended March 31, 2025 and 2024, Banzai's gross profit was approximately \$2,773 thousand and approximately \$698 thousand, respectively. This represents an increase of approximately \$2,075 thousand, or approximately 297.3% due to the increase in revenue of approximately \$2,300 thousand and increase in cost of revenue of approximately \$225 thousand described above.

Operating Expense Analysis

| <i>(\$ in Thousands)</i> | Three Months Ended March 31, 2025 | Three Months Ended March 31, 2024 | Period-over- Period \$ | Period-over- Period % |
|--------------------------|--|--|-----------------------------------|----------------------------------|
| Total operating expenses | \$ 7,680 | \$ 4,101 | \$ 3,579 | 87.3% |

Total operating expenses for the three months ended March 31, 2025 and 2024, were approximately \$7.7 million and approximately \$4.1 million, respectively, an increase of approximately \$3.6 million, or 87.3%. This increase was due primarily to the additions of OpenReel and Vidello expenses which were approximately \$1.1 million and \$0.2 million, respectively. Additionally the increase was due to an overall increase in salaries and related expenses by approximately \$0.8 million, marketing expenses by approximately \$0.6 million, and costs associated with audit, technical accounting, and legal and other professional services of approximately \$0.7 million.

Other Expense Analysis

| <i>(\$ in Thousands)</i> | Three Months Ended March 31, 2025 | Three Months Ended March 31, 2024 | Period-over- Period \$ | Period-over- Period % |
|-------------------------------|--|--|-----------------------------------|----------------------------------|
| Total other expenses (income) | \$ (1,337) | \$ 889 | \$ (2,226) | -250.4% |

For the three months ended March 31, 2025, Banzai reported total other income of approximately \$1.3 million. The change in other expenses (income), net was primarily driven by the following:

- GEM settlement commitment fee expense of approximately \$0.2 million during the three months ended March 31, 2024.
- Gain on extinguishment of debt of approximately \$4.3 million recognized during the three months ended March 31, 2025 compared to \$0.5 million recognized during the three months ended March 31, 2024.
- Loss on issuance of debt of approximately \$0.3 million during the three months ended March 31, 2025 compared to \$0.2 million during the three months ended March 31, 2024.
- Loss on extinguishment of term notes of approximately \$1.8 million during the three months ended March 31, 2025.
- Change in fair value of warrant liability recorded as a gain (third party & related party) of approximately \$0.5 million during the three months ended March 31, 2024.
- Interest expense (third party and related party) decreased by approximately \$0.7 million.
- Change in fair value of bifurcated embedded derivative assets during the three months ended March 31, 2025 was approximately \$0.04 million.
- Change in fair value of convertible promissory notes recorded as a loss of approximately \$0.2 million during the three months ended March 31, 2025 compared to a loss of approximately \$0.5 million during the three months ended March 31, 2024.
- Change in fair value of term notes recorded as a loss of approximately \$0.2 million during the three months ended March 31, 2025..
- Yorkville prepayment premium expense of approximately \$0.07 million and loss on SEPA advances to Yorkville of approximately \$0.4 million during the three months ended March 31, 2025.

Provision for Income Taxes

| <i>(\$ in Thousands)</i> | <i>Three Months Ended March 31, 2025</i> | <i>Three Months Ended March 31, 2024</i> | <i>Period-over- Period \$</i> | <i>Period-over- Period %</i> |
|--------------------------|---|---|--|---|
| Income tax expense | \$ 74 | \$ (1) | \$ 75 | -7500.0% |

For the three months ended March 31, 2025, Banzai's reported provision for income tax expense was \$74 thousand. Banzai did not report a provision for income tax expense for the three months ended March 31, 2024.

Due to Banzai's history of losses since inception, there is not enough evidence at this time to support that Banzai will generate future income of a sufficient amount and nature to utilize the benefits of its net deferred tax assets. Accordingly, the deferred tax assets have been reduced by a full valuation allowance, since Banzai cannot currently support that realization of its deferred tax assets is more likely than not.

At March 31, 2025, Banzai had no unrecognized tax benefits that would reduce Banzai's effective tax rate if recognized.

Net Loss Analysis

| <i>(\$ in Thousands)</i> | <i>Three Months Ended March 31, 2025</i> | <i>Three Months Ended March 31, 2024</i> | <i>Period-over- Period \$</i> | <i>Period-over- Period %</i> |
|--------------------------|---|---|--|---|
| Net loss | \$ (3,644) | \$ (4,291) | \$ 647 | -15.1% |

For the three months ended March 31, 2025 and 2024, Banzai reported net losses of approximately \$3.6 million and approximately \$4.3 million, respectively. The lower net loss is primarily due to a decrease in total other expenses (income), net of approximately \$2.2

million during the three months ended March 31, 2025 compared to the three months ended March 31, 2024, in addition to an increase in operating expenses of approximately \$3.6 million, and an increase in gross profit of \$2.2 million.

Critical Accounting Estimates

Our condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States. The preparation of these condensed consolidated financial statements requires us to make judgments and estimates that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities in our financial statements. We base our estimates on historical experience, known trends and events and various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Our actual results may differ from these estimates under different assumptions or conditions. On a recurring basis, we evaluate our judgments and estimates in light of changes in circumstances, facts, and experience. The effects of material revisions in an estimate, if any, will be reflected in the condensed consolidated financial statements prospectively from the date of the change in the estimate.

We believe that the following accounting policies are those most critical to the judgments and estimates used in the determination of opening balances in purchase accounting for business combinations, and in preparation of our financial statements.

Impairment of goodwill

Goodwill represents the excess of the purchase price over the fair value of the net identifiable assets acquired in a business combination. Goodwill is reviewed for impairment at least annually, in December, or more frequently if a triggering event occurs between impairment testing dates. As of December 31, 2024, the Company had two operating segments, which were deemed to be its reporting units, for the purpose of evaluating goodwill impairment, and the annual impairment test is performed as of December 31.

The Company's impairment assessment begins with a qualitative assessment to determine whether it is more likely than not that the fair value of the reporting unit is less than its carrying value. Qualitative factors may include, macroeconomic conditions, industry and market considerations, cost factors, and other relevant entity and Company specific events. If, based on the qualitative test, the Company determines that it is "more likely than not" that the fair value of a reporting unit is less than its carrying value, then we evaluate goodwill for impairment by comparing the fair value of our reporting unit to its respective carrying value, including its goodwill. If it is determined that it is not likely that the fair value of the reporting unit is less than its carrying value, then no further testing is required.

The selection and assessment of qualitative factors used to determine whether it is more likely than not that the fair value of a reporting unit exceeds the carrying value involves significant judgment and estimates. Fair values may be determined using a combination of both income and market-based approaches.

As of the annual impairment testing date of December 31, 2024, the Company bypassed the qualitative assessment and proceeded directly to the quantitative impairment test based on the stock price of the Company on the measurement date and economic uncertainty. To perform the quantitative assessment, the Company engaged a third-party service provider to assist management with the determination of the fair value of the Company. The Company estimated fair value of equity using the market capitalization method of the market approach, consideration of initiatives unknown by the market and evaluation of any implied control premium. Management further supported the conclusions by assessing a combination of an income valuation methodology, comprising a discounted cash flow analysis and market valuation methodologies, comprising the guideline public company and guideline transaction methods.

The market capitalization method calculated the aggregate market value of the Company based on the total number of outstanding shares of common and preferred stock and the market prices of the shares as of the assessment date. The Company evaluated conditions that were unknown by the market as of the assessment date and how a market participant would evaluate an implied control premium for the Company. The implied control premium was supported using a discounted cash flow analysis that contemplated the present value of assumed market participant cost savings and synergies.

The discounted cash flow ("DCF") estimated the present value of future cash flows. A DCF analysis requires significant judgment to model financial forecasts, which included revenue growth, cost of sales as a percentage of revenue, gross profit margin, operating expenses as a percentage of revenue, EBITDA margin, EBITDA growth, industry and economic trends, and other relevant considerations. For periods beyond those forecasted, a terminal value was estimated based on an assumed long-term growth rate, which was derived using the Gordon Growth Model. The discount rate applied to the forecasted cash flows was calculated using a build-up approach, which starts with the risk-free interest rate, which was then calibrated for market and small stock risk premiums, including a beta, equity risk, size, and small stock risk premiums to reflect risks and uncertainties in the financial market and in the Company's business projections.

The market approach for the guideline public company method utilizes observable market data from comparable public companies, including revenue multiples, to estimate the Company's fair value. This approach also incorporates a control premium to represent the

Company's expectation of a hypothetical acquisition. The market approach for the guideline transaction method utilizes observable transactions of actual prices paid for target companies that operated in comparable industries or markets facing similar risks. Both methods of the market approach require judgment in the selection of comparable companies or comparable transactions and includes those with similar business activities, and related operating environments.

The results of the quantitative assessment indicated that the carrying amount of the Company's OpenReel reporting unit exceeded its fair value, which resulted in an impairment loss of \$2.7 million at December 31, 2024.

Significant negative industry or economic trends, including declines in the market price of the Company's stock, reduced estimates of future cash flows or business disruptions could result in impairments to goodwill in the future, which would result in recording an impairment loss. Any resulting impairment loss could have a material adverse impact on the Company's financial condition and results of operations. Management will continue evaluating the economic conditions at future reporting periods for triggering events.

Business combinations

The Company accounts for business combinations under the acquisition method of accounting, which requires the recognition of acquired tangible and identifiable intangible assets and assumed liabilities at their acquisition date fair values. These fair values are a result of valuation techniques that use significant assumptions that are subject to a high degree of judgment. The excess of the acquisition price over the fair value of assets acquired and liabilities assumed is recorded as goodwill. Results of operations related to acquired entities are included prospectively beginning with the date of acquisition. Acquisition-related costs are expensed as incurred.

Non-GAAP Financial Measures

Adjusted EBITDA

In addition to our results determined in accordance with U.S. GAAP, we believe that Adjusted EBITDA, a non-GAAP measure as defined below, is useful in evaluating our operational performance distinct and apart from certain irregular, non-cash, and non-operational expenses. We use this information for ongoing evaluation of operations and for internal planning purposes. We believe that non-GAAP financial information, when taken collectively with results under GAAP, may be helpful to investors in assessing our operating performance and comparing our performance with competitors and other comparable companies.

Non-GAAP measures should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. We endeavor to compensate for the limitation of Adjusted EBITDA, by also providing the most directly comparable GAAP measure, which is net loss, and a description of the reconciling items and adjustments to derive the non-GAAP measure. Some of these limitations are:

- Adjusted EBITDA does not consider the potentially dilutive impact of stock-based compensation.
- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and Adjusted EBITDA does not reflect cash capital expenditure requirements for such replacements or for new capital expenditures or contractual commitments.
- Adjusted EBITDA does not reflect impairment and restructuring costs.
- Adjusted EBITDA does not reflect interest expense or other income.
- Adjusted EBITDA does not reflect income taxes.
- Adjusted EBITDA does not reflect audit, legal, incremental accounting and other expenses tied to M&A or the Business Combination.
- Other companies, including companies in our own industry, may calculate Adjusted EBITDA differently from the way we do, limiting its usefulness as a comparative measure.

Because of these limitations, Adjusted EBITDA should only be considered alongside results prepared in accordance with GAAP, including various cash-flow metrics, net income (loss) and our other GAAP results and financial performance measures.

Adjusted EBITDA Analysis for the three months ended March 31, 2025 and 2024

| <i>(\$ in Thousands)</i> | Three Months Ended March 31, 2025 | Three Months Ended March 31, 2024 | Period-over- Period \$ | Period-over- Period % |
|--------------------------|--|--|-----------------------------------|----------------------------------|
| Adjusted EBITDA (Loss) | \$ (1,742) | \$ (1,512) | \$ (230) | 15.2% |

For the three months ended March 31, 2025, Banzai's Adjusted EBITDA was approximately \$1.7 million, reflecting a decrease in the earnings of approximately \$0.2 million compared to a loss of approximately \$1.5 million for the three months ended March 31, 2024. This period-over-period decrease is primarily attributable to increased gain on extinguishments of liabilities offset by loss on issuance of term notes and increased transaction related expenses.

Net Income/(Loss) to Adjusted EBITDA Reconciliation for the three months ended March 31, 2025 and 2024

| <i>(\$ in Thousands)</i> | Three Months Ended March 31, 2025 | Three Months Ended March 31, 2024 | Period-over- Period \$ | Period-over- Period % |
|--|--|--|-----------------------------------|----------------------------------|
| Net loss | \$ (3,644) | \$ (4,291) | \$ 647 | -15.1% |
| Depreciation expense | 247 | 2 | 245 | 12250.0% |
| Stock based compensation | 337 | 43 | 294 | 685.9% |
| Interest expense | — | 451 | (451) | -100.0% |
| Interest expense - related party | 358 | 578 | (220) | -38.1% |
| Income tax expense | 74 | (1) | 75 | -7500.0% |
| GEM commitment fee expense | - | 200 | (200) | -100.0% |
| Gain on extinguishment of liabilities | (4,343) | (528) | (3,815) | 722.5% |
| Loss on debt issuance | 274 | 171 | 103 | 60.2% |
| Loss on issuance of term notes | 1,770 | — | 1,770 | nm |
| Change in fair value of warrant liability | (4) | (408) | 404 | -99.0% |
| Change in fair value of warrant liability - related party | 2 | (115) | 117 | -101.7% |
| Change in fair value of bifurcated embedded derivative liabilities - related party | 43 | - | 43 | nm |
| Change in fair value of convertible notes | 159 | 544 | (385) | -70.8% |
| Change in fair value of term notes | 166 | — | 166 | nm |
| Change in fair value of convertible bridge notes | (22) | — | (22) | nm |
| Loss on yorkville sepa advances | 385 | — | 385 | nm |
| Other expense, net | (125) | (4) | (121) | 3025.0% |
| Transaction related expenses* | 2,582 | 1,842 | 740 | 40.2% |
| Adjusted EBITDA (Loss) | \$ (1,742) | \$ (1,512) | \$ (230) | 15.2% |

* Transaction related expenses include

| <i>(\$ in Thousands)</i> | Three Months Ended March 31, 2025 | Three Months Ended March 31, 2024 | Period-over- Period \$ | Period-over- Period % |
|------------------------------|--|--|-----------------------------------|----------------------------------|
| Professional fees - audit | \$ 289 | \$ 344 | \$ (55) | -16.0% |
| Professional fees - legal | 199 | 597 | (398) | -66.7% |
| Incremental accounting | 338 | 680 | (342) | -50.3% |
| Market study, M&A support | 1,756 | 221 | 1,535 | 694.6% |
| Transaction related expenses | \$ 2,582 | \$ 1,842 | \$ 740 | 40.2% |

Liquidity and Capital Resources

Going Concern

Since inception, Banzai has financed its operations primarily from the sales of redeemable convertible preferred stock and convertible promissory notes, and proceeds from senior secured loans. As of March 31, 2025, Banzai had cash of approximately \$0.8 million.

Banzai has incurred losses since its inception, had a working capital deficit of approximately \$26.6 million as of March 31, 2025, and had an accumulated deficit at March 31, 2025 totaling approximately \$81.9 million. As of March 31, 2025, Banzai had approximately \$5.9 million and approximately \$9.8 million aggregate principal amount outstanding on term/promissory notes and convertible notes, respectively. During the three months ended March 31, 2025, Banzai raised additional capital under the SEPA of approximately \$7.1 million through the issuance of shares and approximately \$3.1 million through the issuance of additional convertible notes to fund the Company's operations.

Banzai's intends to seek additional funding through the SEPA arrangement and other equity financings in 2025. If Banzai is unable to raise such funding, Banzai will have to pursue an alternative course of action to seek additional capital through other debt and equity financing. On April 17, 2024 and May 9, 2025, we entered into convertible promissory notes with 1800 Diagonal, in principal amounts of \$230,000 and \$163,000, respectively.

If Banzai is unable to raise sufficient additional capital, through future debt or equity financings or through strategic and collaborative ventures with third parties, Banzai will not have sufficient cash flows and liquidity to fund its planned business for 12 months from the issuance of these financial statements, including the inability to close the Act On acquisition. There can be no assurances that Banzai will be able to secure alternate forms of financing at terms that are acceptable to management. In that event, Banzai might be forced to limit many of its business plans and consider other means of creating value for its stockholders. Based on the factors described above, and after considering management's plans, there is substantial doubt about Banzai's ability to continue as a going concern within one year from the date the financial statements were available to be issued. The accompanying condensed consolidated financial statements have been prepared assuming Banzai will continue as a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business.

Cash flows for the three months ended March 31, 2025 and 2024

The following table sets forth Banzai's cash flows for the three months ended March 31, 2025 and 2024:

| <i>(\$ in Thousands)</i> | <i>Three Months Ended March 31, 2025</i> | <i>Three Months Ended March 31, 2024</i> | <i>Period-over- Period \$</i> | <i>Period-over- Period %</i> |
|---|--|--|-----------------------------------|----------------------------------|
| Net loss | \$ (3,643) | \$ (4,290) | \$ 647 | -15.1% |
| Adjustments to reconcile net loss to net cash used in operating activities: | (1,332) | 2,173 | (3,505) | -161.3% |
| Net cash used in operating activities | (4,976) | (2,117) | (2,859) | 135.0% |
| Net cash provided by investing activities | (2,677) | — | (2,677) | nm |
| Net cash provided by financing activities | 7,346 | 1,050 | 6,296 | 599.6% |
| Net increase / (decrease) in cash | \$ (307) | \$ (1,067) | \$ 760 | -71.2% |

Cash Flows for the three months ended March 31, 2025

Net cash used in operating activities was approximately \$5.0 million for the three months ended March 31, 2025. Net cash used in operating activities consists of net loss of approximately \$3.6 million, offset by total adjustments of approximately \$1.3 million for non-cash items and the effect of changes in working capital. Non-cash adjustments primarily included loss on extinguishment of term notes of approximately \$1.8 million, stock compensation expense of approximately \$0.3 million, gain on extinguishment of liability of approximately \$4.3 million, loss on issuance of debt of approximately \$0.3 million, loss on extinguishment of term notes of approximately \$1.8 million, non-cash interest expense of approximately \$0.4 million, fair value adjustment of convertible promissory notes of approximately \$0.2 million, fair value adjustment of term notes of approximately \$0.2 million, consulting expenses paid via

share issuance of approximately \$0.2 million, depreciation and amortization of intangible assets of approximately \$0.7 million and net of change in operating assets and liabilities of approximately \$0.9 million.

Net cash provided by investing activities was approximately \$2.7 million for the three months ended March 31, 2025 and was related to the net cash paid in the acquisition of Vidello.

Net cash provided by financing activities was approximately \$7.3 million for the three months ended March 31, 2025, and was primarily related to proceeds from convertible debt financing of approximately \$3.2 million, net proceeds from the issuance of term notes of approximately \$4.0 million, proceeds from issuance of shares under the SEPA agreement of approximately \$6.7 million, repayment of term notes of approximately \$3.7 million, partial repayment of convertible notes with a related party of approximately \$0.9 million, repayment of Yorkville convertible notes of approximately \$1.9 million, and payment of the GEM commitment fee promissory note of approximately \$0.2 million.

Cash Flows for the three months ended March 31, 2024

Net cash used in operating activities was approximately \$2.1 million for the three months ended March 31, 2024. Net cash used in operating activities consists of net loss of approximately \$4.5 million, offset by total adjustments of \$2.4 million for non-cash items and the effect of changes in working capital. Non-cash adjustments included non-cash settlement of the GEM commitment fee of approximately \$0.2 million, stock-based compensation expense of approximately \$0.3 million, gain on extinguishment of liability of \$0.5 million, non-cash interest expense of approximately \$0.5 million (approximately \$0.09 million for related party), amortization of debt discount and issuance costs of approximately \$0.5 million (approximately \$0.5 million for related party), amortization of operating lease ROU assets of approximately \$0.04 million, fair value adjustment for warrant liabilities gain of approximately \$0.5 million (gain of approximately \$0.1 million for related party), and net of change in operating assets and liabilities of approximately \$1.2 million.

There were no net cash investing activities for the three months ended March 31, 2024.

Net cash provided by financing activities was approximately \$1.1 million for the three months ended March 31, 2024, and was primarily related to proceeds from convertible debt financing of approximately \$2.3 million and payment of the GEM commitment fee of approximately \$1.2 million.

Capital Expenditure Commitments and Financing Requirements

| <i>(\$ in Thousands)</i> | Total | Less than 1 year | 1 - 3 Years |
|--|-----------|------------------|-------------|
| Debt principal - 15.5% CP BF convertible notes | \$ 7,389 | \$ — | \$ 7,389 |
| Debt principal - Agile | 4,000 | 4,000 | — |
| Debt principal - 1800 Diagonal | 371 | 371 | — |
| Debt principal - Yorkville | 1,623 | 1,623 | — |
| Interest on debt | 743 | 37 | 706 |
| Operating leases | 21 | 21 | — |
| Total capital expenditure commitments and financing requirements at March 31, 2025 | \$ 14,147 | \$ 6,052 | \$ 8,095 |

Debt principal - 15.5% CB PF Convertible Note

On September 5, 2024, the Company entered into a side letter to the loan agreement with CP BF whereby the Company agreed to consolidate the Term Note, CP BF Convertible Note and First Amendment Convertible Note (combined the "Old CP BF Notes") into a single convertible note (the "2024 CP BF Convertible Note"). In accordance with ASC 470 Debt, the Company treated the Old CP BF Notes as extinguished and recognized a loss on debt extinguishment of \$6,529,402, determined by the sum of the fair value of the 2024 CP BF Convertible Note, plus the fair value of the additional equity consideration given as part of the side letter and share purchase agreement, as discussed below, in excess of the carrying value of the Old CP BF Notes. After consideration of the below transactions it was determined CP BF is a related party as they own approximately 16% of the outstanding Class A Common Stock.

In conjunction with the side letter, the Company agreed to issue to CP BF, 70,000 shares of the Company's Class A Common Stock. On September 23, 2024 the transaction was finalized and the Company issued the 2024 CP BF Convertible Note with a principal amount of \$10,758,775. Pursuant to the CP BF SPA, CP BF agreed to convert \$2,000,000 in debt into 260,849 shares of Class A Common Stock, CP BF Warrants to purchase up to 565,553 shares of Class A Common Stock and CP BF Pre-Funded Warrants to purchase up to 304,704 shares of Class A Common Stock (all such securities and shares collectively referred to as the "CP BF Registrable Securities"). The outstanding principal balance of the 2024 CP BF Convertible Note together with accrued interest thereon, unpaid fees and expenses and any other Obligations then due, shall be paid on February 19, 2027 ("2024 Loan Maturity Date"). The 2024 CP BF

Convertible Note accrues interest at a rate of 15.5% which interest shall be paid in kind monthly and is convertible at the holder's option at any time on or following the effectiveness of the first resale registration statement covering the applicable conversion shares at a fixed conversion price per share of \$3.89. Upon the occurrence, and during the continuance, of an Event of Default (as defined in the agreement), interest on the 2024 CP BF Convertible Note will bear PIK interest at a per annum rate of 20% ("2024 Default Rate").

Additionally, the Company may voluntarily prepay the principal of the 2024 CP BF Convertible Note, in accordance with their terms, in whole or in part at any time. On the date of any such prepayment, the Company will owe to Lender: (i) all accrued interest with respect to the principal amount so prepaid through the date the prepayment is made and (ii) the Exit Fee with respect to the principal amount so prepaid, calculated as 1.0% of the outstanding principal balance of the loans, with only the portion of the principal balance so converted counted for purposes of determining the applicable Exit Fee; and provided further, that, in the event of a partial prepayment of the loans, the Exit Fee shall be calculated on the principal amount so repaid and not on the entire outstanding principal balance thereof, and (iii) all other Obligations, if any, that shall have become due and payable hereunder with respect to the principal amount so prepaid.

Debt principal - GEM Promissory Note

On February 5, 2024, the Company and GEM entered into a settlement agreement (the "GEM Settlement Agreement"), pursuant to which (a) the Company and GEM agreed to (i) settle the Company's obligations under and terminate the binding term sheet entered into between Legacy Banzai and GEM, dated December 13, 2023, and (ii) terminate the share repurchase agreement, dated May 27, 2022, by and among the Company and GEM, and (b) the Company (i) agreed to pay GEM \$1.2 million in cash within three business days of the GEM Settlement Agreement and (ii) issued to GEM, on February 5, 2024, an unsecured promissory zero coupon note in the amount of \$1.0 million, payable in monthly installments of \$100,000 beginning on March 1, 2024, with the final payment to be made on December 1, 2024 (the "GEM Promissory Note"). The Company paid GEM the \$1.2 million in cash in February 2024.

The GEM Promissory Note provides that, in the event the Company fails to make a required monthly payment when due, the Company shall issue to GEM a number of shares of Class A Common Stock equal to the monthly payment amount divided by the VWAP of the Class A Common Stock for the trading day immediately preceding the applicable payment due date. In addition, the Company agreed to register on a registration statement 40,000 shares of Class A Common Stock that may be issuable under the terms of the GEM Promissory Note. The GEM Promissory Note contains customary events of default. If an event of default occurs, GEM may, at its option, demand from the Company immediate payment of any outstanding balance under the GEM Promissory Note.

On November 15, 2024, the Company issued additional 150,000 shares to settle partial unpaid GEM promissory note balance. As of March 31, 2025, the Company has issued an aggregate of 190,000 shares of Class A Common Stock to GEM in lieu of monthly payment obligations and during the three months ending March 31, 2025 paid the remaining balance of the GEM Promissory Note of \$215,057.

Term Notes (Agile)

On July 22, 2024, the Company entered into a subordinated business loan and security agreement (the "July Subordinated Business Loan and Security Agreement") with Agile Lending, LLC and Agile Capital Funding, LLC as the collateral agent. On July 22, 2024, the Company issued a subordinated secured promissory note (the "July Agile Note") for an aggregate principal amount of \$787,500 and received \$750,000 of proceeds, net of administrative agent fees \$37,500 to the collateral agent, with a maturity date of February 5, 2025 under the subordinated business loan and security agreement. The loan under the agreement bears interest at a rate of 42% and will be calculated on a three hundred and sixty (360) day year based on the actual number of days lapsed, and interest shall accrue on the loan commencing on and including the effective date pursuant to the Agreement's weekly repayment and amortization schedule.

On September 13, 2024, the Company entered into a subordinated business loan and security agreement (the "September Subordinated Business Loan and Security Agreement") with Agile Lending, LLC and Agile Capital Funding, LLC as the collateral agent. On September 13, 2024, the Company issued a subordinated secured promissory note (the "September Agile Note") for an aggregate principal amount of \$262,500 and received \$250,000 of proceeds, net of administrative agent fees \$12,500 to the collateral agent, with a maturity date of March 3, 2025 under the September Note. The September Note bears interest at a rate of 48%, and interest will be calculated on a three hundred and sixty (360) day year based on the actual number of days lapsed, and interest shall accrue on the September Note commencing on and including the effective date pursuant to the September Note Agreement's weekly repayment and amortization schedule.

On December 12, 2024, the Company issued a subordinated secured promissory note (the "December Agile Note") for an aggregate principal amount of \$2,400,000 and received \$1,782,438 of proceeds, net of administrative agent fees of \$120,000 paid to the collateral agent, and net of payments to Agile Lending, LLC of \$319,500 and \$178,063 in respect to early prepayment of the remaining outstanding balances of the July Agile Note and September Agile Note, with a maturity date on the December Agile Note of July 10, 2025. The December Agile Note bears interest at a rate of 44%, and interest will be calculated on a three hundred and sixty (360) day year based on the actual number of days lapsed, and interest shall accrue on the December Agile Note commencing on and including the effective date pursuant to the December Agile Note Agreement's weekly repayment and amortization schedule.

Upon the modification on December 12, 2024, the Company evaluated the debt modification guidance, determining that the modification is an extinguishment of the existing July Agile Note and September Agile Note due to the terms of the December Agile Note being substantially different from the terms of the July and September Agile Notes. As a result, the Company recorded a loss on debt extinguishment of \$1,071,563.

On March 31, 2025, the Company issued a subordinated secured promissory note (the "March Agile Note") for an aggregate principal amount of \$4,000,000 and received \$2,044,105 of proceeds, net of administrative agent fees of \$200,000 paid to the collateral agent, and net of payments to Agile Lending, LLC of \$1,755,895 in respect to early prepayment of the remaining outstanding balances of the December Agile Note, with a maturity date on the March Agile Note of November 12, 2025. The March Agile Note bears interest at a rate of 44%, and interest will be calculated on a three hundred and sixty (360) day year based on the actual number of days lapsed, and interest shall accrue on the March Agile Note commencing on and including the effective date pursuant to the March Agile Note Agreement's weekly repayment and amortization schedule.

Upon the modification on March 31, 2025, the Company evaluated the debt modification guidance, determining that the modification is an extinguishment of the existing December Agile Note due to the terms of the March Agile Note being substantially different from the terms of the December Agile Notes. As a result, the Company recorded a loss on debt extinguishment of \$1,769,895.

The July Agile Note, the September Agile Note, the December Agile Note, the March Agile Note are together referred to as the "Agile Notes".

The collateral under the subordinated business loan and security agreements consist of all of the Company's goods, accounts, equipment, inventory, contract rights or rights to payment of money, leases, license agreements, franchise agreements, general intangibles (including intellectual property), commercial tort claims, documents, instruments (including any promissory notes), chattel paper (whether tangible or electronic), cash, deposit accounts and other collateral accounts, all certificates of deposit, fixtures, letters of credit rights, securities, and all other investment property, supporting obligations, and financial assets. Upon any Changes in Business or Management, Ownership (as defined in the agreements) or upon an Event of Default (as defined in the agreements), each of the July Agile Note and or the September Agile Note then-outstanding will become accelerated and the Company shall immediately pay to Agile an amount equal to the sum of (i) all outstanding principal of the term loan plus accrued and unpaid interest thereon accrued through the prepayment date, (ii) a Prepayment Fee (as defined in the agreements), plus (iii) all other obligations that are due and payable, including, without limitation, incremental interest at the Default Rate of 5.0% (as defined in the agreements). Additionally, the Company may voluntarily prepay the July Agile Note and or the September Agile Note, in accordance with their terms, in whole or in part at any time. On the date of such prepayment of any principal amounts, the Company will owe to Agile a Prepayment Fee comprising a make-whole premium payment on account of such principal amount prepaid, which shall be equal to the aggregate and actual amount of interest (at the contract rate of interest) that would be paid through the maturity date of the respective note, as described above.

The Agile Notes include contingent redemption (put) rights which trigger mandatory prepayment and a make-whole premium upon certain events including an event of default, and defaulted contingent interest upon an event of default.

Due to the contingent redemption put feature and default interest embedded feature within the Agile Notes, the Company elected to account for the Agile Notes at fair value at their respective dates of issuance and in subsequent reporting periods, pursuant to ASC 825 *Financial Instruments* ("ASC 825"). The Company will record changes in the fair value of the notes that relate to changes in credit risk to other comprehensive income. The remaining changes in fair value, including the component related to accrued interest, will be recorded through the other (income) expense section of the Company's condensed consolidated statements of operations and comprehensive loss statement in a single line item.

Interest expense on the Agile Notes totaled \$450,426 for the three months ending March 31, 2025 and is included in the fair value of the notes.

Convertible Notes (1800 Diagonal)

On August 16, 2024, the Company entered into a securities purchase agreement and promissory note agreement (the "August Securities Purchase Agreement") with 1800 Diagonal Lending LLC ("Lender"). On August 16, 2024 the Company issued a promissory note (the "August 1800 Diagonal Note") for an aggregate principal amount of \$184,000 and received \$160,000 of proceeds, net of an original issue discount of \$24,000, with a maturity date of June 15, 2025. The August Securities Purchase Agreement stipulates that the Company and Lender may mutually agree to enter into additional tranches of promissory notes over the 12 month period commencing on August 16, 2024, up to an aggregate total of \$750,000. The stated interest rate on the August Note is 12% per annum, and interest shall accrue on the August Note commencing on and including the issuance date pursuant to the August Agreement's monthly repayment and amortization schedule.

On September 24, 2024, the Company issued a second promissory note (the “September 1800 Diagonal Note”) for an aggregate principal amount of \$124,200 and received \$108,000 of proceeds, net of an original discount of \$16,200, with a maturity date of July 30, 2025. The stated interest rate on the September Note is 12% per annum, and interest shall accrue on the September Note commencing on and including the issuance date pursuant to the September Note Agreement's repayment and amortization schedule.

On December 10, 2024, the Company issued a third promissory note (the “December 1800 Diagonal Note”) for an aggregate principal amount of \$124,200 and received \$108,000 of proceeds, net of an original discount of \$16,200, with a maturity date of October 15, 2025. The stated interest rate on the December Note is 12% per annum, and interest shall accrue on the December Note commencing on and including the issuance date pursuant to the December Note Agreement's repayment and amortization schedule.

The August 1800 Diagonal Note, the September 1800 Diagonal Note, and the December 1800 Diagonal Note are together referred to as the “1800 Diagonal Notes”.

Upon an event of default, as defined in the agreements, all or any portion of the 1800 Diagonal Notes that are then-outstanding, may become convertible at the option of the Lender into fully paid and non-assessable shares of the Company’s Common Stock up to 4.99% of the Company’s outstanding shares of Common Stock. The Notes become convertible at the lender’s option upon an event of default, at a conversion price equal to the quotient resulting from dividing the Conversion Amount, measured as the sum of (1) the principal amount of the Note or Notes being converted in such conversion, plus (2) at the lender’s option, accrued and unpaid interest, if any, on such principal amount at the interest rates to the respective note or notes being converted through the conversion date, plus (3) at the lender’s option, the default interest, divided by the “Conversion Price” then in effect on the date specified in the notice of conversion (the conversion date). The Conversion Price will be measured as seventy-five percent (75%) multiplied by the market price, which means the lowest trading price for the Company’s Common Stock during the ten (10) trading day period ending on the latest complete trading day prior to the conversion date.

The 1800 Diagonal Notes include optional conversion rights to the holder upon an event of default, contingent redemption (put) rights which trigger mandatory prepayment upon event of default, and defaulted contingent interest upon an event of default.

Due to these embedded features within the 1800 Diagonal Notes, the Company elected to account for the 1800 Agile Notes at fair value at their respective dates of issuance and in subsequent reporting periods, pursuant to ASC 825 *Financial Instruments* (“ASC 825”). The Company will record changes in the fair value of the notes that relate to changes in credit risk to other comprehensive income. The remaining changes in fair value, including the component related to accrued interest, will be recorded through the other (income) expense section of the Company’s condensed consolidated statements of operations and comprehensive loss statement in a single line item.

Interest expense on the 1800 Diagonal Notes totaled approximately \$36,935 for the three months ended March 31, 2025 and is included in the fair value of the note.

Interest on Debt

Interest on debt totals \$0.7 million for the three months ended March 31, 2025, representing the aggregate interest expenses / payments obligation to be paid and to be recognized during the rest of the terms of the Loan Agreements and Notes, described above.

Operating Leases

Banzai has an operating lease for its real estate for office use. The lease term expires in October 2027. Banzai adopted ASC 842 Leases by applying the guidance at adoption date, January 1, 2022. The \$23,485 balance recognized as of March 31, 2025 represents the future minimum lease payments under non-cancellable leases as liabilities.

Debt Structure and Maturity Profile

| <i>(\$ in Thousands)</i> | <i>Principal</i> | <i>Debt Premium (Discount) / Issuance Cost</i> | <i>Carrying Value</i> | <i>Accrued Interest</i> | <i>Carrying Value and Accrued Interest</i> |
|---|-------------------------|---|----------------------------------|------------------------------------|---|
| As of March 31, 2025 | | | | | |
| Debt principal - 15.5% CP BF convertible notes | 7,389 | 10 | 7,399 | 706 | 8,105 |
| Debt principal - Yorkville | 1,623 | (350) | 1,273 | — | 1,273 |
| Debt principal - Agile | 4,000 | 1,538 | 5,538 | — | 5,538 |
| Debt principal - 1800 Diagonal | 371 | 3 | 374 | 37 | 411 |
| Total debt carrying values at March 31, 2025 | \$ 13,383 | \$ 1,201 | \$ 14,584 | \$ 743 | \$ 15,327 |

The Agile Notes and 1800 Diagonal Notes are presented at its fair value on the condensed consolidated balance sheets.

Contractual Obligations and Commitments

Revenue

Under ASC 606, revenue is recognized throughout the life of the executed agreement. Banzai measures revenue based on considerations specified in terms and conditions agreed to by a customer. Furthermore, Banzai recognizes revenue in an amount that reflects the consideration we expect to be entitled to in exchange for those services. The performance obligation is satisfied by transferring control of the service to the customer, which occurs over time.

Leases

Banzai's existing lease contains an escalation clause. Prior to adoption of ASU 2016-02 effective January 1, 2022, Banzai accounted for operating lease transactions by recording lease expense on a straight-line basis over the expected term of the lease.

Banzai entered into a sublease which it had identified as an operating lease prior to the adoption of ASC 842 Leases. Banzai remains the primary obligor to the head lease lessor, making rental payments directly to the lessor and separately billing the sublessee. The sublease is subordinated to the master lease, and the sublessee must comply with all applicable terms of the master lease. Banzai subleased the real estate to a third-party at a monthly rental payment amount that was less than the monthly cost that it pays on the headlease with the lessor.

GEM commitment fee liability

In May 2022, the Company entered into a Share Purchase Agreement with GEM Global Yield LLC SCS and GEM Yield Bahamas Limited (collectively, "GEM") (the "GEM Agreement") pursuant to which, among other things, upon the terms and subject to the conditions of the GEM Agreement, GEM is to purchase from the Company (or its successor following a Reverse Merger Transaction (as defined in the GEM Agreement)) up to the number of duly authorized, validly issued, fully paid and non-assessable shares of common stock having an aggregate value of \$100,000,000 (the "GEM Financing"). Further, in terms of the GEM Agreement, on the Public Listing Date, the Company was required to make and execute a warrant ("GEM Warrant") granting GEM the right to purchase up to the number of common shares of the Company that would be equal to 3% of the total equity interests, calculated on a fully diluted basis, and at an exercise price per share equal to the lesser of (i) the public offering price or closing bid price on the date of public listing or (ii) the quotient obtained by dividing \$650 million by the total number of equity interests.

On December 13, 2023, the Company and GEM entered into a binding term sheet (the "GEM Term Sheet") and, on December 14, 2023, a letter agreement (the "GEM Letter"), agreeing to terminate in its entirety the GEM Agreement by and between the Company and GEM, other than with respect to the Company's obligation (as the post-combination company in the Merger) to issue the GEM Warrant granting the right to purchase Class A Common Stock in an amount equal to 3% of the total number of equity interests outstanding as of the Closing, calculated on a fully diluted basis, at an exercise price on the terms and conditions set forth therein, in exchange for issuance of a \$2.0 million convertible debenture with a five-year maturity and 0% coupon. Due to the determination of the final terms of the planned \$2.0 million convertible debenture having not been finalized, nor the final agreement related to the convertible debenture having been executed, as of March 31, 2025, the Company recognized, concurrent with the close of the merger, a liability for the GEM commitment fee, along with a corresponding GEM commitment fee expense, in the amount of \$2.0 million.

On February 5, 2024, the Company and GEM entered into a settlement agreement (the "GEM Settlement Agreement"), pursuant to which (a) the Company and GEM agreed to (i) settle the Company's obligations under and terminate the binding term sheet entered into between Legacy Banzai and GEM, dated December 13, 2023, and (ii) terminate the share repurchase agreement, dated May 27, 2022, by and among the Company and GEM, and (b) the Company (i) agreed to pay GEM \$1.2 million in cash within three business days of the GEM Settlement Agreement and (ii) issued to GEM, on February 5, 2024, an unsecured promissory note in the amount of \$1.0 million, payable in monthly installments of \$100,000 beginning on March 1, 2024, with the final payment to be made on December 1, 2024 (the "GEM Promissory Note").

The GEM Promissory Note provides that, in the event the Company fails to make a required monthly payment when due, the Company shall issue to GEM a number of shares of Class A Common Stock equal to the monthly payment amount divided by the VWAP of the Class A Common Stock for the trading day immediately preceding the applicable payment due date. In addition, the Company agreed to register on a registration statement 40,000 shares of Class A Common Stock that may be issuable under the terms of the GEM Promissory Note. The GEM Promissory Note contains customary events of default. If an event of default occurs, GEM may, at its option, demand from the Company immediate payment of any outstanding balance under the GEM Promissory Note. As of the date of these condensed consolidated financial statements, we have issued an aggregate of 190,000 shares of Class A Common Stock to GEM in lieu of monthly payment obligations.

Off-Balance Sheet Arrangements

Banzai had no off-balance sheet arrangements as of March 31, 2025.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

This item is not applicable as we are a smaller reporting company.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we have evaluated the effectiveness of the design and operation of our “disclosure controls and procedures,” as such term is defined in Rule 13a-15(e) or Rule 15d-15(e) promulgated under the Exchange Act as of the end of the period covered by this report. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were not effective as of March 31, 2025 to provide reasonable assurance that material information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms due to the material weaknesses in our IT General Controls, adherence to the COSO Integrated Framework, and period end financial close and reporting process as described in our Annual Report on Form 10-K for the year ended December 31, 2024, as filed with the SEC on April 15, 2025 (the “2024 10-K”).

We are committed to the remediation of the material weaknesses as well as the continued improvement of our internal control over financial reporting. We are in the process of taking steps to remediate the identified material weaknesses and continue to evaluate our internal controls over financial reporting, as disclosed in the 2024 10-K.

As we continue our evaluation and improve our internal control over financial reporting, management may identify and take additional measures to address control deficiencies. We cannot assure you that we will be successful in remediating the material weaknesses in a timely manner.

Changes in Internal Control over Financial Reporting

As required by Rule 13a-15(d) of the Exchange Act, our management, including our principal executive officer and our principal financial officer, conducted an evaluation of the internal control over financial reporting to determine whether any changes occurred during the three months ended March 31, 2025, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. Based on that evaluation, our principal executive officer and principal financial officer concluded that the merger transaction with Vidello is considered a significant corporate event during the three months ended March 31, 2025.

On January 31, 2025, our company closed and completed a merger with Vidello Limited (“Vidello”), a private limited company registered in England and Wales, pursuant to an Merger Agreement (the “Vidello Merger Agreement”), dated December 19, 2024, by and among Vidello, and certain shareholders of Vidello (the “Vidello Shareholders”). As a result, there have been material changes to our internal control environment. Our management has begun to assess and adjust our internal control processes to accommodate the integration of systems, personnel, and financial reporting functions. We will work on implementing additional controls to address the combined entity’s financial reporting requirements, ensuring accuracy, reliability, and compliance. While we believe these adjustments will enhance our overall control framework, we continue to monitor and evaluate their effectiveness to maintain the highest standards of financial reporting integrity.

Other than the changes noted above regarding our steps to remediate our material weaknesses and the Vidello merger, there were no other changes in our internal control over financial reporting (as the term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the three months ended March 31, 2025 that have materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

From time to time, we may be party to litigation and subject to claims incident to the ordinary course of our business. As our growth continues, we may become party to an increasing number of litigation matters and claims. The outcome of litigation and claims cannot be predicted with certainty, and the resolution of these matters could materially affect our future results of operations, cash flows

or financial position. To the best of our knowledge, we are not presently party to any legal proceedings that, in the opinion of management, if determined adversely to us, would individually or taken together have a material adverse effect on our business, operating results, financial condition or cash flows.

Item 1A. Risk Factors.

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and, as such, are not required to provide the information under this item. A description of risk factors can be found in our Annual Report on Form 10-K for the year ended December 31, 2024.

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

During the period covered by this report, the Company has not issued unregistered securities to any person, except as described below. None of these transactions involved any underwriters, underwriting discounts or commissions, except as specified below, or any public offering, and, unless otherwise indicated below, the Registrant believes that each transaction was exempt from the registration requirements of the Securities Act by virtue of Section 4(a) (2) thereof and/or Rule 506 of Regulation D promulgated thereunder, and/or Regulation S promulgated thereunder regarding offshore offers and sales. All recipients had adequate access, though their relationships with the Registrant, to information about the Registrant.

Debt Consolidation Plan

As of May 12, 2025 the Company has issued an aggregate of 1,597,944 Shares to the Creditors in exchange for the cancellation of an aggregate of \$5,068,547 of debt.

Hudson Global Ventures, LLC Consulting Services Agreement

On January 3, 2025, the Company issued 150,000 restricted shares of its Common Stock, partially in exchange for the business advisory services outlined in the Consulting Agreement with Hudson Global Ventures, LLC, a Nevada limited liability company.

CP BF Pre-Funded Warrant Exercise

On January 7, 2025, the Company issued 4 shares of Class A Common Stock for exercise of four (4) pre-funded warrants under the CP BF Pre-Funded Warrant, to CP BF.

RSU Issuance to Executives

On March 6, 2025, the Company issued 337,773 shares of Class A common stock related to RSUs issued to executives as part of the Company's fiscal 2024 bonus plan, following Board approvals.

Acquisition of Vidello

On January 31, 2025, the Company closed a previously announced merger with Vidello Limited ("Vidello"), a private limited company registered in England and Wales (the "Vidello Merger"), pursuant to an Merger Agreement (the "Vidello Merger Agreement"), dated December 19, 2024, by and among Vidello, and certain shareholders of Vidello (the "Vidello Shareholders"). At the closing, Vidello Shareholders transferred all the outstanding shares of Vidello to the Company, and Vidello became a direct and wholly owned subsidiary of the Company. At the closing, the Company paid to the Vidello Shareholders, \$2,745,031 in cash (the "Vidello Cash Consideration"), whereby \$2,500,000 are withheld for indemnification expenses and other holdback provisions in accordance with the Vidello Merger Agreement, and issued 898,204 shares of Class A Common Stock (the "Share Consideration", together with the Cash Consideration, the "Vidello Closing Consideration").

Shares of Class A Common Stock issued to Winterberry

On February 4, 2025 the Company issued 30,000 shares to Verista Partners, Inc., aka Winterberry Group, one of its Creditors, in exchange for the cancellation of a portion of the total outstanding debt, in the amount of \$16,666, pursuant to the Debt Reorganization.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

During the three months ended March 31, 2025, no director or officer of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as these terms are defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits.

The following documents are included as exhibits to this Quarterly Report on Form 10-Q:

| Exhibit Number | Description |
|-----------------------|---|
| 2.1+ | <u>Agreement and Plan of Merger, dated December 8, 2022, by and among Banzai, 7GC, First Merger Sub and Second Merger Sub (incorporated by reference to Annex A-1 to the Registration Statement on Form S-4 filed on August 31, 2023).</u> |
| 2.2 | <u>Amendment to Agreement and Plan of Merger, dated August 4, 2023, by and among the Company and 7GC (incorporated by reference to Annex A-2 to the Registration Statement on Form S-4 filed on August 31, 2023).</u> |
| 2.3 | <u>Agreement and Plan of Merger, dated December 10, 2024, by and among Banzai International, Inc., Banzai Reel Acquisition, Inc., ClearDoc, Inc., and certain stockholders of ClearDoc, Inc. (incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K filed on December 19, 2024).</u> |
| 2.4 | <u>Acquisition Agreement, dated December 19, 2024, by and among Banzai International, Inc., Vidello Limited, and the Shareholders of Vidello Limited (incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K filed on December 20, 2024).</u> |
| 2.5 | <u>Agreement and Plan of Merger, dated January 22, 2025 by and between Banzai International, Inc. and Act-On Software, Inc. (incorporated by reference to the Current Report on Form 8-K filed on January 23, 2025).</u> |
| 3.1 | <u>Second Amended and Restated Certificate of Incorporation of the Company, dated December 14, 2023. (incorporated by reference to the Exhibit 3.1 to the Current Report on Form 8-K filed on December 20, 2023).</u> |
| 3.2 | <u>Second Amended and Restated Bylaws of the Company, dated December 14, 2023 (incorporated by reference to the Exhibit 3.2 to the Current Report on Form 8-K filed on December 20, 2023).</u> |
| 3.3 | <u>Third Amended and Restated Bylaws of the Company, dated March 3, 2025 (incorporated by reference to the Exhibit 3.2 to the Current Report on Form 8-K filed on March 4, 2025).</u> |
| 3.4 | <u>Amendment to Second Amended and Restated Certificate of Incorporation of the Company, dated September 11, 2024. (incorporated by reference to the Exhibit 3.1 to the Current Report on Form 8-K filed on September 16, 2024).</u> |
| 3.5 | <u>Amendment to Second Amended and Restated Certificate of Incorporation of the Company, dated March 3, 2025. (incorporated by reference to the Exhibit 3.1 to the Current Report on Form 8-K filed on March 4, 2025).</u> |
| 4.1 | <u>Specimen Class A Common Stock Certificate of the Company (incorporated by reference to the Exhibit 4.1 to the Current Report on Form 8-K filed on December 20, 2023).</u> |
| 4.2 | <u>Specimen Class B Common Stock Certificate of the Company (incorporated by reference to the Exhibit 4.2 to the Current Report on Form 8-K filed on December 20, 2023).</u> |
| 4.3 | <u>Specimen Warrant Certificate of the Company (incorporated by reference to the Exhibit 4.3 to the Current Report on Form 8-K filed on December 20, 2023).</u> |
| 4.4 | <u>Warrant Agreement, dated December 22, 2020, by and between 7GC and Continental Stock Transfer & Trust Company, as warrant agent (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed by 7GC on December 28, 2020).</u> |
| 4.5 | <u>Amended and Restated Convertible Promissory Note, by and among Banzai and CP BF Lending, LLC (incorporated by reference to Exhibit 4.7 to the Registration Statement on Form S-4 filed by 7GC on August 30, 2023).</u> |
| 4.6 | <u>Subordinated Promissory Note, dated December 13, 2023, issued by the Company to Alco Investment Company (incorporated by reference to the Exhibit 4.5 to the Current Report on Form 8-K filed on December 20, 2023).</u> |
| 4.7 | <u>Warrant to Purchase Shares of Common Stock of Banzai International, Inc., dated December 15, 2023, issued by the Company to GEM Yield Bahamas Limited (incorporated by reference to the Exhibit 4.7 to the Current Report on Form 8-K filed on December 20, 2023).</u> |
| 4.8 | <u>Promissory Note, dated as of December 14, 2023, issued by Banzai International, Inc. to YA II PN, LTD (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed on December 18, 2023).</u> |
| 4.9 | <u>Promissory Note, dated as of February 5, 2024, issued by Banzai International, Inc. to YA II PN, LTD (incorporated by reference to the Exhibit 4.11 to the Registration Statement on Form S-1 filed on February 5, 2024).</u> |
| 4.10 | <u>Promissory Note Agreement, dated as of March 26, 2024, issued by Banzai International, Inc. to YA II PN, LTD (incorporated by reference to Exhibit 4.10 to the Annual Report on Form 10-K filed on April 15, 2025).</u> |
| 4.11 | <u>Certificate of Designation of Series FE Preferred Stock (incorporated by reference to the 8-K filed on December 19, 2024).</u> |
| 10.1 | <u>Letter Agreement, dated December 22, 2020, by and among 7GC, its officers, its directors and the 7GC Sponsor (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by 7GC on December 28, 2020).</u> |
| 10.2 | <u>Private Placement Warrants Purchase Agreement, dated December 22, 2020, by and between 7GC and the 7GC Sponsor (incorporated by reference to Exhibit 10.5 to the Current Report on Form 8-K filed by 7GC on December 15, 2020).</u> |

- 10.3 [Amended and Restated Registration Rights Agreement, dated December 14, 2023, by and among the Company, the 7GC Sponsor, certain stockholders of the Company \(incorporated by reference to Exhibit 10.6 to the Current Report on Form 8-K filed on December 20, 2023\).](#)
- 10.4 [Form of Lock-Up Agreement, by and between the Company and certain stockholders and executives of Legacy Banzai \(incorporated by reference to Annex D to the Registration Statement on Form S-4 filed on August 31, 2023\).](#)
- 10.5# [Banzai International, Inc. 2023 Equity Incentive Plan \(incorporated by reference to Exhibit 99.1 to the Registration Statement on Form S-8 filed on March 25, 2024\).](#)
- 10.6# [Banzai International, Inc. 2023 Employee Stock Purchase Plan \(incorporated by reference to Exhibit 99.2 to the Registration Statement on Form S-8 filed on March 25, 2024\).](#)
- 10.7 [Loan Agreement, dated February 19, 2021, by and among the Company, Joseph P. Davy as an Individual Guarantor, Demio, Inc., as an Individual Guarantor and CP BF Lending, LLC, as Lender \(incorporated by reference to Exhibit 10.16 to the Registration Statement on Form S-4 filed by 7GC on August 30, 2023\).](#)
- 10.8 [Forbearance Agreement, dated August 24, 2023, by and among the Company, the guarantors party to the Loan Agreement \(as defined therein\), and CP BF Lending, LLC \(incorporated by reference to Exhibit 10.18 to the Registration Statement on Form S-4 filed by 7GC on August 30, 2023\).](#)
- 10.9 [Promissory Note, dated October 3, 2023, issued by 7GC to the 7GC Sponsor \(incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by 7GC on October 4, 2023\).](#)
- 10.10 [Standby Equity Purchase Agreement, dated as of December 14, 2023, by and among the Company, YA II PN, LTD., and Banzai Operating Co LLC \(f/k/a Banzai International, Inc.\) \(incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on December 18, 2023\).](#)
- 10.11 [Registration Rights Agreement, dated as of December 14, 2023, by and between the Company and YA II PN, LTD. \(incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K filed on December 18, 2023\).](#)
- 10.12 [Share Transfer Agreement, dated December 13, 2023, by and among the Company, the 7GC Sponsor and Alco Investment Company \(incorporated by reference to Exhibit 10.5 to the Current Report on Form 8-K filed on December 20, 2023\).](#)
- 10.13# [Form of Indemnification Agreement by and between the Company and its directors and officers \(incorporated by reference to Exhibit 10.8 to the Current Report on Form 8-K filed on December 20, 2023\).](#)
- 10.14 [Amendment to Fee Reduction Agreement, dated December 28, 2023, by and between the Company and Cantor Fitzgerald \(incorporated by reference to the Exhibit 10.26 to the Registration Statement on Form S-1 filed on February 5, 2024\).](#)
- 10.15 [Settlement Agreement, dated February 5, 2024, by and between the Company, GEM Global Yield LLC SCS and GEM Yield Bahamas Limited \(incorporated by reference to the Exhibit 10.27 of Amendment No. 1 to the Registration Statement on Form S-1 filed on February 5, 2024\).](#)
- 10.16 [Unsecured Promissory Note, dated February 5, 2024, issued by the Company to GEM Global Yield LLC SCS \(incorporated by reference to Exhibit 10.4 to the Current Report on Form 8-K filed on February 8, 2024\).](#)
- 10.17 [Supplemental Agreement, dated February 5, 2024, by and between the Company and YA II PN, LTD \(incorporated by reference to Exhibit 10.29 of Amendment No. 1 to the Registration Statement on Form S-1 filed on February 5, 2024\).](#)
- 10.18 [Addendum to Letter Agreements, dated February 5, 2024, by and between the Company and Roth Capital Partners, LLC \(incorporated by reference to the Exhibit 10.30 of Amendment No. 1 to the Registration Statement on Form S-1 filed on February 5, 2024\).](#)
- 10.19 [Form of Convertible Promissory Note issued to YA II PN, LTD \(incorporated by reference to exhibit 10.1 to the Current Report on Form 8-K filed on February 3, 2025\).](#)
- 10.20 [Second Amendment to Loan Agreement by and among the Company, Demio Holding Inc., Banzai Operating Co. LLC and CP BF Lending, LLC, as Lender dated as of September 23, 2024 \(incorporated by reference to the Exhibit 10.19 to the Current Report on Form 8-K/A filed on September 27, 2024\).](#)
- 10.21 [Debt Repayment Agreement, dated as of May 3, 2024, by and among the Company and Yorkville \(incorporated by reference to Exhibit 99.2 to the Current Report on Form 8-K filed on May 16, 2024\).](#)
- 10.22 [Amended and Restated Debt Repayment Agreement, dated as of May 22, 2024, by and between the Company and Yorkville \(incorporated by reference to Exhibit 4.12 to the Registration Statement filed on Form S-1 on September 19, 2024\).](#)
- 10.23 [Form of Securities Purchase Agreement \(incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on May 28, 2024\).](#)
- 10.24 [Form of Securities Purchase Agreement \(incorporated by reference to the Exhibit 10.1 to the Current Report on Form 8-K filed on September 27, 2024\).](#)
- 10.25 [Lock-up Agreement, dated as of September 20, 2024, by and between Banzai International, Inc. and Alco Investment Company \(incorporated by reference to the Exhibit 10.21 to the Current Report on Form 8-K filed on September 25, 2024\).](#)
- 10.26 [Form of Registration Rights Agreement, by and between Banzai International, Inc. and Alco Investment Company \(incorporated by reference to the Exhibit 10.20 to the Current Report on Form 8-K filed on September 25, 2024\).](#)

- 10.27 [Securities Purchase Agreement, dated as of September 23, 2024, by and between Banzai International, Inc. and CP BF Lending, LLC \(incorporated by reference to the Exhibit 10.17 to the Current Report on Form 8-K filed on September 25, 2024\).](#)
- 10.28 [Lock-up Agreement, dated as of September 23, 2024, by and between Banzai International, Inc. and CP BF Lending, LLC \(incorporated by reference to the Exhibit 10.25 to the Current Report on Form 8-K filed on September 25, 2024\).](#)
- 10.29 [Form of Registration Rights Agreement, by and between Banzai International, Inc. and CP BF Lending, LLC \(incorporated by reference to the Exhibit 10.24 to the Current Report on Form 8-K filed on September 25, 2024\).](#)
- 10.30 [Form of Registration Rights Agreement \(incorporated by reference to the Exhibit 10.2 to the Current Report on Form 8-K filed on September 27, 2024\).](#)
- 10.31 [Securities Purchase Agreement, dated as of September 20, 2024, by and between Banzai International, Inc. and Alco Investment Company \(incorporated by reference to the Registration Statement on Form S-1 filed with the SEC on October 16, 2024\).](#)
- 10.32 [Repayment Agreement with Perkins Coie, LLP \(incorporated by reference to the Registration Statement on Form S-1 filed with the SEC on October 16, 2024\).](#)
- 10.33 [Amended and Restated Repayment Agreement with J.V.B Financial Group, LLC \(incorporated by reference to the Registration Statement on Form S-1 filed with the SEC on October 16, 2024\).](#)
- 10.34 [Investor Relations Consulting Agreement with MZHCI, LLC \(incorporated by reference to the Registration Statement on Form S-1 filed with the SEC on October 16, 2024\).](#)
- 10.35 [Side Letter to the Loan Agreement with CP BF Lending, LLC \(incorporated by reference to the Exhibit 10.6 to the Current Report on Form 8-K filed on September 25, 2024\).](#)
- 10.36 [Floor Price Adjustment Agreement with Yorkville Advisors \(incorporated by reference to the Registration Statement on Form S-1 filed with the SEC on October 16, 2024\).](#)
- 10.37 [Repayment Agreement with Cooley LLP \(incorporated by reference to the Registration Statement on Form S-1 filed with the SEC on October 16, 2024\).](#)
- 10.38 [Settlement Letter with CohnReznick LLP \(incorporated by reference to the Registration Statement on Form S-1 filed with the SEC on October 16, 2024\).](#)
- 10.39 [Repayment Agreement with Sidley Austin LLP \(incorporated by reference to the Registration Statement on Form S-1 filed with the SEC on October 16, 2024\).](#)
- 10.40 [Repayment Agreement with Donnelley Financial LLC \(incorporated by reference to the Registration Statement on Form S-1 filed with the SEC on October 16, 2024\).](#)
- 10.41 [Repayment Agreement with Verista Partners, Inc. \(incorporated by reference to the Registration Statement on Form S-1 filed with the SEC on October 16, 2024\).](#)
- 10.42 [Consulting Agreement dated as of September 26, 2024 by and between the Company and Hudson Global Ventures, LLC \(incorporated by reference to the Registration Statement on Form S-1 filed with the SEC on October 16, 2024\).](#)
- 10.43 [Form of Registration Rights Agreement \(incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on December 10, 2024\).](#)
- 10.44 [Form of Pre-Funded Warrant \(incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed on December 10, 2024\).](#)
- 10.45 [Form of Subscription Booklet \(incorporated by reference to the Current Report on Form 8-K filed on January 23, 2025\)](#)
- 10.46 [Form of Pre-Funded Warrant \(incorporated by reference to the Current Report on Form 8-K filed on January 23, 2025\)](#)
- 10.47 [Voting and Support Agreement, dated January 22, 2025 by and between Banzai International, Inc and Joseph Davy \(incorporated by reference to the Current Report on Form 8-K filed on January 23, 2025\).](#)
- 10.48 [Form of Share Consideration Escrow Agreement \(incorporated by reference to Exhibit 10.4 to the Current Report on Form 8-K filed on January 23, 2025\).](#)
- 10.49 [Form of Registration Rights Agreement \(incorporated by reference to Exhibit 10.5 to the Current Report on Form 8-K filed on January 23, 2025\).](#)
- 10.50 [Voting and Support Agreement, dated December 10, 2024, by and between Joseph P. Davy and Banzai International Inc. \(incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K filed on December 10, 2024\).](#)
- 10.51 [Form of Lock-Up Agreement \(incorporated by reference to exhibit 10.1 to the Current Report on Form 8-K filed on December 20, 2024\).](#)
- 10.52 [Form of Pre-Funded Warrant \(incorporated by reference to exhibit 10.2 to the Current Report on Form 8-K filed on December 20, 2024\).](#)
- 10.53 [Voting and Support Agreement, dated December 19, 2024, by and between Banzai International Inc., and Joseph P. Davy \(incorporated by reference to exhibit 10.3 to the Current Report on Form 8-K filed on December 20, 2024\).](#)
- 10.54 [Closing Letter Agreement, dated January 24, 2025, by and among Banzai International, Inc., Vidello Limited and certain shareholders of Vidello Limited \(incorporated by reference to exhibit 10.3 to the Current Report on Form 8-K filed on January 31, 2025\).](#)

31.1* [Certification of Principal Executive Officer Pursuant to Rules 13a-14\(a\) and 15d-14\(a\) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)

31.2* [Certification of Principal Financial Officer Pursuant to Rules 13a-14\(a\) and 15d-14\(a\) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)

32.1** [Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)

32.2** [Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)

101.INS *** Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.

101.SCH **** Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents

104 *** Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith.

** Furnished herewith.

Indicates management contract or compensatory plan or arrangement.

+ The schedules and exhibits to this agreement have been omitted pursuant to Item 601(b)(2) of Regulation S-K. A copy of any omitted schedule and/or exhibit will be furnished to the SEC upon request.

*** The XBRL Instance Document and Cover Page Interactive Data File do not appear in the Interactive Data File because their XBRL tags are embedded within the Inline XBRL document.

**** Submitted electronically herewith.

SIGNATURES

Pursuant to the requirements of Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on May 15, 2025.

BANZAI INTERNATIONAL, INC.

Date: May 15, 2025

By: _____
/s/ Joseph Davy
Joseph Davy
Chief Executive Officer

Date: May 15, 2025

By: _____
/s/ Alvin Yip
Alvin Yip
Interim Chief Financial Officer

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

In connection with the Quarterly Report of Banzai International, Inc. (the "Company") for the quarter ended March 31, 2025, as filed with the Securities and Exchange Commission on or about the date hereof (the "Report"), I, Joseph Davy, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

Date: May 15, 2025

By: _____
/s/ Joseph Davy
Joseph Davy
Chief Executive Officer
(Principal Executive Officer)

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

In connection with the Quarterly Report of Banzai International, Inc. (the "Company") for the quarter ended March 31, 2025, as filed with the Securities and Exchange Commission on or about the date hereof (the "Report"), I, Alvin Yip, Interim Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

Date: May 15, 2025

By: _____ /s/ Alvin Yip
Alvin Yip
Interim Chief Financial Officer
(Principal Financial Officer
and Principal Accounting Officer)
