

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

OMB APPROVAL
OMB Number: 3235-0070 Expires: July 31, 2022 Estimated average burden hours per response..... 186.82

FORM 10-Q

(Mark One)

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

For the quarterly period ended **September 30, 2022**

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: **001-40329**

Troika Media Group, Inc.

(Exact name of registrant as specified in its charter)

Nevada (State or other jurisdiction of incorporation or organization)	83-0401552 (I.R.S. Employer Identification No.)
25 West 39th Street, 6th Floor, New York, NY (Address of principal executive offices)	10018 (Zip Code)

(212) 213-0111

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Shares, \$0.001 par value	TRKA	The Nasdaq Capital Market

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

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

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

Large accelerated filer	<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 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

Class	Outstanding at November 11, 2022
Common Stock, \$0.001 par value	67,831,116

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this Quarterly Report on Form 10-Q (the "Form 10-Q") that are not historical facts may constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended ("Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended ("Exchange Act"), and are intended to be covered by the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. When used in this Form 10-Q the words "believe," "anticipate," "expect," "may," "will," "assume," "should," "predict," "could," "would," "intend," "targets," "estimates," "projects," "plans," and "potential," and other similar words and expressions of the future, are intended to identify such forward-looking statements, but other statements not based on historical information may also be considered forward-looking, including statements about the Company's future financial and operating results and the Company's plans, objectives, and intentions. All forward-looking statements are subject to risks, uncertainties, and other factors that may cause the actual results, performance, or achievements of the Company to differ materially from any results, performance, or achievements expressed or implied by such forward-looking statements. These forward-looking statements are subject to known and unknown risks, uncertainties and other factors that could cause the actual results to differ materially from the statements, including, but not limited to:

- the success of our transformational reorganization of strategy, governance and management following our acquisition of Converge Direct, LLC and its affiliates;
- our ability to adapt to a rapidly changing industry and new business model;
- our reliance on clients to make investments in our services;
- our ability to retain major clients;
- our lack of long-term agreements with our clients;
- the ability of our clients to work with our competitors;
- our reliance on our management team and other key employees;
- the impact of litigation on our management team, business, financial position and results of operations;
- the impact of seasonality on the business needs and investments of our clients;
- our ability to compete effectively against other digital and offline marketing alternatives or meet metrics required by our clients
- the market for offline customer acquisition services;
- our reliance on third-party digital and offline media sources, including strategic partners;
- revisions to digital algorithms and consumer engagement ecosystems;
- potential liability for the information we communicate to consumers;
- our ability to detect click-through or other fraud on advertisements;
- our long sales cycles and customer concentration;
- our ability to develop new offerings, achieve increased consumer adoption of those offerings or penetrate new markets
- online data privacy and security risks and our ability to maintain adequate safeguards to protect the security, confidentiality and integrity of personally identifiable information;
- our ability to protect our intellectual property; and
- general competitive, economic, political, and market conditions, including economic conditions in the markets where we operate.

Other factors not identified above, including those described under the headings "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," in our Annual Report on Form 10-K for the year ended June 30, 2022, our quarterly reports on Form 10-Q, and current reports on Form 8-K filed with the Securities and Exchange Commission (the "SEC") and available on the SEC's website at <http://www.sec.gov>, may also cause actual results to differ materially from those described in our forward-looking statements. Most of these factors are difficult to anticipate and are generally beyond our control. You should consider these factors in connection with considering any forward-looking statements that may be made by us. We undertake no obligation to release publicly any revisions to any forward-looking statements, to report events or to report the occurrence of unanticipated events unless we are required to do so by law.

Troika Media Group, Inc. and Subsidiaries
Consolidated Balance Sheets

ASSETS	September 30, 2022 (Unaudited)	June 30, 2022
Current assets:		
Cash and cash equivalents	\$ 32,666,843	\$ 32,673,801
Accounts receivable, net	37,282,536	9,421,497
Prepaid expenses and other current assets	2,303,838	1,289,183
Contract assets	328,936	23,586,036
Total current assets	72,582,153	66,970,517
Other assets -long term portion	2,613,957	2,124,832
Property and equipment, net	649,026	589,205
Right-of-use lease assets	6,158,667	8,965,426
Amortizable intangible assets, net	68,127,755	70,306,005
Goodwill	55,349,535	55,349,535
Total assets	\$ 205,481,093	\$ 204,305,520
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 24,995,046	\$ 15,298,068
Accrued and other current liabilities	4,611,429	5,478,868
Accrued billable expenses	20,546,169	23,170,680
Acquisition liabilities	9,233,902	9,108,504
Current portion of long term debt, net of deferred financing costs	1,521,095	1,538,220
Convertible note payable	60,006	50,000
Note payable - related party - short term portion	60,000	100,000
Deferred revenue	9,132,043	11,321,159
Operating lease liability - short term portion	1,440,080	2,682,457
Taxes payable, net	220,610	689,882
Derivative liabilities- financing warrants	31,157,612	30,215,221
Preferred stock liability	15,720,227	15,996,537
Contingent liability	301,350	3,615,000
Total current liabilities	118,999,569	119,264,596
Long term liabilities:		
Long-term debt, net of deferred financing costs	65,233,435	65,581,203
Operating lease liability - long term portion	7,608,072	8,994,073
Other long-term liabilities	226,947	74,909
Total liabilities	192,068,023	193,914,781
Stockholders' equity:		
Preferred stock, \$0.01 par value: 25,000,000 shares authorized	—	—
Series A Preferred Stock (\$0.01 par value: 5,000,000 shares authorized, none outstanding as of September 30, 2022 and June 30, 2022)	—	—
Series B Preferred Stock (\$0.01 par value: 3,000,000 shares authorized, none outstanding as of September 30, 2022 and June 30, 2022)	—	—
Series C Preferred Stock (\$0.01 par value: 1,200,000 shares authorized, none outstanding as of September 30, 2022 and June 30, 2022)	—	—
Series D Preferred Stock (\$0.01 par value: 2,500,000 shares authorized, none outstanding as of September 30, 2022 and June 30, 2022)	—	—
Series E Preferred Stock (\$0.01 par value: 500,000 shares authorized, 491,114 and 500,000 shares issued and outstanding as of September 30, 2022 and June 30, 2022, respectively)	7,914	8,000
Common stock, (\$0.001 par value: 800,000,000 shares authorized; 66,368,616 and 64,209,616 shares issued and outstanding as of September 30, 2022 and June 30, 2022, respectively)	45,819	43,660
Additional paid-in-capital	237,667,560	236,876,523
Accumulated deficit	(224,308,223)	(225,582,006)
Accumulated other comprehensive loss	—	(955,438)
Total stockholders' equity	13,413,070	10,390,739
Total liabilities and stockholders' equity	\$ 205,481,093	\$ 204,305,520

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

Troika Media Group, Inc. and Subsidiaries
Consolidated Statements of Operations and Comprehensive Income (Loss)
(Unaudited)

	Three Months Ended September 30,	
	2022	2021
Revenues	\$ 119,809,958	\$ 8,349,000
Cost of revenues	101,055,664	4,837,000
Gross margin	18,754,294	3,512,000
Operating expenses:		
Selling, general and administrative expenses	9,305,955	6,803,000
Depreciation and amortization	2,232,509	202,000
Restructuring and other related charges	934,147	—
Total operating expenses	12,472,611	7,005,000
Operating income (loss)	6,281,683	(3,493,000)
Other income (expense):		
Interest expense	(2,835,588)	(13,000)
Loss contingency on equity issuance	(301,350)	—
Net gain on sale of subsidiary	82,894	—
Foreign exchange loss	(944,416)	(16,000)
(Loss) gain on change in fair value of derivative liabilities	(942,390)	12,000
Miscellaneous income	95,318	1,371,000
Total other (expense) income	(4,845,532)	1,354,000
Income (loss) from operations before income taxes	1,436,151	(2,139,000)
Income tax expense	(162,368)	—
Net income (loss)	\$ 1,273,783	(2,139,000)
Foreign currency translation adjustment	—	31,000
Comprehensive income (loss)	\$ 1,273,783	\$ (2,108,000)
Earnings (loss) per share:		
Basic	\$ 0.02	\$ (0.05)
Diluted	\$ 0.01	\$ (0.05)
Weighted average number of shares outstanding:		
Basic	65,289,116	41,422,781
Diluted	203,017,186	41,422,781

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

Troika Media Group, Inc. and Subsidiaries
Consolidated Statement of Stockholders' Equity
For the Three Months Ending September 30, 2022 and 2021
(Unaudited)

	Preferred Stock Series A	Preferred Stock Series E	Common Stock	Additional Paid In Capital	Stock Payable	Accumulated Deficit	Comprehensive Income (Loss)	Stockholders' Equity
	Amount	Amount	Amount					
Balance - June 30, 2021	\$ 7,000	\$ —	\$ 40,000	\$ 204,788,000	\$ 1,210,000	\$ (186,889,000)	\$ (418,000)	\$ 18,738,000
Net Loss	—	—	—	—	—	(2,139,000)	—	(2,139,000)
Common stock issued related to Redeem acquisition	—	—	—	1,210,000	(1,210,000)	—	—	—
Record vested deferred compensation relating to Redeem employees	—	—	4,000	801,000	—	—	—	805,000
Stock-based compensation	—	—	—	174,000	—	—	—	174,000
Foreign currency translation reclassification	—	—	—	—	—	—	31,000	31,000
Balance- September 30, 2021	<u>\$ 7,000</u>	<u>\$ —</u>	<u>\$ 44,000</u>	<u>\$ 206,973,000</u>	<u>\$ —</u>	<u>\$ (189,028,000)</u>	<u>\$ (387,000)</u>	<u>\$ 17,609,000</u>

	Preferred Stock Series A	Preferred Stock Series E	Common Stock	Additional Paid In Capital	Stock Payable	Accumulated Deficit	Comprehensive Income (Loss)	Stockholders' Equity
	Amount	Amount	Amount					
Balance - June 30, 2022	\$ —	\$ 8,000	\$ 43,660	\$ 236,876,523	\$ —	\$ (225,582,006)	\$ (955,438)	\$ 10,390,739
Net income	—	—	—	—	—	1,273,783	—	1,273,783
Stock-based compensation expense	—	—	—	516,800	—	—	—	516,800
Conversion of preferred stock	—	(86)	2,159	274,237	—	—	—	276,310
Reclassification of foreign currency translation loss	—	—	—	—	—	—	955,438	955,438
Balance- September 30, 2022	<u>\$ —</u>	<u>\$ 7,914</u>	<u>\$ 45,819</u>	<u>\$ 237,667,560</u>	<u>\$ —</u>	<u>\$ (224,308,223)</u>	<u>\$ —</u>	<u>\$ 13,413,070</u>

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

Troika Media Group, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(Unaudited)

	Three Months Ended September 30,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	\$ 1,273,783	\$ (2,139,000)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	2,232,509	202,000
Amortization of right-of-use assets	521,774	—
Amortization of deferred financing costs	591,357	—
Stock-based compensation expense	516,800	979,000
Accretion of fair value liability	125,398	—
Net gain on sale of subsidiary	(82,894)	—
Imputed interest for note payable	10,006	—
Loss contingency on equity issuance	301,350	—
Loss on early termination of operating lease	202,150	3,000
Loss (gain) on derivative liabilities	942,390	(12,000)
Tax provision on income	162,368	0
Provision (reversal) for bad debt	61,671	(69,000)
Change in operating assets and liabilities:		
Accounts receivable	(5,614,459)	(580,000)
Contract assets	(85,282)	—
Prepaid expenses	(1,112,772)	45,000
Accounts payable and accrued expenses	6,837,288	(969,000)
Other assets	(787,900)	(68,000)
Operating lease liability	(583,058)	(222,000)
Due to related parties	—	(34,000)
Contract liabilities	(267,420)	771,000
Other long term liabilities	177,271	(168,000)
Net cash provided by (used in) operating activities	5,422,330	(2,261,000)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net cash received for sale of Mission UK	(1,185)	—
Purchase of property and equipment	(170,851)	(68,000)
Net cash used in investing activities	(172,036)	(68,000)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments made for loss contingency on equity issuance	(3,615,000)	—
Principal payments made for bank loan	(956,250)	—
Payments for note payable to related party	(40,000)	(20,000)
Net cash used in financing activities	(4,611,250)	(20,000)
Effect of exchange rate on cash	(646,002)	35,000
NET DECREASE IN CASH AND CASH EQUIVALENTS	\$ (6,958)	\$ (2,314,000)
CASH AND CASH EQUIVALENTS — beginning of period	32,673,801	12,066,000
CASH AND CASH EQUIVALENTS — end of period	\$ 32,666,843	\$ 9,752,000
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the period for:		
Interest expense	\$ 2,077,285	\$ 3,000
Noncash investing and financing activities:		
Right-of-use assets acquired through adoption of ASC 842	\$ —	\$ 467,000
Conversion of Series E Preferred shares to common stock	\$ 274,237	\$ —

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

TROIKA MEDIA GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOTE 1. Description of Business and Basis of Presentation

Description of Business

Troika Media Group, Inc. (together with its subsidiaries, the "Company", "our" or "we"), incorporated in Nevada in 2003, is a professional services company that architects and builds enterprise value in consumer brands to generate scalable performance driven revenue growth through customer acquisition. The Company delivers on three solutions' pillars that CREATE brands and experiences and CONNECT consumers through emerging technology products and ecosystems to deliver PERFORMANCE-based measurable business outcomes.

On March 22, 2022, the Company, through its wholly owned subsidiary CD Acquisition Corp, executed a Membership Interest Purchase Agreement ("MIPA") for the acquisition of all the equity of Converge Direct, LLC and its affiliates ("Converge") and 40% of the equity of Converge Marketing Services, LLC, an affiliated entity, for an aggregate purchase price of \$125.0 million valued at \$114.9 million (the "Converge Acquisition"). The MIPA identifies the seller parties as the Converge Sellers.

On August 1, 2022 the Company sold the equity of Mission Media Limited and Mission Media Holdings Limited (collectively, Mission UK).

The Company operates and reports financial information in one segment. Substantially all revenues and assets of the Company are attributed to or located in the United States and are primarily concentrated in the New York City metropolitan area.

Unaudited Interim Financial Statements

The accompanying interim consolidated unaudited financial statements have been prepared in accordance with generally accepted accounting principles in the United States ("GAAP") for interim financial information and the instructions to Rule 10-01 of Regulation S-X, and should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended June 30, 2022. The financial statements as of September 30, 2022 and for the three months ended September 30, 2022 and 2021 presented in this Quarterly Report on Form 10-Q are unaudited; however, in the opinion of management such financial statements reflect all adjustments, consisting solely of normal recurring adjustments, necessary for a fair presentation of the results for the interim periods presented. The results of operations for the periods presented are not necessarily indicative of the results that might be expected for future interim periods or for the full year.

NOTE 2. Accounting Policies

Principles of Consolidation

The consolidated financial statements of the Company include the accounts of Troika Media Group Inc. and its subsidiaries. All significant intercompany transactions and balances have been eliminated in consolidation.

Use of Estimates

The preparation of the accompanying consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions about future events. These estimates and the underlying assumptions affect the amount of assets and liabilities reported, disclosures about contingent assets and liabilities, and reported amount of revenues and expenses. Such estimates include the valuation of accounts receivable and the determination of the allowance for doubtful accounts, the valuation and useful life of capitalized equipment costs and long-lived assets, valuation of warrants and options, the determination of the useful lives and any potential impairment of long-lived assets such as intangible assets and goodwill, the allocation of purchase consideration to assets and liabilities due to the Converge Acquisition, stock-based

compensation, and deferred tax assets. Management believes its use of estimates in the consolidated financial statements to be reasonable.

Recently Adopted Accounting Pronouncements

In August 2020, FASB issued ASU 2020-06, "Debt—Debt with Conversion and Other and Derivatives and Hedging—Contracts in Entity's Own Equity: Accounting for Convertible Instruments and Contracts in an Entity's Own Equity" which simplifies the accounting for convertible instruments by removing the separation models for convertible debt with a cash conversion feature and convertible instruments with a beneficial conversion feature. As a result, a convertible debt instrument will be accounted for as a single liability measured at its amortized cost. These changes will reduce reported interest expense and increase reported net income for entities that have issued a convertible instrument that was bifurcated according to previously existing rules. Also, ASU 2020-06 requires the application of the if-converted method for calculating diluted earnings per share and the treasury stock method will be no longer available. The new guidance is effective for fiscal years beginning after December 15, 2021, with early adoption permitted no earlier than fiscal years beginning after December 15, 2020. The Company has adopted the guidance effective July 1, 2021.

In December 2019, the FASB issued amended guidance in the form of ASU No. 2019-12, "Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes." This ASU is intended to simplify various aspects related to accounting for income taxes by removing certain exceptions to the general principles in Topic 740 and clarifying certain aspects of the current guidance to promote consistency among reporting entities. ASU 2019-12 is effective for annual periods beginning after December 15, 2020 and interim periods within those annual periods, with early adoption permitted. An entity that elects early adoption must adopt all the amendments in the same period. Most amendments within this ASU are required to be applied on a prospective basis, while certain amendments must be applied on a retrospective or modified retrospective basis. The Company has adopted the guidance effective July 1, 2021.

Recently Issued Accounting Pronouncements Not Yet Adopted

On June 16, 2016, the FASB issued Accounting Standards Update No. 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which introduced an expected credit loss model for the impairment of financial assets measured at amortized cost basis. This ASU replaces the probable, incurred loss model for those assets. On November 15, 2019, the FASB delayed the effective date of FASB ASC Topic 326 for certain small public companies and other private companies. As amended, the effective date of ASC Topic 326 was delayed until fiscal years beginning after December 15, 2022, for SEC filers that are eligible to be smaller reporting companies under the SEC's definition, as well as private companies and not-for-profit entities. The Company is currently evaluating the impacts of this pronouncement and does not expect it to have a material impact on the financial statements.

NOTE 3. Revenue and Accounts Receivable

The Company generates revenues primarily by delivering both managed services and performance based marketing services to customers. The Company's revenue recognition policies that describe the nature, amount, timing and uncertainty associated with each major source of revenue from contracts with customers are summarized below.

Managed and Professional Services

The Company provides a service (such as, but not limited to, media planning, media buying, media ROI measurement, and media or marketing performance reporting). The Company is compensated for the delivery of services and/or goods to a client and the revenue includes both the anticipated costs to deliver the product or service as well as the Company's margin, which is arranged in one of three ways (i) a predetermined retainer amount (ii) cost plus margin or (iii) a predetermined commission percentage based on the total media spend executed by the Company on a client's behalf.

As per ASC 606-10-25-31, the Company recognizes managed and professional service fees over time by measuring the progress toward complete satisfaction of a performance obligation by measuring its performance in transferring control of the services contractually delivered to a client by applying the input method. Revenue is recognized based on the extent of inputs expended toward satisfying a performance obligation and it was determined that the best judge of inputs is the costs consumed by a project in relation to its total anticipated costs. As part of the close process, the Company compiles a preliminary percentage of completion ("POC") for each project which is the ratio of incurred costs to date in relation to the anticipated costs from the production team's approved budgets. The POC ratio is then applied to the contracted revenue and the pro-rated revenue is then recognized accordingly.

Consultative service engagements typically do not incur a significant amount of direct costs; however, any costs are recognized as incurred. Professional services fees are recognized evenly throughout the term of the agreement.

Performance Solutions ("Pay Per Event")

The Company provides to its clients the ability to pay for a marketing or sales event rather than incurring the media and services expense in a managed service engagement. The Company utilizes the same functions that it delivers in its managed services offering, but only charges a client for a predetermined marketing or sales outcome. The fees in this situation will typically be tied to a (i) cost per phone call, (ii) cost per web form lead, (iii) cost per consumer appointment, (iv) cost per qualified lead, and (v) cost per sale. There is a premium that is charged to the client for the Performance Solutions service due to the fact that the Company is taking on the cost risk associated with the services and media that it is executing without knowing that revenue will be generated. The risk is mitigated by the fact that the client has agreed to purchase the "work product" (lead, call, etc.) at a predetermined cost and the Company charges higher margins associated with the service.

The Company recognizes revenues for performance advertising when a user engages with the advertisement, such as a click, a view, or a purchase. Generally, advertising revenues are reported on a gross basis, that is, the amounts billed to our customers are recorded as revenues, and amounts paid to suppliers are recorded as cost of revenues. Where we are the principal, we control the advertising and services before they are transferred to our customers. Our control is evidenced by our being primarily responsible to our customers and having a level of discretion in establishing pricing.

The Company's payment terms vary by the type of customer. Generally, payment terms range from prepayment to sixty (60) days after revenue is earned.

Principal versus Agent Revenue Recognition

Our customers reimburse us for expenses relating to the out-of-pocket costs associated with the provision of Managed Services engagements. This includes third party expenses such as media costs and administrative fees, technology fees, production expenses, data costs, and other third-party expenses that the Company incurs on behalf of a client that is needed to deliver the services. In accordance with ASC 606-10-25-31, the Company recognizes reimbursement income over time by measuring the progress toward complete satisfaction of a performance obligation by measuring its performance in transferring control of the services contractually delivered to a client by applying the input method. The revenue is recognized based on the extent of inputs expended toward satisfying a performance obligation and it was determined that the best judge of input is the costs incurred to date in relation to the anticipated costs. As a result, unless an overage or saving is identified, the reimbursement income equates to the reimbursement costs incurred. Given that the Company contracts directly with the majority of the vendors and is liable for any overages, the Company is deemed a principal in this revenue transaction as they have control over the asset and transfer the asset themselves. As a result, this transaction is recorded gross rather than net. Accruals for costs incurred but not yet billed by third parties are recorded in accrued billable expenses on the consolidated balance sheets.

Contract Balances from Contracts with Customers

An account receivable is recorded when there is an unconditional right to consideration based on a contract with a customer. For certain types of contracts with customers, the Company may recognize revenue in advance of the contractual right to invoice the customer, resulting in an amount recorded to contract assets. Once the Company has an unconditional right to consideration under these contracts, the contract assets are reclassified to accounts receivable.

When consideration is received from a customer prior to transferring services to the customer under the terms of a contract, a contract liability (deferred revenue) is recorded. Deferred revenue is recognized as revenue when, or as, control of the services is transferred to the customer and all revenue recognition criteria have been met.

The following table provides information about current contract balances from contracts with customers:

	September 30, 2022	June 30, 2022
Accounts receivable	\$ 37,282,536	\$ 9,421,497
Contract assets	328,936	23,586,036
Deferred revenue	9,132,043	11,321,159

Accounts receivable is presented net of allowance for doubtful accounts. The Company analyzes receivables aging, customer specific risks, and other factors to estimate its allowance. The Company's allowance for doubtful accounts was \$449,000 and \$552,000 as of September 30, 2022 and June 30, 2022, respectively.

The amount of revenue recognized during the three months ended September 30, 2022, relating to the deferred revenue recorded as of June 30, 2022, was \$8.4 million.

NOTE 4. Property and Equipment

Property and equipment consist of the following as of September 30, 2022 and June 30, 2022:

	September 30, 2022	June 30, 2022
Computer equipment	\$ 803,026	\$ 841,205
Website design	6,000	6,000
Office machine & equipment	109,000	91,000
Furniture & fixtures	337,000	413,000
Leasehold improvements	428,000	379,000
Total Property and equipment	1,683,026	1,730,205
Less: accumulated depreciation	(1,034,000)	(1,141,000)
Property and equipment, net	\$ 649,026	\$ 589,205

During the three months ended September 30, 2022 and 2021, depreciation expense was \$52 thousand and \$30 thousand, respectively.

Note 5. Amortizable Intangible Assets

The Company's intangible assets subject to amortization are as follows:

	September 30, 2022	June 30, 2022
Customer relationship	\$ 58,559,755	\$ 58,559,995
Non-core customer relationships	760,000	760,010
Non-compete agreements	1,430,000	1,430,000
Technology	10,400,000	10,920,000
Tradename	7,510,000	7,570,000
Workforce acquired	2,125,000	2,125,000
Total intangible assets	80,784,755	81,365,005
Less: accumulated impairment expense	—	(446,000)
Less: accumulated amortization	(12,657,000)	(10,613,000)
Total Amortizable intangible assets, net	\$ 68,127,755	\$ 70,306,005

Purchased intangible assets with finite useful lives are amortized over their respective estimated useful lives (using an accelerated method for customer relationships and trade names) to their estimated residual values, if any. The Company's finite-lived intangible assets consist of customer relationships, contractor and resume databases, trade names, and internal use software and are being amortized over periods ranging from two to ten years. Purchased intangible assets are reviewed annually to determine if facts and circumstances indicate that the useful life is shorter than originally estimated or that the carrying amount of assets may not be recoverable. If such facts and circumstances exist, recoverability is assessed by comparing the projected undiscounted net cash flows associated with the related asset or group of assets over their remaining lives against their respective carrying amounts.

During the three months ended September 30, 2022 and 2021, amortization expense was \$2,178,250 and \$172,000, respectively.

Impairments, if any, are based on the excess of the carrying amount over the fair value of those assets. If the useful life is shorter than originally estimated, the rate of amortization is accelerated and the remaining carrying value is amortized over the new shorter useful life. For the three months ended September 30, 2022 and 2021, the Company had no impairments.

Note 6. Debt

Senior Secured Credit Facility

On March 21, 2022, Troika Media Group Inc., and each subsidiary of Troika Media Group Inc. as guarantors, entered into a Financing Agreement with Blue Torch Finance LLC ("Blue Torch"), as Administrative Agent and Collateral Agent. This \$76.5 million First Lien Senior Secured Term Loan (the "Credit Facility") formed the majority of the purchase price of the Converge Acquisition, as well as for working capital and general corporate purposes.

The Credit Facility provides for: (i) a Term Loan in the amount of \$76,500,000; (ii) an interest rate of the Libor Rate Loan of three months; (iii) a four-year maturity amortized 5.0% per year, payable quarterly; (iv) a 1.0% commitment fee and an upfront fee of 2.0% of the Credit Facility paid at closing, plus an administrative agency fee of \$250,000 per year; (v) a first priority perfected lien on all property and assets including all outstanding equity of the Company's subsidiaries; (vi) 1.5% fully-diluted penny warrant coverage in the combined entity; (vii) mandatory prepayment for 50% of excess cash flow and 100% of proceeds from various transactions; (viii) customary affirmative, negative and financial covenants; (ix) delivery of audited financial statements of Converge; and (x) customary closing conditions. The Company agreed to customary restrictive covenants in the Credit Facility and leverage ratios, fixed charge coverage ratios, and maintaining liquidity of at least \$6,000,000 at all times.

As of September 30, 2022, the Company was in default on the Financing Agreement due to the Company's failure to satisfy certain financial and non-financial covenants under the Financing Agreement. The Company currently is and has been addressing these items and is working in good faith with Blue Torch on an amendment to the loan. On October 14, 2022, Blue Torch and the Company entered into a Limited Waiver of all events of default that are continuing under the Financing Agreement dated March 21, 2022.

The Company and each of its subsidiary Guarantors entered into a Pledge and Security Agreement (the "Security Agreement") dated as of March 21, 2022, as a requirement with the Credit Facility. Each Guarantor pledged and assigned to the Collateral Agreement and granted the Collateral Agent with a continuing security interest in all personal property and fixtures of the Guarantors (the "Collateral") and all proceeds of the Collateral. All equity of the Guarantors was pledged by the Borrower.

On March 21, 2022, each of the Company's Subsidiaries, as Guarantors, entered into an Intercompany Subordination Agreement (the "ISA") with the Collateral Agent. Under the ISA, each obligor agreed to the subordination of such indebtedness of each other obligor to such other obligations.

In connection with the aforementioned note, the Company recorded debt discount and issuance costs totaling \$9.2 million. As of September 30, 2022, the debt issuance costs was approximately \$7.8 million, consisting of the current portion of approximately \$2.3 million and the long-term portion of approximately \$5.5 million. The discount and issuance costs will be amortized over the life of the note using the effective interest rate method. The company recognized approximately \$0.6 million in amortization of debt discount for the three months ended September 30, 2022, and made principal payments totaling approximately \$1.0 million.

At September 30, 2022, the principal payments required under the Term Loan Facility are as follows:

Remainder of fiscal year ending June 30, 2023	\$	2,868,750
Fiscal year ending June 30, 2024		3,825,000
Fiscal year ending June 30, 2025		3,825,000
Fiscal year ending June 30, 2026		64,068,750
Total	\$	<u>74,587,500</u>

At any time on or after March 21, 2022 and on or prior to March 21, 2026, the lender has the right to subscribe for and purchase from Troika Media Group, Inc., up to 1,929,439 shares of Common Stock, subject to adjustment. The exercise price per share of Common Stock under this Warrant shall be \$.01 per share. If at any time when this Warrant becomes exercisable and the Registration Statement is not in effect, this Warrant may also be exercised, in whole or in part, at such time by means of a "cashless exercise".

Using the Black-Scholes model, the fair market value was determined to be \$31.2 million and \$30.2 million on September 30, 2022 and June 30, 2022, respectively, as a warrant liability and a \$0.9 million loss on derivative liabilities as recorded in the three months ending September 30, 2022.

Convertible Note Payable

As of September 30, 2022 and June 30, 2022, there was a total of \$60 thousand and \$50 thousand, respectively, in convertible notes payable outstanding. The Company recorded \$10 thousand and \$1 thousand in interest expense relating to convertible note payables during the three months ended September 30, 2022 and 2021, respectively.

Note Payable

As of September 30, 2022 and June 30, 2022, the Company owed the founder and former CEO of Troika Design Group, Inc., Dan Pappalardo, approximately \$60 thousand and \$100 thousand, respectively. During the three months ending September 30, 2022 and 2021, the Company made payments of \$40 thousand and \$20 thousand in principal, respectively.

Note 7. Leases

The Company has various operating leases for office space. Some leases include options to extend the lease term, generally at the Company's discretion. The leases generally provide for fixed annual rentals plus certain other costs. The Company's lease agreements do not include any material residual value guarantees or material restrictive covenants. Since the Company's leases do not provide an implicit interest rate, the Company uses its incremental borrowing rate as of the lease commencement date to determine the present value of future lease payments. Upon the adoption of ASC Topic 842, Leases, the Company used the incremental borrowing rate on July 1, 2019 for all operating leases that commenced prior to that date.

Lease costs were approximately \$0.7 million and \$0.3 million for the three months ended September 30, 2022 and 2021, respectively.

In September 2022, the Company terminated the lease of one of their office facilities in Englewood Cliffs, NJ. As part of company-wide restructuring, the Company made the decision to cease using this space as of September, 2022, and has no foreseeable plans to occupy it in the future. As of September 30, 2022 the company has made a \$100 thousand payment and accrued an additional \$100 thousand, which was paid on October 28, 2022. Further, the company derecognized the associated right of use asset, and lease liability, and recorded a loss on the early termination of the lease, which is recognized on the Statement of Operations on the line restructuring charges.

The following table summarizes the weighted-average remaining lease term and discount rate for operating leases:

	<u>Undiscounted Cash Flows</u>
Weighted-average discount rate for operating leases	5.50%
Weighted-average remaining operating lease term in years	3.2 years

As of September 30, 2022, the maturities of the Company's operating lease liabilities are as follows:

Remainder of fiscal year ending June 30, 2023	\$	1,658,000
2024		1,998,000
2025		1,706,000
2026		1,436,000
2027		1,378,000
Thereafter		<u>2,463,152</u>
Total undiscounted operating lease payments		10,639,152
Less: Imputed interest		<u>(1,591,000)</u>
Total operating lease liabilities		9,048,152
Less: current portion of operating lease liabilities		<u>1,440,080</u>
Non-current operating lease liabilities	\$	<u>7,608,072</u>

Note 8 – Commitments and Contingencies

Commitments

As discussed in our 2022 Annual Report, we have guaranteed certain obligations relating principally to operating leases, and lines of credit. As of September 30, 2022 and June 30, 2022, the amount of Company guarantees on lease obligations was approximately \$10.6 million and \$13.9 million, respectively, the amount of Company guarantees relating to credit facility obligations was approximately \$74.6 million and \$75.5 million, respectively.

See Note 6 for the principal repayments required under the Company's Credit Facility. See Note 7 for the minimum lease payments required to be made by the Company.

Legal Matters

We may become a party to litigation in the normal course of business. In the opinion of management, there are no legal matters involving us that would have a material adverse effect upon our financial condition, results of operations or cash flows.

Note 9. Fair Value Measurements

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable. Observable inputs are developed using market data, such as publicly available information about actual events or transactions, and reflect the assumptions that market participants would use when pricing the asset or liability. Unobservable inputs are inputs for which market data is not available and that are developed using the best information available about the assumptions that market participants would use when pricing the asset or liability.

The fair value hierarchy consists of the following three levels:

- Level I — Quoted prices for identical instruments in active markets.
- Level II — Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.
- Level III — Instruments whose significant value drivers are unobservable.

The following table presents for each of these hierarchy levels, the Company's liabilities that are measured at fair value on a recurring basis:

Liabilities	September 30, 2022			
	Level 1	Level 2	Level 3	Total
Warrant liability	\$ —	\$ —	\$ 31,157,612	\$ 31,157,612

The estimated fair value of the warrant liability at September 30, 2022 was determined using Level 3 inputs. Inherent in a Black-Scholes options pricing model are assumptions related to expected stock price volatility, expected life, risk-free interest rate, dividend yield. The Company estimates the volatility of its ordinary shares based on projected volatility of comparable public companies that matches the expected remaining life of the warrants. The risk-free interest rate is based on the U.S. Treasury zero-coupon yield curve on the grant date for a maturity similar to the expected remaining life of the warrants. The expected life of the warrants is assumed to be equivalent to their remaining contractual term. The dividend rate is based on the historical rate, which the Company anticipates to remain at zero.

The following table provides quantitative information regarding Level 3 fair value measurements as of September 30, 2022 and June 30, 2022:

	As of September 30, 2022	As of June 30, 2022
Exercise price	\$0.37	\$0.76
Unit price	\$0.55	\$2.00
Volatility	70.00 %	63.60 %
Expected life	4.5 years	5.0 years
Risk-free rate	4.06 %	2.42 %
Dividend yield	— %	— %

The change in the fair value of the derivative warrant liabilities for the three months ended September 30, 2022 is summarized as follows:

Warrant liability at June 30, 2022	\$ 30,215,221
Change in fair value of warrant liabilities	942,390
Warrant liabilities at September 30, 2022	\$ 31,157,611

Investment in Nonconsolidated Entity

On March 22, 2022, the Company acquired 40% of the equity of Converge Marketing Services, LLC ("CMS"), an affiliate of Converge, which is accounted for under the equity method of accounting. The Company's investment in CMS does not have a readily determinable fair value. As of September 30, 2022 and June 30, 2022, the Company's carrying amount of the investment was insignificant.

Note 10. Equity

Stock Compensation

See Note 14 to the consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended June 30, 2022 for more information regarding (i) 2021 Employee, Director & Consultant Equity Incentive Plan (the "2021 Plan"), and (ii) Troika Media Group, Inc. 2015 Employee, Director and Consultant Equity Incentive Plan, as amended (the "2017 Equity Plan"). Share-based compensation expense, presented within selling, general and administrative expenses and direct operating expenses, was \$516,800 and \$979,000 for the three months ended September 30, 2022 and 2021, respectively.

Non-Qualified Stock Options ("NQSOs") Award Activity

The following table summarizes activity relating to holders of the Company's NQSOs for the three months ended September 30, 2022:

	Number of:			
	Nonperformance based vesting NQSO's	Weighted average exercise price	Weighted Average remaining contractual term (in years)	Aggregate Intrinsic value
Balance:				
June 30, 2022	3,657,833	\$ 1.04	0.6	\$ 1,824,232
September 30, 2022	5,848,387	\$ 1.17	1.33	\$ —
Exercisable at:				
June 30, 2022	2,997,972	\$ 1.04	0.14	\$ 1,806,539
September 30, 2022	3,261,681	\$ 1.07	0.29	\$ —

Restricted Share Units Award Activity

The following table summarizes activity relating to holders of the Company's RSUs for the three months ended September 30, 2022:

	Number of:	
	Nonperformance based vesting RSU's	Weighted-Average Fair Value Per Share At Date of Grant
Outstanding award balance as of June 30, 2022	1,100,000	\$ 1.02
Granted	100,000	0.74
Exercised	—	—
Outstanding award balance as of September 30, 2022	1,200,000	\$ 1.00
Vested	450,000	1.07
Unvested	750,000	1.17

Earnings per share

Basic earnings per share is computed by dividing net income by the weighted-average number of common shares outstanding during the period. Diluted earnings per share is computed by dividing net income by the weighted-average number of common shares and dilutive potential common shares outstanding during the period.

The following is a reconciliation of the number of shares used in the calculation of basic earnings per share and diluted earnings per share for the three months ended September 30, 2022, and September 30, 2021:

	For the three months ended September 30,	
	2022	2021
Net income (loss)	\$ 1,273,783	\$ (2,139,000)
Weighted-average number of common shares outstanding at 9/30/2022	65,289,116	41,422,781
Warrants to purchase common stock (Blue Torch)	3,475,611	—
Convertible preferred stock	134,252,459	—
Diluted weighted-average number of common shares outstanding at 9/30/2022	203,017,186	41,422,781
Net earnings (loss) per share:		
Basic	\$ 0.02	\$ (0.05)
Diluted	\$ 0.01	\$ (0.05)

Series E Private Placement

On September 26, 2022, we entered into an Exchange Agreement (the "Exchange Agreement") with each holder of our Series E Preferred Stock (each a "Series E Holder"), pursuant to which (i) each Series E Holder will exchange its existing warrant to purchase our common stock, dated March 16, 2022 (the "Old Warrants"), for new warrants to purchase our common stock (the "New Warrants"), and (ii) each Series E Holder consented to changes in the terms of the private investment in public equity ("PIPE") placement effected by the Company on March 16, 2022 (the "New PIPE Terms"), including an amendment and restatement of the terms of our Series E convertible preferred stock, par value \$0.01 per share (the "Series E Preferred Stock").

In consideration for the issuance of the New Warrants and the other New PIPE Terms, we will file an amended and restated certificate of designation for the Series E Preferred Stock (the "Certificate of Designation") with the Secretary of State of the State of Nevada to effect certain changes contemplated by the Exchange Agreement.

The New PIPE Terms effect the following changes, among others, to the rights Series E Holders:

- a. **New Warrant Exercise Price:** The New Warrant exercise price per share of common stock is \$0.55, provided that if all shares of Series E Preferred Stock issued pursuant to the Certificate of Designation are not repurchased by the Company on or prior to November 26, 2022, on such date, the exercise price per share of the New Warrants will revert to \$2.00, subject to further adjustment as set forth in the New Warrant.
- b. **Series E Conversion Price:** The conversion price for the Series E Preferred Stock shall initially equal \$0.40 per share, and so long as the arithmetic average of the daily volume-weighted average prices ("VWAPs") of the Common Stock for the calendar week prior to each of the following respective dates is lower than the Conversion Price at that time, the Conversion Price shall be downwardly adjusted by \$0.01 on each of October 24, 2022, October 31, 2022, November 7, 2022, November 14, 2022, and November 21, 2022.
- c. **Standstill Period:** The Series E Holders agreed to a 60-day standstill period ending on November 26, 2022 (the "Standstill Period"), during which each Series E Holder may convert not more than fifty (50%) percent of the Series E Preferred Stock held by such holder at the beginning of the Standstill Period.
- d. **Series E Buyout:** During the Standstill Period the Company will use commercially reasonable efforts to raise funds to repurchase all outstanding shares of Series E Preferred Stock held by the Series E Holders at a purchase price of \$100 per share, subject to the provisions of the Certificate of Designation.
- e. **Limitation on Sales:** During the Standstill Period, the Purchasers agreed not to sell shares of the Company's common stock for a price less than \$0.30 per share.
- f. **Liquidated Damages:** The Company agreed to pay to the Purchasers all liquidated damages owed through September 21, 2022 (including any pro-rated amounts), which totaled approximately \$3.6 million, all of which was paid during the three months ended September 30, 2022. The Company accrued an additional \$301 thousand at September 30, 2022 which is recorded in loss contingency on equity issuance on the statements of operations and comprehensive income (loss).

Note 11. Related Party

Related Party Transactions

During third quarter fiscal year 2022, in connection with the Converge Acquisition, the Company incurred amounts due to the Converge Sellers totaling \$9.2 million. The Converge Sellers include Sadiq "Sid" Toama, CEO of Troika, Tom Marianacci, Head of Acquisition and Performance, of the Converge subsidiaries, wholly owned subsidiaries of Troika and Mike Carrano, Executive Director, Acquisition and Performance are all party to the amounts due. As of September 30, 2022 and June 30, 2022, \$9.2 million is outstanding and included on the balance sheet under acquisition liabilities.

Business Dispositions

On August 1, 2022, Troika-Mission Holdings, Inc. ("TMH" or "Seller"), a subsidiary of the Company, entered into an Equity Purchase Agreement (the "Purchase Agreement") with Union Ventures Limited ("UVL"), a company organized under the 2006 Companies Act in the United Kingdom ("Buyer"). Thomas Ochocki (a Troika Director), and Daniel Jankowski (a former Troika Director), are affiliated with Buyer through their ownership of Union Investments Management Limited, UVL's parent. Subsequent to the sale date, the Company and Mission UK may continue to operate with some shared services. As such, transactions between the Company and Mission UK will no longer be eliminated in consolidation and will be treated as related party transactions.

Per the Purchase Agreement, Buyer purchased from Seller, all of Seller's right, title, and interest in Mission-Media Holdings Limited, a private limited company incorporated under the Laws of England and Wales and a wholly-owned subsidiary of Seller ("Mission UK") for \$1,000 USD. The Company recognized a net gain on sale of approximately \$0.1 million, which is recorded within net gain on sale of subsidiary on the Consolidated Statements of Operations and Comprehensive Income (Loss). For further discussion see Note 13 Restructuring.

Note 12. Concentrations of Credit Risk

As of September 30, 2022 and June 30, 2022 three (3) customers made up 60.1% and 75.9%, respectively, of the net receivable balance. For the three months ended September 30, 2022 and 2021, five (5) customers accounted for 78.5% and 59.65%, of our net revenues, respectively. The Company believes there is minimal risk; however, it will continue to monitor.

Note 13. Restructuring

Restructuring actions were initiated in the fourth quarter of 2022, as disclosed in the Company's Annual Report on Form 10-K for the year ended June 30, 2022. The Company has implemented a cost reduction program, as known as restructuring actions, to lower its operating expenses and to accelerate the transformation of the business in accordance with managements new strategic direction. The Company has incurred certain professional and business expenses as part of ongoing restructuring efforts to streamline business functions and operations, leases, debt and equity commitments.

For the three months ended September 30, 2022, our restructuring activities totaling approximately \$0.9 million, included an early lease termination for our New Jersey location, employee severance and other related benefit costs associated with the sale of our Mission UK subsidiary (See Note 14 for further discussion), certain professional fees associated with restructuring activities and support. Such costs are recorded in restructuring and other related charges on the Consolidated Statements of Operations and Comprehensive Loss.

The Company will report restructuring costs when it incurs one-time or infrequent expenses in the process of reorganizing its operations to improve its long-term profitability and efficiency. Restructuring costs are reported as operating charges and aren't expected to recur in the future. The Company expects to complete its restructuring activities during the three months ended December 31, 2022.

The components of the restructuring charges related to restructuring are listed below.

	Three months ended September 30,	
	2022	
Loss on early termination of operating lease	\$	202,000
Severance and termination costs		136,000
Professional fees		356,000
MUK restructuring costs		240,000
	\$	934,000

There were no such amounts recorded for the three months ended September 30, 2021.

Note 14. Mission Media Ltd Equity Purchase Agreement

On August 1, 2022 Troika Mission Holdings (seller) entered into an equity purchase agreement with Union Ventures Limited (buyer). The buyer purchased from seller, all of the seller's right, title, and interest in and to sellers respective Mission UK shares, including any and all liabilities and assets on as is basis. The buyer shall pay the seller an aggregate purchase price of \$1,000. At the closing the seller shall cause a nonrefundable infusion of no less than 500,000 GBP (\$609,000 USD) to the buyer for working capital.

The Company sold 100% of its Mission UK subsidiary business to Union Ventures Limited a UK limited liability company formed under the laws of England and Wales (registered no. 14169163) for \$1,000 and deconsolidated its investment. The net gain on the deconsolidation was approximately \$0.1 million as reported gain on sale of subsidiary in the Statement of Operations in the company's financial statements.

Note 15. Income Taxes

On September 30, 2022, and September 30, 2021, the accompanying consolidated Balance Sheet includes a tax liability of \$0.2 million and \$0.7 million, respectively. The Company recorded income tax expense of \$0.2 million for the three months ended September 30, 2022. There was no expense recorded for the three months ended September 30, 2021.

The effective income tax rates for the three-month periods ended September 30, 2022 and 2021, were 11.3% and 0%, respectively. In addition to state income taxes, nondeductible loss on change in fair value of derivatives, and nondeductible stock-based compensation increased the rate. The Company's utilization of its NOL is expected to be limited to 80% of taxable income.

See Note 15 to the consolidated financial statements for the year ended June 30, 2022, included in Item 8. Financial Statements and Supplementary Data of the Annual Report on Form 10-K for more information on income taxes.

Note 16. Subsequent Events

Limited Waiver under Financing Agreement

On October 14, 2022, Blue Torch and the Company entered into a Limited Waiver of all events of default that are continuing under the Financing Agreement dated March 21, 2022, by and among the Company, the lenders from time to time party thereto (the "Lenders"), and Blue Torch as collateral agent and administrative agent for the Lenders (the "Financing Agreement"). The Limited Waiver expired was set to expire on October 28, 2022. On October 28, 2022, Blue Torch and the Company entered into a further Limited Waiver, which will expire on November 11, 2022, if not terminated earlier by Blue Torch ("Waiver Period").

The Limited Waiver concerns events of default that relate to the Company's failure to satisfy certain financial and non-financial covenants under the Financing Agreement. The Company is currently engaged in good faith negotiations with Blue Torch, as agent for the Lenders, to amend the Financing Agreement and cure the events of default, although we cannot assure you that we will be successful in doing so. If the Company is unsuccessful in renegotiating the Financing

Agreement and curing the continuing events of default by the expiration of the Waiver Period, the Company intends to seek further Limited Waivers with Blue Torch, although we cannot assure you that Blue Torch would be willing to grant additional waivers.

Election to change the Company's fiscal year end

On October 20, 2022, the Board of Directors of the Company, approved a change in fiscal year end of the Company from June 30th to December 31st. The Board's decision to change the fiscal year end is to align with that of its wholly owned subsidiary, Converge Direct, LLC, and its affiliates, which has a December 31st fiscal year end.

Following such change, the date of the Company's next fiscal year end is December 31, 2023. Consequently, the Company will file a transitional annual report on Form 10-K for the six-month period starting on July 1, 2022, and ending December 31, 2022, to cover such transition period.

Separation with Andrew Bressman

On October 26, 2022, Andrew Bressman ("Bressman"), former strategic advisor to the former CEO of TMG, Robert Machinist, entered into a separation agreement with the Company with respect to his employment agreement dated and entered into on March 16, 2022 (effective from January 1, 2022). As part of Bressman's employment agreement, he was entitled to severance equal to thirty-six (36) months at his current salary and certain other benefits which were incorporated into a severance agreement on a substantially discounted basis. In lieu of the cash severance payments, Bressman agreed to take 800,000 RSUs in complete satisfaction of the severance obligations under his employment agreement and payments of \$51,500 by way of payroll wages and \$45,319 by way of accrued paid time off. Mr. Bressman also agreed that he would not trade any converted RSUs until April 21, 2023. The Company also agreed to pay for Mr. Bressman's healthcare coverage until December 31, 2023. The Company and Bressman exchanged mutual releases and waivers of claims against each other. The above separation terms are independent of the Separation Agreement between the Company and SAB Management, LLC and Bressman as entered into on February 28, 2021.

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

The following management's discussion and analysis should be read in conjunction with the Company's historical consolidated financial statements and the related notes thereto included in our audited financial statements for the year ended June 30, 2022, and the notes thereto (the "Form 10-K"). The management's discussion and analysis contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that involve risks and uncertainties. See "Cautionary Statement Regarding Forward-Looking Statements" above. Please read Part II, Item 1A. "Risk Factors" of this report for a discussion of factors that could cause our actual results to differ materially from our expectations.

Introduction

MD&A is provided as a supplement to, and should be read in conjunction with, the unaudited consolidated financial statements and notes thereto included in this Quarterly Report on Form 10-Q, as well as our Annual Report on Form 10-K for the year ended June 30, 2022 to help provide an understanding of our financial condition, changes in financial condition and results of operations.

Our MD&A is organized as follows:

Business Overview. This section provides a general description of our business, as well as other matters that we believe are important in understanding our results of operations and financial condition and in anticipating future trends.

Results of Operations. This section provides an analysis of our unaudited consolidated results of operations for the three months ended September 30, 2022, as compared with the three months ended September 30, 2021.

Liquidity and Capital Resources. This section provides a discussion of our financial condition and liquidity, as well as an analysis of our cash flows for the three months ended September 30, 2022, as compared with the three months ended September 30, 2021. The discussion of our financial condition and liquidity includes summaries of our primary sources of liquidity, our contractual obligations, and off balance sheet arrangements that may have existed at September 30, 2022.

Recently Issued Accounting Pronouncements Not Yet Adopted and Critical Accounting Policies. This section cross-references a discussion of accounting policies considered to be important to our financial condition and results of operations and which require significant judgment and estimates on the part of management in their application. In addition, all of our significant accounting policies, including our critical accounting policies, are discussed in the notes to our consolidated and combined financial statement included in our Annual Report on Form 10-K for the year ended June 30, 2022, under "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — Recently Issued Accounting Pronouncements Not Yet Adopted and Critical Accounting Policies — Critical Accounting Policies" and in the notes to the consolidated financial statements included therein.

Business Overview

Description of our Business

Converge Acquisition

On March 22, 2022 (the "Closing Date"), the Company, through its wholly owned subsidiary CD Acquisition Corp, executed a Membership Interest Purchase Agreement ("MIPA") for the acquisition of all the equity of Converge Direct, LLC and its affiliates ("Converge") and 40% of the equity of Converge Marketing Services, LLC, an affiliated entity, for an aggregate purchase price of \$125.0 million valued at approximately \$114.9 million. The MIPA identifies the seller parties as the Converge Sellers.

Revenue

The Company has two material revenue streams:

Managed Services

The Company's Managed Services are typically orientated around the management of a customer's marketing, data, and/or creative program. The Company's deliverables relate to the planning, designing, and activating of a solution program or set of work products. The Company executes this revenue stream by leveraging internal and external creative, technical or media-based resources, third party AdTech solutions, proprietary business intelligence systems, data delivery systems, and other key services required under the terms of a scope of work with a client. Our fees to our clients are billed in a variety of ways, which can consist of a percentage of a customer's total budget, media spend, or retainer.

Performance Solutions

The Company's Performance Solutions are typically orientated around the delivery of a predetermined event or outcome to a client. Typically, the revenue associated with the event (as agreed upon in a scope of work) is based on a click, lead, call, appointment, qualified event, case, sale, or other defined business metric. The Company engages in a myriad of consumer engagement tactics, ecosystems, and methods to generate and collect a consumer's interest in a particular service or good. Our fees associated with these clients are billed based on the occurrence of a click, lead, call, appointment, qualified event, case, sale, or other defined business metric.

Revenue Categories

A key focus of our revenue architecture and growth is how we generate from two Product Lines across all of our revenue streams. Our approach to growth has been to expand our Internal Brand and Data capabilities, which allow us to provide broader consumer outreach for all our clients and optimization of the cost of the customer engagement expense. Our sectors are curated to have consumer linkages that promote our ability to introduce consumers within our engagement ecosystems to our client programs for secondary benefit to us and our clients using the first-party data that we generate.

Client-Brand

Under the Client Brand product line, revenues are earned from the fees we charge to our customers when we advertise directly for them. In servicing our clients under this reportable segment, the consumer interacts directly with our client and does not interface with the Company at any point during the transaction process.

Internal-Brand and Data

Under the Internal-Brand product line, we earn revenues from the fees we charge to our customers when we engage with consumers under our internally owned and operated brand names. The end consumer interfaces directly with our brand and may be redirected to our customer based on information obtained during the transaction process or whose details may be passed on to a client for future engagement with a particular consumer. We generate rich first party data within this product line that can be monetized across a mix of customer acquisition campaigns and incremental revenue streams. Our innovative internal brands are capable of being utilized for an array of customer awareness and acquisition programs.

Costs of Revenue

Cost of revenues consists of the payments made to third parties, such as media costs and administrative fees (Google, Meta, The Trade Desk, etc.), technology fees (The Trade Desk, Invoca, LiveRamp, etc.), production expenses (printing, logistics, etc.), data costs, and other third-party expenses that the Company incurs on behalf of a client that is needed to deliver the services.

General and Administrative Expenses

The Company's selling, general, and administrative expenses primarily consist of administrative costs, including employee compensation and benefits, professional fees, as well as sales and marketing costs.

Income Taxes

See Note 15 to the consolidated financial statements for the year ended June 30, 2022, included in Item 8. Financial Statements and Supplementary Data of the Annual Report on Form 10-K for more information on income taxes.

RESULTS OF OPERATIONS

Comparison of the three months ended September 30, 2022 to the three months ended September 30, 2021.

The table below sets forth, for the periods presented, certain historical financial information.

	Three Months Ended September 30,	
	2022	2021
Revenues	\$ 119,809,958	\$ 8,349,000
Cost of revenues	101,055,664	4,837,000
Gross margin	18,754,294	3,512,000
Operating expenses:		
Selling, general and administrative expenses	9,305,955	6,803,000
Depreciation and amortization	2,232,509	202,000
Restructuring and other related charges	934,147	—
Total operating expenses	12,472,611	7,005,000
Operating income (loss)	6,281,683	(3,493,000)
Other income (expense):		
Interest expense	(2,835,588)	(13,000)
Loss contingency on equity issuance	(301,350)	—
Net gain on sale of subsidiary	82,894	—
Foreign exchange loss	(944,416)	(16,000)
(Loss) gain on change in fair value of derivative liabilities	(942,390)	12,000
Miscellaneous income	95,318	1,371,000
Total other (expense) income	(4,845,532)	1,354,000
Income (loss) from operations before income taxes	1,436,151	(2,139,000)
Income tax expense	(162,368)	—
Net income (loss)	\$ 1,273,783	\$ (2,139,000)

Revenues

	Three Months Ended September 30,	
	2022	2021
Managed Services	\$ 47,476,973	\$ —
Performance Solutions	63,441,990	—
Other	8,890,995	8,349,000
Total	\$ 119,809,958	\$ 8,349,000

Revenues for the three months ended September 30, 2022 and 2021, were approximately \$119.8 million and \$8.3 million, respectively, an increase of approximately \$111.5 million or 1,335%. The increase was primarily attributable to the Managed Services and Performance Solutions revenue streams as a direct result of the Converge Acquisition. These revenues were driven by organic growth from existing clients, and substantial growth, most notably, in Performance Solutions revenues. The growth in the Performance Solutions stream was led by the Internal-Brand product line, which is revenue generated from the fees we charge to our clients for consumer leads and sales generated through the Company's owned and operated brands and intellectual property.

The Converge revenue streams contributed approximately \$110.9 million in revenue for the three months ended September 30, 2022, which is representative of 93.2% of the Company's total revenue

Costs of revenues

The costs of revenues, exclusive of operating expenses, for the three months ended September 30, 2022 and 2021 were \$101.1 million and \$4.8 million, respectively, an increase of \$96.2 million, or 1,989%. The increase was primarily attributable to the additional activity from Converge, which was acquired during Q3 2022. During the three months ended September 30, 2022, our cost of revenues were primarily driven by an increase in spending from existing clients and growth in Performance Solutions.

Gross margin

For the three months ended September 30, 2022, gross margin was approximately \$18.8 million compared to \$3.5 million in the comparable prior year period. The increase is primarily due to the increase in revenues partially offset by the increase in cost of revenues related to the Converge Acquisition as discussed above. The \$18.8 million gross margin as of September 30, 2022 was approximately 16% of revenues for the period.

Sales, general and administrative expenses

Sales, general and administrative expenses for the three months ended September 30, 2022 and 2021 were approximately \$9.3 million and \$6.8 million respectively, an increase of \$2.5 million or 37%. During the three months ended September 30, 2022, the increase in sales, general, and administrative expenses was primarily driven by the Converge Acquisition, which resulted in increased overhead costs including salaries, payroll taxes, professional fees and rent expense.

Depreciation and amortization

Depreciation and amortization expenses for the three months ended September 30, 2022, increased to approximately \$2.2 million from \$0.2 million in the prior year quarter. The increase of \$2.0 million was primarily attributable to amortization of intangible assets and fixed assets acquired as a part of the Converge Acquisition.

Restructuring and Other Related Charges

For the three months ended September 30, 2022, the Company recorded approximately \$0.9 million of restructuring charges related to employee severance and other employee related benefits, the disposal of Mission UK, and the professional costs incurred related to restructuring matters. There were no such amounts recorded in the prior year quarter.

Net gain on sale of subsidiary

For the three months ended September 30, 2022, there was a net gain on the sale of a subsidiary, Mission UK, of approximately \$0.1 million. During the three months ended September 30, 2022, the gain on sale of subsidiary was driven by the difference between the Mission UK net book value, the purchase price received by the Company, and a working capital payment made by the Company to Mission UK. This gain was offset by the outstanding intercompany balances between Mission UK and the other consolidated TMG entities.

Interest expense

Interest expense of approximately \$2.8 million for the three months ended September 30, 2022, was an increase of approximately \$2.8 million from the prior year quarter. This increase is primarily related to the Company's Senior Secured credit facility, which was entered into in March 2022 to finance the Converge Acquisition (see "Liquidity and Capital Resources - Financing Agreements"). See Note 12 to the consolidated financial statements included in Item 8. Financial Statements and Supplementary Data of the Annual Report as of June 30, 2022, on Form 10-K for more information on the Company's Credit Facility.

Foreign exchange loss

For the three months ended September 30, 2022, there was a foreign exchange loss of approximately \$0.9 million compared to a foreign exchange loss of \$0.02 million in the comparable prior year period. During the three months ended September 30, 2022, the foreign exchange loss was primarily driven by the sale of a foreign subsidiary, Mission UK, which resulted in the foreign currency translation loss previously accounted for in accumulated other comprehensive income being reclassified to the Statement of Operations.

Loss on Change in Fair Value of Derivative Liabilities

For the three months ended September 30, 2022, the Company recognized a loss of approximately \$0.9 million from the change in fair value of derivative liabilities. The derivative liabilities are associated with the debt and equity financing related to the Converge acquisition during Q3 2022. There were no such amounts recorded for the three months ended September 30, 2021.

Miscellaneous income (loss)

For the three months ended September 30, 2022 and 2021, the Company recognized approximately \$0.1 million of miscellaneous income and \$1.4 million of miscellaneous income, respectively. The decrease during the three months ended September 30, 2022, was primarily related to the absence of legal settlements totaling \$0.9 million and income from government grants of \$0.3 million recorded in the prior year period.

Adjusted Earnings Before Interest, Tax, Depreciation, and Amortization ("Adjusted EBITDA")

The Company evaluates its performance based on several factors, of which the key financial measure is Adjusted Earnings Before Interest Taxes Depreciation & Amortization ("Adjusted EBITDA"). Adjusted EBITDA is defined as our net income (loss) before (i) interest expense, net (ii) income tax expense, (iii) depreciation, amortization, and impairments of property and equipment, goodwill and other intangible assets, (iv) stock-based compensation expense or benefit, (v) restructuring charges or credits, (vi) gains or losses on dispositions of businesses and associated settlements, and (vii) certain other non-recurring or non-cash items.

Management believes that the exclusion of stock-based compensation expense or benefit allows investors to better track the performance of the Company's business without regard to the settlement of an obligation that is not expected to be made in cash. Adjusted EBITDA and similar measures with similar titles are common performance measures used by investors and analysts to analyze the Company's performance. The Company uses revenues and Adjusted EBITDA measures as its most important indicators of its business performance, and evaluates managements effectiveness with specific reference to these indicators. Adjusted EBITDA should be viewed as a supplement to and not a substitute for net income (loss), cash flows from operating activities, and other measures of performance and/or liquidity presented in accordance with GAAP. Since Adjusted EBITDA is not a measure of performance calculated in accordance with GAAP, this measure may not be comparable to similar titles used by other companies. The Company has presented the components that reconcile net loss, the most directly comparable GAAP financial measure, to adjusting operating income (loss).

The following table sets forth the reconciliation of Net Income/(Loss), a GAAP measure, to Adjusted EBITDA:

	Three months ended September 30,	
	2022	2021
Net income (loss)	\$ 1,273,783	\$ (2,139,000)
Interest expense	2,835,588	13,000
Income tax expense	162,368	—
Depreciation and amortization	2,232,509	202,000
EBITDA	6,504,248	(1,924,000)
Net gain on sale of subsidiary	(82,894)	—
Restructuring and other related charges	934,147	—
Stock-based compensation expense	516,800	979,000
Loss contingency on equity issuance	301,350	—
Loss (gain) on derivative liability	942,390	(12,000)
Foreign exchange loss	944,416	16,000
Adjusted EBITDA	\$ 10,060,457	\$ (941,000)

Adjusted EBITDA for the three months ended September 30, 2022, increased by approximately \$11.0 million, to \$10.1 million as compared with the prior year period, primarily due to (as discussed previously) the increase in revenues due to the Converge Acquisition, combined with the offsetting of several non-recurring costs incurred as a result of the ongoing restructuring and transformational efforts by management as well as non-cash charges during the period. These items are

partially offset by the increases cost of sales and selling, general and administrative expenses (excluding stock-based compensation expense) all largely as a result of the Converge Acquisition.

LIQUIDITY & CAPITAL RESOURCES

Overview

Our primary sources of liquidity are cash, cash equivalents, and cash flows from the operations of our businesses. Our principal uses of cash include working capital-related items (including funding our operations), debt service, investments, and related loans and advances that we may fund from time to time, and liabilities from prior acquisitions. The Company's use of its available liquidity will be based upon the ongoing review of the funding needs of the business, its view of a favorable allocation of cash resources, and the timing of cash flow generation.

We believe we have sufficient liquidity, including approximately \$32.7 million in cash and cash equivalents, as of September 30, 2022, and anticipated future operating cash flows, to fund our business operations, and service the credit facility (see "Financing Agreements" below) during the next twelve months and foreseeable future. See Note 12, Credit Facilities to the consolidated financial statements included in Item 8 of the Annual Report on Form 10-K for a discussion of the Credit Facility.

Financing Agreements

On March 21, 2022, Troika Media Group Inc., and each subsidiary of Troika Media Group, Inc. as guarantors, entered into a Financing Agreement with Blue Torch Finance LLC ("Blue Torch"), as Administrative Agent and Collateral Agent. This \$76.5 million First Lien Senior Secured Term Loan (the "Credit Facility") formed the majority of the purchase price of the Converge Acquisition, as well as for working capital and general corporate purposes.

The Credit Facility provides for: (i) a Term Loan in the amount of \$76.5 million; (ii) an interest rate of the Libor Rate Loan of three months; (iii) a four-year maturity amortized 5.0% per year, payable quarterly; (iv) a 1.0% commitment fee and an upfront fee of 2.0% of the Credit Facility paid at closing, plus an administrative agency fee of \$250,000 per year; (v) a first priority perfected lien on all property and assets including all outstanding equity of the Company's subsidiaries; (vi) 1.5% fully-diluted penny warrant coverage in the combined entity; (vii) mandatory prepayment for 50% of excess cash flow and 100% of proceeds from various transactions; (viii) customary affirmative, negative and financial covenants; (ix) delivery of audited financial statements of Converge; and (x) customary closing conditions. The Company agreed to customary restrictive covenants in the Credit Facility and leverage ratios, fixed charge coverage ratios, and maintaining liquidity of at least \$6.0 million at all times.

The Company has made principal repayments aggregating to \$1.9 million through September 30, 2022, under the Credit Agreement. The Term Loan Facility amortized quarterly in accordance with its terms. As of September 30, 2022, there was \$74.6 million outstanding under the Term Loan Facility.

As of September 30, 2022, the Company was in default on the Financing Agreement due to the Company's failure to satisfy certain financial and non-financial covenants under the Financing Agreement. The Company currently is and has been addressing these items and is working in good faith with Blue Torch on an amendment to the loan. On October 14, 2022 Blue Torch and the Company entered into a Limited Waiver of all events of default that are continuing under the Financing Agreement dated March 21, 2022.

See Note 6 to the consolidated financial statements included in "Part I — Item 1. Financial Statements" of this Quarterly Report on Form 10-Q for more information on the Credit Agreement.

Series E Private Placement

On September 26, 2022, we entered into an Exchange Agreement (the "Exchange Agreement") with each holder of our Series E Preferred Stock (each a "Series E Holder"), pursuant to which (i) each Series E Holder will exchange its existing warrant to purchase our common stock, dated March 16, 2022 (the "Old Warrants"), for new warrants to purchase our common stock (the "New Warrants"), and (ii) each Series E Holder consented to changes in the terms of the private investment in public equity ("PIPE") placement effected by the Company on March 16, 2022 (the "New PIPE Terms"), including an amendment and restatement of the terms of our Series E convertible preferred stock, par value \$0.01 per share (the "Series E Preferred Stock").

In consideration for the issuance of the New Warrants and the other New PIPE Terms, we will file an amended and restated certificate of designation for the Series E Preferred Stock (the "Certificate of Designation") with the Secretary of State of the State of Nevada to effect certain changes contemplated by the Exchange Agreement.

The New PIPE Terms effect the following changes, among others, to the rights Series E Holders:

- a. New Warrant Exercise Price: The New Warrant exercise price per share of common stock is \$0.55, provided that if all shares of Series E Preferred Stock issued pursuant to the Certificate of Designation are not repurchased by the Company on or prior to November 26, 2022, on such date, the exercise price per share of the New Warrants will revert to \$2.00, subject to further adjustment as set forth in the New Warrant.
- b. Series E Conversion Price: The conversion price for the Series E Preferred Stock shall initially equal \$0.40 per share, and so long as the arithmetic average of the daily volume-weighted average prices ("VWAPs") of the Common Stock for the calendar week prior to each of the following respective dates is lower than the Conversion Price at that time, the Conversion Price shall be downwardly adjusted by \$0.01 on each of October 24, 2022, October 31, 2022, November 7, 2022, November 14, 2022, and November 21, 2022.
- c. Standstill Period: The Series E Holders agreed to a 60-day standstill period ending on November 26, 2022 (the "Standstill Period"), during which each Series E Holder may convert not more than fifty (50%) percent of the Series E Preferred Stock held by such holder at the beginning of the Standstill Period.
- d. Series E Buyout: During the Standstill Period the Company will use commercially reasonable efforts to raise funds to repurchase all outstanding shares of Series E Preferred Stock held by the Series E Holders at a purchase price of \$100 per share, subject to the provisions of the Certificate of Designation.
- e. Limitation on Sales: During the Standstill Period, the Purchasers agreed not to sell shares of the Company's common stock for a price less than \$0.30 per share.
- f. Liquidated Damages: The Company agreed to pay to the Purchasers all liquidated damages owed through September 21, 2022 (including any pro-rated amounts), which totaled approximately \$3.6 million, all of which was paid during the three months ended September 30, 2022.

Contractual Obligations

Refer to Note 11 to the consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended June 30, 2022, the Company's contractual obligations not reflected on the consolidated balance sheet.

In addition, see Notes 6 and 7 to the consolidated financial statements included in "Part I — Item 1. Financial Statements" of this Quarterly Report on Form 10-Q for the principal repayments required under the Company's Term Loan Facility and maturities of the Company's operating lease liabilities, respectively.

Cash Flow Discussion

Operating Activities

Net cash provided by operating activities for the three months ended September 30, 2022, increased by approximately \$7.7 million to \$5.4 million as compared with the prior year period. The increase in cash provided was primarily the result of an increase in operating income of approximately \$9.8 million, partially offset by a net change in working capital of approximately \$1.4 million and foreign exchange loss of approximately \$0.9 million.

Net cash used in operating activities for the three months ended September 30, 2021, increased by \$1.1 million to \$2.3 million as compared with the prior year period. The increase was the result of an decrease in working capital and payments for contract liabilities relating to government grants.

Investing Activities

Net cash used in investing activities for the three months ended September 30, 2022, increased by 0.1 million to \$0.2 million as compared with the prior year period primarily related to payments for the purchase of fixed assets.

Net cash used in investing activities for the three months ended September 30, 2021, increased by \$61 thousand to \$68 thousand as compared with the prior year period primarily related to payments for the purchase of fixed assets.

Financing Activities

Net cash used in financing activities for the three months ended September 30, 2022, increased by approximately \$4.6 million to \$4.6 million as compared with the prior year period primarily due to payments made totaling of approximately \$3.6 million related to partially liquidated damages in connection with our series E private placement, for more information on the series E private placement see above in addition to an approximately \$1.0 million in principal payments made for our credit facility.

Net cash used financing activities for the three months ended September 30, 2021, were approximately \$20 thousand. This was a decrease from cash provided by of approximately \$715 thousand in the prior year as a result of the absence of approximately \$565 thousand in proceeds from stimulus loan programs and approximately \$150 thousand in proceeds from convertible note payables in the comparable prior year period.

Recently Issued Accounting Pronouncements Not Yet Adopted and Critical Accounting Policies

Recently Issued Accounting Pronouncements Not Yet Adopted

See Note 2 to the consolidated financial statements included in "Part I — Item 1. Financial Statements" of this Quarterly Report on Form 10-Q for information regarding recently issued accounting pronouncements not yet adopted.

Critical Accounting Policy & Estimates

There have been no material changes to the Company's critical accounting policies from those set forth in our Annual Report on Form 10-K for the year ended June 30, 2022.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

The Issuer is not required to provide the information called for in this item due to its status as a Smaller Reporting Company.

Item 4. Controls and Procedures.

Evaluation of disclosure controls and procedures

An evaluation was carried out under the supervision and with the participation of the Company's management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")) as of the end of the period covered by this report. Based upon that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that our disclosures, controls and procedures were not effective.

Changes in Internal Control over Financial Reporting

There were no changes in the Company's internal control over financial reporting or in any other factors that could significantly affect these controls during the three months ended September 30, 2022, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management has taken steps to improve its controls and procedures, including but not limited to, consolidating its bank accounts into one institution, implementing a consolidated general ledger system, formalizing policies and procedures, and employing additional qualified and competent accounting staff which will improve segregation of duties and technical accounting knowledge. Upon their implementation, these internal controls will dramatically improve in the near future our ability to prevent and detect mistakes, noncompliance and potential fraud.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

From time to time the Company may become involved in legal proceedings or may be subject to claims arising in the ordinary course of its business. Although the results of litigation and claims cannot be predicted with certainty, the Company currently believes that the final outcome of these ordinary course matters will not have a material adverse effect on its business, operating results, financial condition or cash flows. Regardless of the outcome, litigation can have an adverse impact on the Company because of defense and settlement costs, diversion of management resources, and other factors. The Company is not a party to any material pending legal proceedings or a proceeding being contemplated by a governmental authority nor is any of the Company's property the subject of any pending legal proceedings or a proceeding being contemplated by a governmental authority except as set forth in our Annual Report on Form 10-K for the fiscal year ended June 30, 2022, from which there have been no material changes.

Item 1A. Risk Factors.

Except as set forth below, there have been no material changes to the risk factors described in the sections captioned "Risk Factors," in our Annual Report on Form 10-K for the year ended June 30, 2022. In addition to the other information set forth in this report, you should carefully consider the factors discussed in the sections "Risk Factors" in our Annual Report on Form 10-K for the year ended June 30, 2022, which could materially affect our business, financial condition, or future results. The risks described in our Annual Report on Form 10-K for the year ended June 30, 2022 and in this report are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may have a material adverse effect on our business, financial condition, and/or operating results.

The exercise of our outstanding Convertible Series E Preferred stock and warrants will depress our stock price and dramatically dilute shareholders. Delay and failure of the Company to register up to 400,000 million common shares pursuant to the Convertible Series E Preferred will incur financial penalties.

As previously disclosed, on March 22, 2022, the Company issued and sold 500,000 shares of Series E Convertible Preferred Stock, \$0.01 par value, with a stated value of \$100 per share or an aggregate of \$50.0 million pursuant to the terms of a Securities Purchase Agreement, dated March 16, 2022 (the "Purchase Agreement"), by and among the Company and certain institutional investors (the "Purchasers"). The Series E Preferred Stock were originally convertible into Common Stock at \$1.50 per share, subject to adjustment. The Company issued accompanying Common Stock Purchase Warrants (the "Warrants") originally exercisable for five (5) years at \$2.00 per share, subject to adjustment as described in the Purchase Agreement, to purchase an aggregate of 33,333,333 shares of Common Stock.

The shares of Series E Preferred Stock and Warrants and the shares of Common Stock issuable upon conversion of the Series E Preferred Stock and the exercise of the Warrants (collectively, the "Securities") were not initially registered under the Securities Act of 1933, as amended. Pursuant to a Registration Rights Agreement with the Purchasers dated March 16, 2022 (the "Registration Rights Agreement"), the Company committed to file with the Securities and Exchange Commission (the "SEC") an initial Registration Statement concerning the Securities within ten (10) business days of the March 21, 2022, closing date, which initial Registration Statement is required to be declared effective within forty-five (45) days of the filing date or ninety (90) days if there is a "full review by the SEC".

While the Company has filed with the SEC a Registration Statement on Form S-1 (the "Form S-1") concerning the Securities to satisfy the requirements of the Registration Rights Agreement, the Form S-1 has not been declared effective by the SEC as of September 28, 2022, and within the period required under the terms of the Registration Rights Agreement. As a result, the Company is required under the terms of the Registration Rights Agreement to pay to the Purchasers a partial liquidated damages penalty for failure to meeting the effectiveness date requirement, which is determined to be the product of 2.0% multiplied by the aggregate subscription amount paid by each Purchaser under the terms of the Purchase Agreement, with the partial liquidated damages to be capped at 14% of the subscription amount. Such partial liquidated damages are owed to the investors within seven (7) days of the failure to meet the requirements for effectiveness, and will be owed monthly to the Purchasers until the Form S-1 is declared effective by the SEC. This will result in a payment by the Company of approximately \$1.0 million per month (with prorated payments for partial months) to the Purchasers until the Form S-1 is declared effective by the SEC, resulting in up to a maximum of \$7.0 million in payments.

On September 26, 2022, we entered into an Exchange Agreement (the "Exchange Agreement") with the Purchasers, pursuant to which (i) each Purchaser exchanged its Warrants for new warrants to purchase our common stock (the "New Warrants") and (ii) each Purchaser consented to an amendment and restatement of the terms of our Series E convertible preferred stock, par value \$0.01 per share (the "Series E Preferred Stock") as well as other changes in the terms of the private placement effected by the Company on March 16, 2022 (collectively, the "New PIPE Terms").

We then filed an amended and restated certificate of designation for the Series E Preferred Stock (the "Certificate of Designation") with the Secretary of State of the State of Nevada to effect certain changes contemplated by the Exchange Agreement.

The New PIPE Terms effect the following changes, among others, to the rights of the Series E Holders:

- a. **New Warrant Exercise Price:** The New Warrant exercise price per share of common stock is \$0.55, provided that if all shares of Series E Preferred Stock are not repurchased by the Company on or prior to November 26, 2022, on such date, the exercise price per share of the New Warrants will adjust to \$2.00, subject to further adjustment as set forth in the New Warrant.
- b. **Series E Conversion Price:** The conversion price for the Series E Preferred Stock shall initially equal \$0.40 per share, and so long as the arithmetic average of the daily volume-weighted average prices of the Common Stock for the calendar week prior to each of the following respective dates is lower than the conversion price at that time, the conversion price was downwardly adjusted by \$0.01 on each of October 24, 2022, October 31, 2022, November 7, 2022 and November 14, 2022, and shall be further downwardly adjusted by \$0.01 on November 21, 2022.
- c. **Standstill Period:** The Purchasers agreed to a 60-day standstill period ending on November 26, 2022 (the "Standstill Period"), during which each Series E Holder may convert not more than 50% of the Series E Preferred Stock held by such holder at the beginning of the Standstill Period.
- d. **Series E Buyout.** During the Standstill Period the Company will use commercially reasonable efforts to raise funds to repurchase all outstanding shares of Series E Preferred Stock held by the Purchasers at a purchase price of \$100 per share, subject to the provisions of the Certificate of Designation (the "Series E Buyout").
- e. **Limitation on Sales:** During the Standstill Period, the Purchasers agreed not to sell shares of the Company's common stock for a price less than \$0.30 per share.
- f. **Liquidated Damages:** The Company agreed to pay to the Purchasers all liquidated damages owed through September 21, 2022 (including any pro-rated amounts).

There is no guarantee that we will be able to raise funds, on commercially reasonable terms or at all, to effect the Series E Buyout.

The Company is in negotiations with its Senior Secured Lender to revise the terms of its Financing Agreement relating to the Credit Facility.

The Company's shareholders are subject to dilution of their common stock given the prospect of the Series E Preferred with the possibility of the registration of 400,000,000 shares. The Company's shares outstanding as of November 11, 2022, was 67,831,116 and shareholders face the risk of substantial dilution. The costs of and occasioned by the delay in the effectiveness of the registration statement will impact the Company's financial performance and creates substantial financial risk.

Covenants in our Credit Facility impose restrictions that may limit our operating and financial flexibility. The Financing Agreement contains many significant restrictions, negative and affirmative covenants that may limit our operating and financial flexibility. The Financing Agreement presents a risk of default.

The Company entered a Credit Facility on March 21, 2022, concerning a first lien term loan of \$76.5 million with a senior secured lender. The Financing Agreement contains negative covenants that, among other things, limit our ability to:

- Incur indebtedness;
- Grant liens on its assets;
- Make certain investments;
- Incur certain expenses and limits;
- Engage in mergers or acquisitions;
- Dispose of assets;
- Enter certain transactions; and
- Make certain restricted payments.

The Financing Agreement contains certain affirmative covenants and customary events of default provisions, including, subject to thresholds and grace periods, among others, payment default, covenant default, and judgment default. Each of these limitations are subject to various conditions.

In addition, the Financing Agreement contains financial covenants, which require us to maintain minimum total leverage ratios and fixed charge coverage ratios. The applicable interest rate on the facility may increase which would result in our interest expenses going up.

These covenants could materially adversely affect our ability to finance our future operations or capital needs. Furthermore, they may restrict our ability to expand and pursue our business strategies and otherwise conduct our business. Our ability to comply with these covenants may be affected by circumstances and events beyond our control, such as prevailing economic conditions and changes in regulations, and we cannot provide any assurance that we will be able to comply with such covenants. These restrictions also limit our ability to obtain future financings or to withstand a future downturn in our business or the economy in general. In addition, complying with these covenants may also cause us to take actions that may make it more difficult for us to successfully execute our business strategy and compete against companies that are not subject to such restrictions.

On September 29, 2022, we failed to meet certain financial and non-financial covenants under the Financing Agreement and received a limited waiver of default from our lender in order to avoid an event of default. If we fail to meet any covenant in the future, we may not be able to obtain a waiver from our lender, which has total discretion in deciding whether to grant a waiver, and we may incur an event of default.

A default, if not waived in full or limited basis, could result in an acceleration of the debt outstanding under the Financing Agreement and in a default with respect to, and an acceleration of, the debt outstanding under other debt agreements. If that occurs, we may not be able to make all the required interest and capital payments or borrow sufficient funds to refinance such debt. Even if new financing were available at such time, it may not be on terms that are acceptable to us or terms as favorable as our current agreements. If our debt is in default for any reason, our business, financial condition, and results of operations could be materially and adversely affected.

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

On September 26, 2022, we entered into an Exchange Agreement (the "Exchange Agreement") with each holder of our Series E Preferred Stock (each a "Series E Holder"), pursuant to which (i) each Series E Holder will exchange its existing warrant to purchase our common stock, dated March 16, 2022 (the "Old Warrants"), for new warrants to purchase our common stock (the "New Warrants") and (ii) each Series E Holder consented to changes in the terms of the private placement effected by the Company on March 16, 2022 (the "New PIPE Terms"), including an amendment and restatement of the terms of our Series E Preferred Stock.

At the closing of the exchange agreement, we issued an aggregate of 33,333,333 New Warrants to the Series E Holders. The issuance of New Warrants was exempt from registration under the Securities Act pursuant to Section 3(a)(9) thereof.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosure

Not Applicable.

Item 5. Other Information

Board Size Increase and Director Appointments

On November 8, 2022, our board of directors (the "*Board*"), based on the recommendation of our Nominating and Governance Committee, approved increasing the size of the Board from six (6) to eight (8) directors and appointing each of Jeffrey Stein and Grant Lyon to the Board to fill the vacancies created thereby.

- a. Mr. Stein is Founder and Managing Partner of Stein Advisors LLC, a financial advisory firm that provides consulting services to public and private companies and institutional investors. Previously, Mr. Stein was a Co-Founder and Principal of Durham Asset Management LLC, a global event driven distressed debt and special situations equity asset management firm. From January 2003 through December 2009, Mr. Stein served as Co-Director of Research at Durham responsible for the identification, evaluation, and management of investments for the various Durham portfolios. Mr. Stein was a member of the Executive and Investment Committees at Durham responsible for oversight of the management company and investment funds, development and execution of the investment strategy, portfolio composition and risk management. Launched in 2003 with \$50.0 million in assets

under management Durham successfully grew to \$1.5 billion in total assets under management across its core hedge fund and collateralized loan obligation strategies. Mr. Stein is 53 years old.

- b. Mr. Lyon has over thirty (30) years of experience in corporate restructuring, expert testimony and corporate governance. Mr. Lyon has served as Co-founder and managing partner of Arete Capital Partners, LLC, a special situation advisory firm, since July 2020. He previously served as founder and managing director of Atera Capital, LLC, a Fiduciary and Financial Advisory Firm, from June 2017 to June 2020. Mr. Lyon also served as managing director of KRyS Global USA, a restructuring advisory and distressed investment consulting firm, from 2014 to June, 2017. Mr. Lyon has served as the financial advisor to the Government of the Commonwealth of the Bahamas. Mr. Lyon has served numerous times as a Chapter 11 Trustee, state-court receiver, chief executive officer, chief financial officer and chief restructuring officer. Mr. Lyon has testified many times in numerous jurisdictions, including bankruptcy court, federal district court and state court. Mr. Lyon has a Masters of Business Administration degree and a Bachelor of Science degree in Accounting from Brigham Young University. Mr. Lyon is 59 years old.

Messrs. Stein and Lyon will each stand for election to the Board at the Company's upcoming annual meeting of stockholders. The Board has determined that Messrs. Stein and Lyon are independent under applicable Nasdaq rules. Messrs. Stein and Lyon will receive \$40,000 per month (pro-rated for November) for their service on the Board and the Special Committee (defined below), and a \$5,000 per diem for testimony or similar activity in connection with litigation. The Company anticipates entering into customary indemnification agreements with Messrs. Stein and Lyon in connection with their appointments to the Board and Special Committee.

There is currently no arrangement or understanding between the Company or any other person and either of Messrs. Stein or Lyon pursuant to which either of Messrs. Stein or Lyon was appointed to the Board, and the Company is unaware of any transaction involving Messrs. Stein or Lyon that would be reportable under Item 404(a) of Regulation S-K promulgated under the Securities Exchange Act of 1934, as amended.

Special Committee

On November 8, 2022, the Board approved establishing a special committee of directors (the "*Special Committee*") authorized to, among other things, oversee negotiations with the lender under our credit facility and the holders of our Series E Preferred Stock. The Special Committee will be comprised of Randall Miles, Jeffrey Stein and Grant Lyon, each of whom has been determined to be disinterested and independent from any conflicted directors, significant stockholders and/or management. The Company does not intend to comment on or disclose further developments regarding the Special Committee's work unless and until it deems further disclosure is appropriate or required.

Amendment No. 2 to Limited Waiver

On November 11, 2022, Blue Torch Finance LLC ("*Blue Torch*") and the Company entered into a Second Amendment to the Limited Waiver to Financing Agreement (the "*Limited Waiver*") extending the waiver of all events of default that are continuing under the Financing Agreement dated March 21, 2022, by and among the Company, the lenders from time to time party thereto (the "*Lenders*"), and Blue Torch as collateral agent and administrative agent for the Lenders (the "*Financing Agreement*"). The Limited Waiver will expire on November 25, 2022, if not terminated earlier by Blue Torch (the "*Waiver Period*").

The Limited Waiver concerns events of default that relate to the Company's failure to satisfy certain financial and non-financial covenants under the Financing Agreement. The Company is currently engaged in good faith negotiations with Blue Torch, as agent for the Lenders, to amend the Financing Agreement and cure the events of default, although we cannot assure you that we will be successful in doing so. If the Company is unsuccessful in renegotiating the Financing Agreement and curing the continuing events of default by the expiration of the Waiver Period, the Company intends to seek further Limited Waivers with Blue Torch, although we cannot assure you that Blue Torch would be willing to grant additional waivers. For further information on the terms of the Financing Agreement please refer to our Annual Report on Form 10-K for the fiscal year ended June 30, 2022, filed with the SEC on September 28, 2022.

Item 6. Exhibits

Exhibit Number	Exhibit Title
3.1	Amended and Restated Certificate of Designation of Series E Convertible Preferred Stock
4.1	Form of Common Stock Purchase Warrant (incorporated herein by reference to Exhibit 4.1 to the Current Report on Form 8-K filed on September 27, 2022).
4.2	Form of Exchange Agreement (incorporated herein by reference to Exhibit 4.2 to the Current Report on Form 8-K filed on September 27, 2022).
10.1†	Separation Agreement dated as of October 26, 2022 by and between Troika Media Group, Inc. and Andrew Bressman.
31.1	Certification of Principal Executive Officer, pursuant to 18 U.S.C. Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Principal Financial Officer, pursuant to 18 U.S.C. 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 its XBRL tags are embedded within the Inline XBRL document).
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Labels Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101).

* Furnished herewith.

† Management contract or compensatory plan or arrangement.

SIGNATURES

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

Troika Media Group, Inc.

(Registrant)

/s/ Erica Naidrich

(Signature)

Date: November 14, 2022

Name: Erica Naidrich

Title: Chief Financial Officer

(Principal Financial Officer)



BARBARA K. CEGAUSKE
 Secretary of State
 202 North Carson Street
 Carson City, Nevada 89701-4201
 (775) 684-5708
 Website: www.nvsos.gov

Filed in the Office of <i>Barbara K. Cegauske</i>	Business Number C30388-2003
Secretary of State State Of Nevada	Filing Number 20222640205
	Filed On 9/27/2022 8:00:00 AM
	Number of Pages 19

Certificate, Amendment or Withdrawal of Designation

NRS 78.1955, 78.1955(6)

- Certificate of Designation
- Certificate of Amendment to Designation - Before Issuance of Class or Series
- Certificate of Amendment to Designation - After Issuance of Class or Series
- Certificate of Withdrawal of Certificate of Designation

TYPE OR PRINT - USE DARK INK ONLY - DO NOT HIGHLIGHT

1. Entity information:	Name of entity: <input style="width: 90%;" type="text" value="Troika Media Group, Inc."/> Entity or Nevada Business Identification Number (NVID): <input style="width: 20%;" type="text" value="NV20031537499"/>
2. Effective date and time:	For Certificate of Designation or Amendment to Designation Only (Optional): Date: <input style="width: 15%;" type="text"/> Time: <input style="width: 15%;" type="text"/> <small>(must not be later than 90 days after the certificate is filed)</small>
3. Class or series of stock: (Certificate of Designation only)	The class or series of stock being designated within this filing: <input style="width: 90%;" type="text" value="Series E Convertible Preferred Stock"/>
4. Information for amendment of class or series of stock:	The original class or series of stock being amended within this filing: <input style="width: 90%;" type="text" value="Series E Convertible Preferred Stock"/>
5. Amendment of class or series of stock:	<input type="checkbox"/> Certificate of Amendment to Designation- Before Issuance of Class or Series <small>As of the date of this certificate no shares of the class or series of stock have been issued.</small> <input checked="" type="checkbox"/> Certificate of Amendment to Designation- After Issuance of Class or Series <small>The amendment has been approved by the vote of stockholders holding shares in the corporation entitling them to exercise a majority of the voting power, or such greater proportion of the voting power as may be required by the articles of incorporation or the certificate of designation.</small>
6. Resolution: <small>Certificate of Designation and Amendment to Designation only)</small>	By resolution of the board of directors pursuant to a provision in the articles of incorporation this certificate establishes OR amends the following regarding the voting powers, designations, preferences, limitations, restrictions and relative rights of the following class or series of stock.* <input style="width: 90%;" type="text" value="The attached Amended and Restated Certificate of Designation of Series E Convertible Preferred Stock amends Sections 1, 5, 6, 8 and 10."/>
7. Withdrawal:	Designation being <input style="width: 20%;" type="text"/> Date of <input style="width: 15%;" type="text"/> Withdrawn: <input style="width: 20%;" type="text"/> Designation: <input style="width: 15%;" type="text"/> No shares of the class or series of stock being withdrawn are outstanding. The resolution of the board of directors authorizing the withdrawal of the certificate of designation establishing the class or series of stock: * <input style="width: 90%; height: 30px;" type="text"/>
8. Signature: (Required)	<input checked="" type="checkbox"/> DocuSigned by: <input style="width: 80%; border-bottom: 1px solid black;" type="text" value="Sid Toama"/> <small>CAFE41A2025A484</small> Signature of Officer Date: <input style="width: 20%;" type="text" value="09/26/2022"/>

* Attach additional page(s) if necessary
 This form must be accompanied by appropriate fees.

TROIKA MEDIA GROUP, INC.
AMENDED AND RESTATED
CERTIFICATE OF DESIGNATION OF PREFERENCES,
RIGHTS AND LIMITATIONS
OF
SERIES E CONVERTIBLE PREFERRED STOCK

PURSUANT TO NRS 78.1955 OF THE
NEVADA REVISED STATUTES

The undersigned, Sadiq Toama does hereby certify that:

1. He is the Chief Executive Officer of Troika Media Group, Inc., a Nevada corporation (the "Corporation").

2. The Corporation is authorized to issue 15,000,000 shares of serial preferred stock, (i) 5,000,000 shares of which were designated as Series A Preferred Stock, none of which are outstanding, (ii) 3,000,000 shares of which were designated as Series B Preferred Stock, none of which are outstanding, (iii) 1,200,000 shares of which were designated as Series C Preferred Stock, none of which are outstanding; (iv) 2,500,000 shares of which were designated as Series D Preferred Stock, none of which are outstanding and (v) 500,000 shares of which were designated as Series E Preferred Stock, 500,000 of which are outstanding, so that 2,800,000 shares of Preferred Stock have the status of authorized, but unissued, shares and are available for issuance.

3. The following resolutions were duly adopted by the board of directors of the Corporation (the "Board of Directors"):

WHEREAS, the certificate of incorporation of the Corporation provides for a class of its authorized stock known as blank check preferred stock, consisting of 15,000,000 shares, \$0.01 par value per share, issuable from time to time in one or more series;

WHEREAS, the Board of Directors authorized the filing of that certain Certificate of Designation filed with the Nevada Secretary of State on March 17, 2022 (the "Certificate of Designation"), which established the terms of Series E Convertible Preferred Stock, par value \$0.01 ("Series E Stock");

WHEREAS, it is the desire of the Board of Directors to amend the rights, preferences, restrictions and other matters relating to the Series E Stock as follows:

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors, pursuant to its authority as aforesaid, does hereby amend and restate the Certificate of Designation to amend and restate the rights, preferences, restrictions and other matters relating to the Series E Stock as follows:

TERMS OF PREFERRED STOCK

Section 1. Definitions. For the purposes hereof, the following terms shall have the following meanings:

"Affiliate" means any Person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with a Person, as such terms are used in and construed under Rule 405 of the Securities Act.

“Alternate Consideration” shall have the meaning set forth in Section 7(d).

“Beneficial Ownership Limitation” shall have the meaning set forth in Section 6(e).

“Business Day” means any day other than Saturday, Sunday or other day on which commercial banks in The City of New York are authorized or required by law to remain closed; provided that banks shall not be deemed to be authorized or obligated to be closed due to a “shelter in place,” “non-essential employee” or similar closure of physical branch locations at the direction of any governmental authority if such banks’ electronic funds transfer systems (including for wire transfers) are open for use by customers on such day.

“Buy-In” shall have the meaning set forth in Section 6(d)(iv).

“Commission” means the United States Securities and Exchange Commission.

“Common Stock” means the Corporation’s common stock, par value \$0.001 per share, and stock of any other class of securities into which such securities may hereafter be reclassified or changed.

“Common Stock Equivalents” means any securities of the Corporation or the Subsidiaries which would entitle the holder thereof to acquire at any time Common Stock, including, without limitation, any debt, preferred stock, rights, options, warrants or other instrument that is at any time convertible into or exercisable or exchangeable for, or otherwise entitles the holder thereof to receive, Common Stock.

“Conversion Amount” means the sum of the Stated Value at issue.

“Conversion Date” shall have the meaning set forth in Section 6(a).

“Conversion Price” shall have the meaning set forth in Section 6(c).

“Conversion Shares” means, collectively, the shares of Common Stock issuable upon conversion of the shares of Preferred Stock in accordance with the terms hereof.

“Equity Conditions” means each of the following conditions: (i) at all times during the Standstill Period, the Conversion Shares are eligible to be sold pursuant to Rule 144, including that the Corporation is then in compliance with the current public information required under Rule 144, (ii) at all times during the Standstill Period, the Corporation shall have timely delivered shares of Common Stock pursuant to the terms hereof and timely delivered shares of Common Stock upon exercise of the Exchange Warrants (as defined in the Exchange Agreements) pursuant to the terms of the Exchange Warrants, and (iii) at all times during the Standstill Period, no Holder shall have been in possession of any material, nonpublic information received from the Corporation, any subsidiary thereof or any of their respective agents or affiliates, unless the Holder in question has agreed, pursuant to a prior written consent, to receive such material, nonpublic information.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

“Exchange Agreements” means those certain Exchange Agreements dated as of September 26, 2022, each between the Corporation and each Holder.

“Fundamental Transaction” shall have the meaning set forth in Section 7(d).

“Holder” shall have the meaning given such term in Section 2.

“Junior Stock” shall have the meaning set forth in Section 9.

“Liquidation” shall have the meaning set forth in Section 5.

“New York Courts” shall have the meaning set forth in Section 10(d).

“Notice of Conversion” shall have the meaning set forth in Section 6(a).

“Original Issue Date” means the date of the first issuance of any shares of the Preferred Stock regardless of the number of transfers of any particular shares of Preferred Stock and regardless of the number of certificates which may be issued to evidence such Preferred Stock.

“Parity Stock” shall have the meaning set forth in Section 9.

“Person” means an individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof) or other entity of any kind.

“Preferred Stock” shall have the meaning set forth in Section 2.

“Purchase Agreement” means the Securities Purchase Agreement, dated as of the date hereof, between the Corporation and each Holder.

“Repurchase Price” means the Stated Value of each share of Preferred Stock; provided, that if the Equity Conditions are not satisfied at all times during the Standstill Period, the Repurchase Price shall mean (i) with respect to the Preferred Stock that is not part of the Standstill Convertible Amount (as defined below), the Stated Value of each such share of Preferred Stock, and (ii) with respect to the Standstill Convertible Amount contemplated to be repurchased, the greater of (x) the Stated Value of each such share of Preferred Stock constituting such Standstill Convertible Amount contemplated to be repurchased, and (y) the product of (A) the Stated Value of each such share of Preferred Stock constituting such Standstill Convertible Amount contemplated to be repurchased and (B) the quotient determined by dividing (I) the greatest VWAP of the shares of Common Stock during the five (5) Trading Day period ending on the Trading Day immediately preceding the Repurchase Date (as defined below), by (II) the lowest Conversion Price in effect during such period.

“Required Holders” shall have the meaning set forth in Section 9.

“Securities Act” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“Senior Preferred Stock” shall have the meaning set forth in Section 9.

“Share Delivery Date” shall have the meaning set forth in Section 6(d).

“Standstill End Date” means November 26, 2022.

“Standstill Period” means the period from the Original Issue Date through and including the Standstill End Date.

“Stated Value” shall have the meaning set forth in Section 2.

“Subsequent Adjustment Period” means the forty (40) Trading Day period beginning on, and including, the Trading Day immediately following the Standstill End Date.

“Subsidiary” means any direct or indirect subsidiary of the Corporation as set and shall, where applicable, also include any direct or indirect subsidiary of the Corporation formed or acquired after the date Original Issue Date.

“Successor Entity” shall have the meaning set forth in Section 7(d).

“Trading Day” means a day on which the principal Trading Market is open for business.

“Trading Market” means any of the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the NYSE American, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market, or the New York Stock Exchange (or any successors to any of the foregoing).

“Transfer Agent” means AST Financial or American Stock Transfer Company, with an address at 6201 15th Avenue, Brooklyn, NY 11219, telephone number is (718) 291-8209, and any successor transfer agent of the Corporation.

“VWAP” means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on a Trading Market, the daily volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the Trading Market on which the Common Stock is then listed or quoted as reported by Bloomberg L.P. (based on a Trading Day from 9:30 a.m. (New York City time) to 4:02 p.m. (New York City time)), (b) if OTCQB or OTCQX is not a Trading Market, the volume weighted average price of the Common Stock for such date (or the nearest preceding date) on OTCQB or OTCQX as applicable, (c) if the Common Stock is not then listed or quoted for trading on OTCQB or OTCQX and if prices for the Common Stock are then reported in the “Pink Sheets” published by OTC Markets, Inc. (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the Common Stock so reported, or (d) in all other cases, the fair market value of a share of Common Stock as determined by an independent appraiser selected in good faith by the Holders of a majority in interest of the Preferred Stock then outstanding and reasonably acceptable to the Corporation, the fees and expenses of which shall be paid by the Corporation.

Section 2. Designation, Amount and Par Value. The series of preferred stock shall be designated as its Series E Convertible Preferred Stock (the “Preferred Stock”) and the number of shares so designated shall be 500,000 (which shall not be subject to increase without the written consent of all of the holders of the Preferred Stock (each, a “Holder” and collectively, the “Holders”). Each share of Preferred Stock shall have a par value of \$0.01 per share and a stated value equal to \$100.00 (the “Stated Value”). The Preferred Stock will initially be issued either (i) in a physical Preferred Stock certificate or (ii) via book entry by the Corporation’s transfer agent.

Section 3. Dividends. The Corporation shall pay dividends on shares of Preferred Stock equal (on an as-if-converted-to-Common-Stock basis) to and in the same form as dividends actually paid on shares of the Common Stock when, as and if such dividends are paid on shares of the Common Stock. No other dividends shall be paid on shares of Preferred Stock.

Section 4. Voting Rights. Preferred Stock shall have no voting rights, except as required by Nevada law and except as set forth in this Section 4. To the extent the Preferred Stock is afforded the right to vote with the Common Stock, it will vote with the holders of Common Stock, on an as-converted basis, with respect to all matters on which the holders of Common Stock are entitled to vote, subject to any applicable Beneficial Ownership Limitations. In addition, as long as any shares of Preferred Stock are outstanding, the Corporation shall not, without the affirmative vote of the Holders of a majority of the then outstanding shares of the Preferred Stock, (a) alter or change adversely the powers, preferences or rights given to the Preferred Stock or alter or amend this Certificate of Designation, (b) amend its certificate of incorporation or other charter documents in any manner that adversely affects any rights of the Holders, (c) increase the number of authorized shares of Preferred Stock, or (d) enter into any agreement with respect to any of the foregoing.

Section 5. Liquidation. Upon any liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary (a "Liquidation"), the Holders shall be entitled to receive out of the assets, whether capital or surplus, of the Corporation the greater of the following amounts:

- (a) the aggregate Stated Value of the Preferred Stock; or
- (b) the amount the Holder would be entitled to receive if the Preferred Stock were fully converted (disregarding for such purposes any conversion limitations hereunder) to Common Stock which amounts shall be paid pari passu with all holders of Common Stock.

The Corporation shall mail written notice of any such Liquidation, not less than forty-five (45) days prior to the payment date stated therein, to each Holder.

Section 6. Conversion.

a) Conversions at Option of Holder. Each share of Preferred Stock shall be convertible, at any time and from time to time on or after the Original Issue Date, at the option of the Holder thereof, into that number of shares of Common Stock (subject to the limitations set forth in Section 6(e)) determined by dividing the Stated Value of such share of Preferred Stock by the Conversion Price; provided, during the Standstill Period, each Holder may only convert 50% of the Preferred Stock held by such Holder at the beginning of the Standstill Period (the "Standstill Convertible Amount"). Holders shall effect conversions by providing the Corporation with the form of conversion notice attached hereto as Annex A (a "Notice of Conversion"). Each Notice of Conversion shall specify the number of shares of Preferred Stock to be converted, the number of shares of Preferred Stock owned prior to the conversion at issue, the number of shares of Preferred Stock owned subsequent to the conversion at issue and the date on which such conversion is to be effected, which date may not be prior to the date the applicable Holder delivers by facsimile or email such Notice of Conversion to the Corporation (such date, the "Conversion Date"). If no Conversion Date is specified in a Notice of Conversion, the Conversion Date shall be the date that such Notice of Conversion to the Corporation is deemed delivered hereunder. No ink-original Notice of Conversion shall be required, nor shall any medallion guarantee (or other type of guarantee or notarization) of any Notice of Conversion form be required. The calculations and entries set forth in the Notice of Conversion shall control in the absence of manifest or mathematical error. To effect conversions of shares of Preferred Stock, a Holder shall not be required to surrender the certificate(s) representing the shares of Preferred Stock to the Corporation unless all of the shares of Preferred Stock represented thereby are so converted, in which case such Holder shall deliver the certificate representing such shares of Preferred Stock promptly following the Conversion Date at issue. Shares of Preferred Stock converted into Common Stock or redeemed in accordance with the terms hereof shall be canceled, shall resume the status of authorized but unissued shares of preferred stock and shall not be reissued as Series E Convertible Preferred Stock.

b) Accelerated Election at Option of Holder. In addition to the right of each Holder to convert Preferred Stock pursuant to Section 6(a) above, at any time after the tenth (10th) Trading Day during the Subsequent Adjustment Period, any Holder may make an election to shorten the Subsequent Adjustment Period with respect to all or a portion of the Preferred Stock originally held by such Holder (such amount, the "Acceleration Election Percentage") by delivering notice to the Corporation that it elects to shorten the applicable Subsequent Adjustment Period from forty (40) Trading Days to any number of Trading Days between ten (10) Trading Days and thirty-nine (39) Trading Days, inclusive, solely with respect to the Acceleration Election Percentage of the Preferred Stock originally held by such Holder (each, an "Accelerated Election"). For clarity, an Accelerated Election may apply to any shares of Preferred Stock, including if such shares of Preferred Stock were previously converted and such Holder is entitled to receive Remaining Conversion Shares because the Holder continues to hold any shares of Preferred Stock (including, for the avoidance of doubt, a single share or any fraction of a single share). Upon any Accelerated Election, upon receipt of the Remaining Conversion Shares with respect to the stated value of Preferred Stock subject to such Accelerated Election, which the Corporation shall be required to deliver not later than the earlier of (i) two Trading Days and (ii) the Standard Settlement Period, in each case after such Accelerated Election, after giving effect to any applicable Conversion Price Adjustment, the Holder shall not be eligible for any additional Conversion Price Adjustment with respect to the stated value of the Preferred Stock previously subject to an Accelerated Election, even if the Holder continues to hold any shares of Preferred Stock.

c) Conversion Price. The conversion price for the Preferred Stock shall equal \$0.40 (the "Conversion Price"), subject to adjustment for reverse and forward stock splits, stock dividends, stock combinations and other similar transactions of the Common Stock that occur after the Original Issue Date as set forth in Section 7 hereof, it being understood that such adjustment cannot increase the Conversion Price or decrease the number of Conversion Shares. In addition to any other adjustments described in this Section 6(c), so long as the arithmetic average of the daily VWAPs of the Common Stock for the calendar week prior to each of the following respective dates is lower than the Conversion Price at that time, the Conversion Price shall be downwardly adjusted by \$0.01 on each of October 24, 2022, October 31, 2022, November 7, 2022, November 14, 2022 and November 21, 2022 (each, an "Initial Conversion Price Adjustment"). Such adjustments shall be effective, automatically and without further action of the Corporation or any Holder. In addition, the Conversion Price shall be downwardly adjusted (collectively with any Initial Conversion Price Adjustment, each a "Conversion Price Adjustment") upon completion of the Subsequent Adjustment Period to the greater of: (x) 80% of the average of the 10 lowest VWAPs during the Subsequent Adjustment Period; provided, that in the event that a stock split, stock combination, reclassification, payment of stock dividend, recapitalization or other similar transaction of such character that the shares of Common Stock shall be changed into or become exchangeable for a larger or smaller number of shares (a "Stock Event") is effected during such period, the VWAPs for all Trading Days during such period prior to the effectiveness of such Stock Event shall be appropriately adjusted to reflect such Stock Event and (y) the Floor Price (as defined below) (the "Subsequent Adjustment Price"). Such adjustment shall be effective, automatically and without further action of the Corporation or any Holder at the end of the applicable Subsequent Adjustment Period. In no event shall any adjustment made pursuant to this Section 6(c) result in an increase to the Conversion Price or a decrease to the number of Conversion Shares; provided, however, that upon each Conversion Price Adjustment, for so long as a Holder still holds any shares of Preferred Stock (including, for the avoidance of doubt, a single share or any fraction of a single share), the Preferred Stock held by such Holder shall subsequently be convertible into the number of Conversion Shares such that the Holder will be entitled to the aggregate number of Conversion Shares based on its initial purchase of Preferred Stock pursuant to the Purchase Agreement less the aggregate amount accelerated pursuant to any Accelerated Election convertible at the Conversion Price then in effect following the applicable Conversion Price Adjustment (for purposes of clarity, the total remaining Conversion Shares ("Remaining Conversion Shares") to be issued following the applicable Conversion Price Adjustment will

be equal to the aggregate number of Conversion Shares issuable based on the aggregate Preferred Stock purchased by the Holder pursuant to the Purchase Agreement less the aggregate amount accelerated pursuant to any Accelerated Election at the adjusted Conversion Price, less the difference between (i) all Conversion Shares received by the Holder for conversions of Preferred Stock prior to the applicable Conversion Price Adjustment and (ii) all Conversion Shares received pursuant to the conversion of Preferred Stock that have been accelerated pursuant to any Accelerated Election). Additionally, after each Conversion Price Adjustment, each share of Preferred Stock (or fraction thereof) held by the Holder shall be convertible into the number of Conversion Shares based upon the following formula: (x) Remaining Conversion Shares divided by (y) the number of shares of Preferred Stock (including fractions thereof) still held by the Holder. For the purposes of this Section 6(c), the Floor Price shall be: \$0.25 (the "Floor Price").

d) Mechanics of Conversion.

i. Delivery of Conversion Shares Upon Conversion. Not later than the earlier of (i) two (2) Trading Days and (ii) the number of Trading Days comprising the Standard Settlement Period (as defined below) after each Conversion Date (the "Share Delivery Date"), the Corporation shall deliver, or cause to be delivered, to the converting Holder, Conversion Shares which shall be free of restrictive legends and trading restrictions representing the number of Conversion Shares being acquired upon the conversion of the Preferred Stock so long as the Conversion Shares being acquired upon the conversion of the Preferred Stock are registered for resale pursuant to an effective registration statement or if the Conversion Shares are eligible to be sold pursuant to Rule 144. On any date of delivery of Conversion Shares, the Corporation shall use its best efforts to deliver the Conversion Shares required to be delivered by the Corporation under this Section 6 electronically through the Depository Trust Company or another established clearing corporation performing similar functions. As used herein, "Standard Settlement Period" means the standard settlement period, expressed in a number of Trading Days, on the Corporation's primary Trading Market with respect to the Common Stock as in effect on the date of delivery of the Notice of Conversion. Notwithstanding the foregoing, with respect to any Notice(s) of Conversion delivered by 9:00 a.m. (New York City time) on the Original Issue Date, the Corporation agrees to deliver the Conversion Shares subject to such notice(s) by 4:00 p.m. (New York City time) on the Original Issue Date, and the Original Issue Date being deemed the "Share Delivery Date" with respect to any such Notice(s) of Conversion. Notwithstanding the foregoing, if the Corporation receives a Notice of Conversion during the Standstill Period or during the Subsequent Adjustment Period, the Corporation shall deliver the number of shares of Common Stock based on the Conversion Price set forth in the applicable Notice of Conversion, and upon the completion of the Subsequent Adjustment Period, the Corporation, if and as applicable, shall true up the number of shares of Common Stock due the Holder based on the determination of the Subsequent Adjustment Price and promptly deliver such additional shares of Common Stock to the Holder, but in no event later than the earlier of (i) two (2) Trading Days and (ii) the number of Trading Days comprising the Standard Settlement Period after the end of the Subsequent Adjustment Period. For the avoidance of doubt, any change in the standard settlement cycle that may be effected pursuant to regulatory action of the Securities and Exchange Commission, including, without limitation through Release No. 34-94196, shall, upon effectiveness of such regulatory action, immediately and automatically update the Corporation's delivery obligations herein.

ii. Failure to Deliver Conversion Shares. If, in the case of any Notice of Conversion, such Conversion Shares are not delivered to or as directed by the applicable Holder by the Share Delivery Date, the Holder shall be entitled to elect by written notice to the Corporation at any time on or before its receipt of such Conversion Shares, to rescind such Notice of Conversion, in which event the Corporation shall promptly return to the Holder any original Preferred Stock certificate delivered to the Corporation and the Holder shall promptly return to the Corporation the Conversion Shares issued to such Holder pursuant to the rescinded Notice of Conversion.

iii. Obligation Absolute; Partial Liquidated Damages. The Corporation's obligation to issue and deliver the Conversion Shares upon conversion of Preferred Stock in accordance with the terms hereof are absolute and unconditional, irrespective of any action or inaction by a Holder to enforce the same, any waiver or consent with respect to any provision hereof, the recovery of any judgment against any Person or any action to enforce the same, or any setoff, counterclaim, recoupment, limitation or termination, or any breach or alleged breach by such Holder or any other Person of any obligation to the Corporation or any violation or alleged violation of law by such Holder or any other person, and irrespective of any other circumstance which might otherwise limit such obligation of the Corporation to such Holder in connection with the issuance of such Conversion Shares; provided, however, that such delivery shall not operate as a waiver by the Corporation of any such action that the Corporation may have against such Holder. In the event a Holder shall elect to convert any or all of the Stated Value of its Preferred Stock, the Corporation may not refuse conversion based on any claim that such Holder or anyone associated or affiliated with such Holder has been engaged in any violation of law, agreement or for any other reason, unless an injunction from a court, on notice to Holder, restraining and/or enjoining conversion of all or part of the Preferred Stock of such Holder shall have been sought and obtained, and the Corporation posts a surety bond for the benefit of such Holder in the amount of 150% of the Stated Value of Preferred Stock which is subject to the injunction, which bond shall remain in effect until the completion of arbitration/litigation of the underlying dispute and the proceeds of which shall be payable to such Holder to the extent it obtains judgment. In the absence of such injunction, the Corporation shall issue Conversion Shares and, if applicable, cash, upon a properly noticed conversion. If the Corporation fails to deliver to a Holder such Conversion Shares pursuant to Section 6(d)(i) by the Share Delivery Date applicable to such conversion, the Corporation shall pay to such Holder, in cash, as liquidated damages and not as a penalty, for each \$5,000 of Stated Value of Preferred Stock being converted, \$50 per Trading Day (increasing to \$100 per Trading Day on the third Trading Day and increasing to \$200 per Trading Day on the sixth Trading Day after the Share Delivery Date) for each Trading Day after the Share Delivery Date until such Conversion Shares are delivered or Holder rescinds such conversion. Nothing herein shall limit a Holder's right to pursue actual damages for the Corporation's failure to deliver Conversion Shares within the period specified herein and such Holder shall have the right to pursue all remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief. The exercise of any such rights shall not prohibit a Holder from seeking to enforce damages pursuant to any other Section hereof or under applicable law.

iv. Compensation for Buy-In on Failure to Timely Deliver Conversion Shares Upon Conversion. In addition to any other rights available to the Holder, if the Corporation fails for any reason to deliver to a Holder the applicable Conversion Shares by the Share Delivery Date pursuant to Section 6(d)(i), and if after such Share Delivery Date such Holder is required by its brokerage firm to purchase (in an open market transaction or otherwise), or the Holder's brokerage firm otherwise purchases, shares of Common Stock to deliver in satisfaction of a sale by such Holder of the Conversion Shares which such Holder was entitled to receive upon the conversion relating to such Share Delivery Date (a "Buy-In"), then the Corporation shall (A) pay in cash to such Holder (in addition to any other remedies available to or elected by such Holder) the amount, if any, by which (x) such Holder's total purchase price (including any brokerage commissions) for the Common Stock so purchased exceeds (y) the product of (1) the aggregate number of shares of Common Stock that such Holder was entitled to receive from the conversion at issue multiplied by (2) the actual sale price at which the sell order giving rise to such purchase obligation was executed (including any brokerage commissions) and (B) at the option of such Holder, either reissue (if surrendered) the shares of Preferred Stock equal to the number of shares of Preferred Stock submitted for conversion (in which case, such conversion shall be deemed rescinded) or deliver to such Holder the number of shares of Common Stock that would have been issued if the Corporation had timely complied with its delivery requirements under Section 6(d)(i). For example, if a Holder purchases shares of Common Stock having a total purchase price of \$11,000 to cover a Buy-In with respect to an attempted conversion of shares of Preferred Stock with respect to which the actual sale price of the Conversion Shares (including any

brokerage commissions) giving rise to such purchase obligation was a total of \$10,000 under clause (A) of the immediately preceding sentence, the Corporation shall be required to pay such Holder \$1,000. The Holder shall provide the Corporation written notice indicating the amounts payable to such Holder in respect of the Buy-In and, upon request of the Corporation, evidence of the amount of such loss. Nothing herein shall limit a Holder's right to pursue any other remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Corporation's failure to timely deliver Conversion Shares upon conversion of the shares of Preferred Stock as required pursuant to the terms hereof.

v. Reservation of Shares Issuable Upon Conversion. The Corporation covenants that it will at all times reserve and keep available out of its authorized and unissued shares of Common Stock for the sole purpose of issuance upon conversion of the Preferred Stock as herein provided, free from preemptive rights or any other actual contingent purchase rights of Persons other than the Holder (and the other holders of the Preferred Stock), not less than the maximum aggregate number of shares of the Common Stock as shall be issuable upon the conversion of the then outstanding shares of Preferred Stock assuming a Floor Price equal to \$0.25 (as adjusted for any stock dividend, stock split, stock combination, reclassification or similar transaction), including any Remaining Conversion Shares. The Corporation covenants that all shares of Common Stock that shall be so issuable shall, upon issue, be duly authorized, validly issued, fully paid and nonassessable.

vi. Fractional Shares. No fractional shares or scrip representing fractional shares shall be issued upon the conversion of the Preferred Stock. As to any fraction of a share which the Holder would otherwise be entitled to purchase upon such conversion, the Corporation shall at its election, either pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the Conversion Price or round up to the next whole share. Notwithstanding anything to the contrary contained herein, but consistent with the provisions of this subsection with respect to fractional Conversion Shares, nothing shall prevent any Holder from converting fractional shares of Preferred Stock.

vii. Transfer Taxes and Expenses. The issuance of Conversion Shares on conversion of this Preferred Stock, shall be made without charge to any Holder for any documentary stamp or similar taxes that may be payable in respect of the issue or delivery of such Conversion Shares, provided that the Corporation shall not be required to pay any tax that may be payable in respect of any transfer involved in the issuance and delivery of any such Conversion Shares upon conversion in a name other than that of the Holders of such shares of Preferred Stock and the Corporation shall not be required to issue or deliver such Conversion Shares unless or until the Person or Persons requesting the issuance thereof shall have paid to the Corporation the amount of such tax or shall have established to the satisfaction of the Corporation that such tax has been paid. The Corporation shall pay all Transfer Agent fees required for same-day processing of any Notice of Conversion and all fees to the Depository Trust Company (or another established clearing corporation performing similar functions) required for same-day electronic delivery of the Conversion Shares.

e) Beneficial Ownership Limitation. The Corporation shall not effect any conversion of the Preferred Stock, and a Holder shall not have the right to convert any portion of the Preferred Stock, to the extent that, after giving effect to the conversion set forth on the applicable Notice of Conversion, such Holder (together with such Holder's Affiliates, and any Persons acting as a group together with such Holder or any of such Holder's Affiliates (such Persons, "Attribution Parties")) would beneficially own in excess of the Beneficial Ownership Limitation (as defined below). For purposes of the foregoing sentence, the number of shares of Common Stock beneficially owned by such Holder and its Affiliates and Attribution Parties shall include the number of shares of Common Stock issuable upon conversion of the Preferred Stock with respect to which such determination is being made, but shall exclude the number of shares of Common Stock which are issuable upon (i) conversion of the remaining, unconverted Stated Value of

Preferred Stock beneficially owned by such Holder or any of its Affiliates or Attribution Parties and (ii) exercise or conversion of the unexercised or unconverted portion of any other securities of the Corporation subject to a limitation on conversion or exercise analogous to the limitation contained herein (including, without limitation, the Preferred Stock) beneficially owned by such Holder or any of its Affiliates or Attribution Parties. Except as set forth in the preceding sentence, for purposes of this Section 6(e), beneficial ownership shall be calculated in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. To the extent that the limitation contained in this Section 6(e) applies, the determination of whether the Preferred Stock is convertible (in relation to other securities owned by such Holder together with any Affiliates and Attribution Parties) and of how many shares of Preferred Stock are convertible shall be in the sole discretion of such Holder, and the submission of a Notice of Conversion shall be deemed to be such Holder's determination of whether the shares of Preferred Stock may be converted (in relation to other securities owned by such Holder together with any Affiliates and Attribution Parties) and how many shares of the Preferred Stock are convertible, in each case subject to the Beneficial Ownership Limitation. To ensure compliance with this restriction, each Holder will be deemed to represent to the Corporation each time it delivers a Notice of Conversion that such Notice of Conversion has not violated the restrictions set forth in this paragraph and the Corporation shall have no obligation to verify or confirm the accuracy of such determination. In addition, a determination as to any group status as contemplated above shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. For purposes of this Section 6(e), in determining the number of outstanding shares of Common Stock, a Holder may rely on the number of outstanding shares of Common Stock as stated in the most recent of the following: (i) the Corporation's most recent periodic or annual report filed with the Commission, as the case may be, (ii) a more recent public announcement by the Corporation or (iii) a more recent written notice by the Corporation or the Transfer Agent setting forth the number of shares of Common Stock outstanding. Upon the written or oral request (which may be via email) of a Holder, the Corporation shall within one Trading Day confirm orally and in writing to such Holder the number of shares of Common Stock then outstanding. In any case, the number of outstanding shares of Common Stock shall be determined after giving effect to the conversion or exercise of securities of the Corporation, including the Preferred Stock, by such Holder or its Affiliates or Attribution Parties since the date as of which such number of outstanding shares of Common Stock was reported. The "Beneficial Ownership Limitation" shall be 4.99% (or, upon election by a Holder prior to the issuance of any shares of Preferred Stock, 9.99%) of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock issuable upon conversion of Preferred Stock held by the applicable Holder. A Holder, upon notice to the Corporation, may increase or decrease the Beneficial Ownership Limitation provisions of this Section 6(e) applicable to its Preferred Stock provided that the Beneficial Ownership Limitation in no event exceeds 9.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock upon conversion of this Preferred Stock held by the Holder and the provisions of this Section 6(e) shall continue to apply. Any such increase in the Beneficial Ownership Limitation will not be effective until the 61st day after such notice is delivered to the Corporation and shall only apply to such Holder and no other Holder. The provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 6(e) to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended Beneficial Ownership Limitation contained herein or to make changes or supplements necessary or desirable to properly give effect to such limitation. The limitations contained in this paragraph shall apply to a successor holder of Preferred Stock.

Section 7. Certain Adjustments.

a) Stock Dividends and Stock Splits. If the Corporation, at any time while this Preferred Stock is outstanding: (i) pays a stock dividend or otherwise makes a distribution or distributions payable in shares of Common Stock on shares of Common Stock or any other Common Stock Equivalents, (ii) subdivides outstanding shares of Common Stock into a larger number of shares, (iii) combines (including

by way of a reverse stock split) outstanding shares of Common Stock into a smaller number of shares, or (iv) issues, in the event of a reclassification of shares of the Common Stock, any shares of capital stock of the Corporation, then the Conversion Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding any treasury shares of the Corporation) outstanding immediately before such event, and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event. Any adjustment made pursuant to this Section 7(a) shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification.

b) Subsequent Rights Offerings. In addition to any adjustments pursuant to Section 7(a) above, if at any time the Corporation grants, issues or sells any Common Stock Equivalents or rights to purchase stock, warrants, securities or other property pro rata to the record holders of any class of shares of Common Stock (the "Purchase Rights"), then the Holder will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which the Holder could have acquired if the Holder had held the number of shares of Common Stock acquirable upon complete conversion of such Holder's Preferred Stock (without regard to any limitations on exercise hereof, including without limitation, the Beneficial Ownership Limitation) immediately before the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the grant, issue or sale of such Purchase Rights (provided, however, to the extent that the Holder's right to participate in any such Purchase Right would result in the Holder exceeding the Beneficial Ownership Limitation, then the Holder shall not be entitled to participate in such Purchase Right to such extent (or beneficial ownership of such shares of Common Stock as a result of such Purchase Right to such extent) and such Purchase Right to such extent shall be held in abeyance for the Holder until such time, if ever, as its right thereto would not result in the Holder exceeding the Beneficial Ownership Limitation).

c) Pro Rata Distributions. During such time as this Preferred Stock is outstanding, if the Corporation declares or makes any dividend or other distribution of its assets (or rights to acquire its assets) to holders of shares of Common Stock, by way of return of capital or otherwise (including, without limitation, any distribution of cash, stock or other securities, property or options by way of a dividend, spin off, reclassification, corporate rearrangement, scheme of arrangement or other similar transaction) (a "Distribution"), at any time after the issuance of this Preferred Stock, then, in each such case, the Holder shall be entitled to participate in such Distribution to the same extent that the Holder would have participated therein if the Holder had held the number of shares of Common Stock acquirable upon complete conversion of this Preferred Stock (without regard to any limitations on conversion hereof, including without limitation, the Beneficial Ownership Limitation) immediately before the date of which a record is taken for such Distribution, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the participation in such Distribution (provided, however, to the extent that the Holder's right to participate in any such Distribution would result in the Holder exceeding the Beneficial Ownership Limitation, then the Holder shall not be entitled to participate in such Distribution to such extent (or in the beneficial ownership of any shares of Common Stock as a result of such Distribution to such extent) and the portion of such Distribution shall be held in abeyance for the benefit of the Holder until such time, if ever, as its right thereto would not result in the Holder exceeding the Beneficial Ownership Limitation).

d) Fundamental Transaction. If, at any time while this Preferred Stock is outstanding, (i) the Corporation, directly or indirectly, in one or more related transactions effects any merger or consolidation of the Corporation with or into another Person, (ii) the Corporation, directly or indirectly, effects any sale, lease, license, assignment, transfer, conveyance or other disposition of all or substantially all of its assets in one or a series of related transactions, (iii) any, direct or indirect, purchase offer, tender offer or exchange

offer (whether by the Corporation or another Person) is completed pursuant to which holders of Common Stock are permitted to sell, tender or exchange their shares for other securities, cash or property and has been accepted by the holders of 50% or more of the outstanding Common Stock or 50% or more of the voting power of the Common Stock, (iv) the Corporation, directly or indirectly, in one or more related transactions effects any reclassification, reorganization or recapitalization of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property, or (v) the Corporation, directly or indirectly, in one or more related transactions consummates a stock or share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or scheme of arrangement) with another Person whereby such other Person acquires more than 50% of the outstanding shares of Common Stock or 50% or more of the voting power of the Common Stock (each a "Fundamental Transaction"), then, upon any subsequent conversion of this Preferred Stock, the Holder shall have the right to receive, for each Conversion Share that would have been issuable upon such conversion immediately prior to the occurrence of such Fundamental Transaction (without regard to any limitation in Section 6(e) on the conversion of this Preferred Stock), the number of shares of Common Stock of the successor or acquiring corporation or of the Corporation, if it is the surviving corporation, and any additional consideration (the "Alternate Consideration") receivable as a result of such Fundamental Transaction by a holder of the number of shares of Common Stock for which this Preferred Stock is convertible immediately prior to such Fundamental Transaction (without regard to any limitation in Section 6(e) on the conversion of this Preferred Stock). For purposes of any such conversion, the determination of the Conversion Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one share of Common Stock in such Fundamental Transaction, and the Corporation shall apportion the Conversion Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any conversion of this Preferred Stock following such Fundamental Transaction. To the extent necessary to effectuate the foregoing provisions, any successor to the Corporation or surviving entity in such Fundamental Transaction shall file a new Certificate of Designation with the same terms and conditions and issue to the Holders new preferred stock consistent with the foregoing provisions and evidencing the Holders' right to convert such preferred stock into Alternate Consideration. The Corporation shall cause any successor entity in a Fundamental Transaction in which the Corporation is not the survivor (the "Successor Entity") to assume in writing all of the obligations of the Corporation under this Certificate of Designation in accordance with the provisions of this Section 7(d) pursuant to written agreements in form and substance reasonably satisfactory to the Holder and approved by the Holder (without unreasonable delay) prior to such Fundamental Transaction and shall, at the option of the holder of this Preferred Stock, deliver to the Holder in exchange for this Preferred Stock a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to this Preferred Stock which is convertible for a corresponding number of shares of capital stock of such Successor Entity (or its parent entity) equivalent to the shares of Common Stock acquirable and receivable upon conversion of this Preferred Stock (without regard to any limitations on the conversion of this Preferred Stock) prior to such Fundamental Transaction, and with a conversion price which applies the conversion price hereunder to such shares of capital stock (but taking into account the relative value of the shares of Common Stock pursuant to such Fundamental Transaction and the value of such shares of capital stock, such number of shares of capital stock and such conversion price being for the purpose of protecting the economic value of this Preferred Stock immediately prior to the consummation of such Fundamental Transaction), and which is reasonably satisfactory in form and substance to the Holder. Upon the occurrence of any such Fundamental Transaction, the Successor Entity shall succeed to, and be substituted for (so that from and after the date of such Fundamental Transaction, the provisions of this Certificate of Designation referring to the "Corporation" shall refer instead to the Successor Entity), and may exercise every right and power of the Corporation and shall assume all of the obligations of the Corporation under this Certificate of Designation with the same effect as if such Successor

Entity had been named as the Corporation herein. Notwithstanding anything to the foregoing in this Section 7(d), to the extent a Fundamental Transaction is a Repurchase Financing, and the Corporation uses the proceeds of such Repurchase Financing to repurchase all of the shares of Preferred Stock pursuant to Section 8(b), this Section 7(d) shall not be applicable to such Repurchase Financing.

e) Calculations. All calculations under this Section 7 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 7, the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding any treasury shares of the Corporation) issued and outstanding.

f) Most-Favored Nation. So long this Preferred Stock is outstanding, upon any issuance by the Corporation of any new security, with any term that the Holder reasonably believes is more favorable to the holder of such security or with a term in favor of the holder of such security that the Holder reasonably believes was not similarly provided to the Holder, then (i) the Holder shall notify the Corporation of such additional or more favorable term within one (1) Business Day of the public announcement of the issuance or amendment (as applicable) of the respective security, and (ii) such term, at Holder's option, shall become a part of this Certificate of Designation (regardless of whether the Corporation or Holder complied with the notification provision hereof or the Purchase Agreement). The types of terms contained in another security that may be more favorable to the holder of such security include, but are not limited to, terms addressing conversion or exercise discounts, conversion or exercise lookback periods, and discounts to the effective price per share of an offering. If Holder elects to have the term become a part of this Certificate of Designation, then the Corporation shall immediately deliver acknowledgment of such adjustment in form and substance reasonably satisfactory to the Holder (the "Acknowledgment") within one (1) Business Day of Corporation's receipt of request from Holder, provided that Corporation's failure to timely provide the Acknowledgment shall not affect the automatic amendments contemplated hereby.

g) Notice to the Holders.

i. Adjustment to Conversion Price. Whenever the Conversion Price is adjusted pursuant to any provision of this Section 7, the Corporation shall promptly deliver to each record Holder by facsimile or email a notice setting forth the Conversion Price after such adjustment and setting forth a brief statement of the facts requiring such adjustment.

ii. Notice to Allow Conversion by Holder. If (A) the Corporation shall declare a dividend (or any other distribution in whatever form) on the Common Stock, (B) the Corporation shall declare a special nonrecurring cash dividend on or a redemption of the Common Stock, (C) the Corporation shall authorize the granting to all holders of the Common Stock of rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any rights, (D) the approval of any stockholders of the Corporation shall be required in connection with any reclassification of the Common Stock, any consolidation or merger to which the Corporation is a party, any sale or transfer of all or substantially all of the assets of the Corporation, or any compulsory share exchange whereby the Common Stock is converted into other securities, cash or property or (E) the Corporation shall authorize the voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, then, in each case, the Corporation shall cause to be filed at each office or agency maintained for the purpose of conversion of this Preferred Stock, and shall cause to be delivered by facsimile or email to each record Holder at its last facsimile number or email address as it shall appear upon the stock books of the Corporation, at least twenty (20) calendar days prior to the applicable record or effective date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of the Common Stock of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer or share exchange is expected to become effective or

close, and the date as of which it is expected that holders of the Common Stock of record shall be entitled to exchange their shares of the Common Stock for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer or share exchange, provided that the failure to deliver such notice or any defect therein or in the delivery thereof shall not affect the validity of the corporate action required to be specified in such notice. To the extent that any notice provided hereunder constitutes, or contains, material, non-public information regarding the Corporation or any of the Subsidiaries, the Corporation shall simultaneously file such notice with the Commission pursuant to a Current Report on Form 8-K. The Holder shall remain entitled to convert the Conversion Amount of this Preferred Stock (or any part hereof) during the 20-day period commencing on the date of such notice through the effective date of the event triggering such notice except as may otherwise be expressly set forth herein.

Section 8. Redemption.

- a) Generally. The Preferred Stock is perpetual and has no maturity date.
- b) Repurchase of Preferred Stock. At any time on or prior to the first Business Day following the Standstill End Date, so long as at least five (5) Trading Days has elapsed from the Corporation's public announcement of the consummation of a capital raise necessary to repurchase all outstanding shares of Preferred Stock (the "Repurchase Financing"), the Corporation shall be entitled to purchase, for cash by wire transfer of immediately available funds, all but not less than all, shares of Preferred Stock then held by the Holders for the Repurchase Price. The date of such repurchase shall be referred to as the "Repurchase Date". For the avoidance of doubt, (i) the Holders shall be entitled, subject to the terms and provisions of this Certificate of Designation, to convert their shares of Preferred Stock during the five (5) Trading Day period referenced in this Section; and (ii) any shares of Preferred Stock previously converted, so long as the Corporation has complied with Conversion Share delivery requirements contemplated hereby, shall not be entitled to be repurchased pursuant to this Section.
- c) No Sinking Fund. The Preferred Stock will not be subject to any mandatory redemption, sinking fund or other similar provisions.

Section 9. Ranking. Except to the extent that the holders of at least a majority of the outstanding Preferred Stock (the "Required Holders") expressly consent to the creation of Parity Stock (as defined below) or Senior Preferred Stock (as defined below), all shares of Common Stock and all shares of capital stock of the Corporation authorized or designated after the date of the designation of the Preferred Stock shall be junior in rank to the Preferred Stock with respect to the preferences as to dividends, distributions and payments upon the liquidation, dissolution and winding up of the Corporation (such junior stock is referred to herein collectively as "Junior Stock"). Without limiting any other provision of this Certificate of Designation, without the prior express consent of the Required Holders, voting separate as a single class, the Corporation shall not hereafter authorize or issue any additional or other shares of capital stock that is (i) of senior rank to the Preferred Stock in respect of the preferences as to dividends, distributions and payments upon the liquidation, dissolution and winding up of the Corporation (collectively, the "Senior Preferred Stock") or (ii) of pari passu rank to the Preferred Stock in respect of the preferences as to dividends, distributions and payments upon the liquidation, dissolution and winding up of the Corporation (collectively, the "Parity Stock").

Section 10. Miscellaneous.

- a) Notices. Any and all notices or other communications or deliveries to be provided by the Holders or the Corporation hereunder including, without limitation, any Notice of Conversion, shall be in writing and delivered personally, by facsimile, or sent by a nationally recognized overnight courier service, addressed to (i) the Corporation at the address set forth above Attention: Sadiq Toama, Chief Executive

Officer, email address stoama@troikamedia.com or such other email address or address as the Corporation may specify for such purposes by notice to the Holders delivered in accordance with this Section 10 or (ii) the applicable Holder at the most current address for such Holder, in the Corporation's records, or such other email address or address as such Holder may specify for such purposes by notice to the Corporation delivered in accordance with this Section 10. Any and all notices or other communications or deliveries to be provided by the Corporation or the Holders hereunder shall be in writing and delivered personally, by email, or sent by a nationally recognized overnight courier service addressed to each record Holder or at the email address or address of such Holder appearing on the books of the Corporation or to the Corporation at the address set forth above. Any notice or other communication or deliveries hereunder shall be deemed given and effective on the earliest of (i) the time of transmission, if such notice or communication is delivered via facsimile at the facsimile number or email at the email address set forth in this Section 8 prior to 5:30 p.m. (New York City time) on any date, (ii) the next Trading Day after the time of transmission, if such notice or communication is delivered via facsimile at the facsimile number or email at the email address set forth in this Section on a day that is not a Trading Day or later than 5:30 p.m. (New York City time) on any Trading Day, (iii) the second Trading Day following the date of mailing, if sent by U.S. nationally recognized overnight courier service, or (iv) upon actual receipt by the party to whom such notice is required to be given.

b) Absolute Obligation. Except as expressly provided herein, no provision of this Certificate of Designation shall alter or impair the obligation of the Corporation, which is absolute and unconditional, to pay liquidated damages on the shares of Preferred Stock at the time, place, and rate, and in the coin or currency, herein prescribed.

c) Lost or Mutilated Preferred Stock Certificate. If a Holder's Preferred Stock certificate shall be mutilated, lost, stolen or destroyed, the Corporation shall execute and deliver, in exchange and substitution for and upon cancellation of a mutilated certificate, or in lieu of or in substitution for a lost, stolen or destroyed certificate, a new certificate for the shares of Preferred Stock so mutilated, lost, stolen or destroyed, but only upon receipt of evidence of such loss, theft or destruction of such certificate, and of the ownership hereof reasonably satisfactory to the Corporation.

d) Governing Law. All questions concerning the construction, validity, enforcement and interpretation of this Certificate of Designation shall be governed by and construed and enforced in accordance with the internal laws of the State of Nevada, without regard to the principles of conflict of laws thereof. All legal proceedings concerning the interpretation, enforcement and defense of the transactions contemplated by this Certificate of Designation (whether brought against a party hereto or its respective Affiliates, directors, officers, shareholders, employees or agents) shall be commenced in the state and federal courts sitting in the City of New York, Borough of Manhattan (the "New York Courts"). The Corporation and each Holder hereby irrevocably submits to the exclusive jurisdiction of the New York Courts for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of such New York Courts, or such New York Courts are improper or inconvenient venue for such proceeding. The Corporation and each Holder hereby irrevocably waive personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Certificate of Designation and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by applicable law. The Corporation and each Holder hereto hereby irrevocably waive, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Certificate of Designation or the transactions contemplated hereby. If any party shall commence an action or proceeding to enforce any provisions of this Certificate

of Designation, then the prevailing party in such action or proceeding shall be reimbursed by the other party for its attorneys' fees and other costs and expenses incurred in the investigation, preparation and prosecution of such action or proceeding.

e) Waiver. Any waiver by the Corporation or a Holder of a breach of any provision of this Certificate of Designation shall not operate as or be construed to be a waiver of any other breach of such provision or of any breach of any other provision of this Certificate of Designation or a waiver by any other Holders. The failure of the Corporation or a Holder to insist upon strict adherence to any term of this Certificate of Designation on one or more occasions shall not be considered a waiver or deprive that party (or any other Holder) of the right thereafter to insist upon strict adherence to that term or any other term of this Certificate of Designation on any other occasion. Any waiver by the Corporation or a Holder must be in writing.

f) Severability. If any provision of this Certificate of Designation is invalid, illegal or unenforceable, the balance of this Certificate of Designation shall remain in effect, and if any provision is inapplicable to any Person or circumstance, it shall nevertheless remain applicable to all other Persons and circumstances. If it shall be found that any interest or other amount deemed interest due hereunder violates the applicable law governing usury, the applicable rate of interest due hereunder shall automatically be lowered to equal the maximum rate of interest permitted under applicable law.

g) Next Business Day. Whenever any payment or other obligation hereunder shall be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day.

h) Headings. The headings contained herein are for convenience only, do not constitute a part of this Certificate of Designation and shall not be deemed to limit or affect any of the provisions hereof.

i) Status of Converted or Redeemed Preferred Stock. Shares of Preferred Stock may only be issued pursuant to the Purchase Agreement. If any shares of Preferred Stock shall be converted, redeemed or reacquired by the Corporation, such shares shall resume the status of authorized but unissued shares of preferred stock and shall no longer be designated as Series E Convertible Preferred Stock.

RESOLVED, FURTHER, that the Chief Executive Officer of the Corporation be and he hereby is authorized and directed to prepare and file this Certificate of Designation of Preferences, Rights and Limitations in accordance with the foregoing resolution and the provisions of Nevada law.

IN WITNESS WHEREOF, the undersigned have executed this Certificate this 26 day of September 2022.

DocuSigned by:

Sadiq Toama

CAFE41A2D25A484...

Name: Sadiq Toama

Title: Chief Executive Officer

ANNEX A

NOTICE OF CONVERSION

(TO BE EXECUTED BY THE REGISTERED HOLDER IN ORDER TO CONVERT SHARES OF
PREFERRED STOCK)

The undersigned hereby elects to convert the number of shares of Series E Convertible Preferred Stock indicated below into shares of common stock, par value \$0.001 per share (the "Common Stock"), Troika Media Group, Inc., a Nevada corporation (the "Corporation"), according to the conditions hereof, as of the date written below. If shares of Common Stock are to be issued in the name of a Person other than the undersigned, the undersigned will pay all transfer taxes payable with respect thereto. No fee will be charged to the Holders for any conversion, except for any such transfer taxes.

Conversion calculations:

Date to Effect

Conversion:

Number of shares of Preferred Stock owned prior
to Conversion:

Number of shares of Preferred Stock to
be Converted:

Stated Value of shares of Preferred Stock to
be Converted:

Number of shares of Common Stock
to be Issued:

Applicable Conversion
Price:

Number of shares of Preferred Stock subsequent
to Conversion:

[HOLDER]

By: _____

Name:

Title:

CONFIDENTIAL
SEPARATION AGREEMENT AND RELEASE OF CLAIMS

This CONFIDENTIAL SEPARATION AGREEMENT AND RELEASE OF CLAIMS (this "Agreement") is entered into between Andrew Bressman ("Employee") and Troika Media Group, Inc. (the "Company") (Employee and the Company, together, the "Parties"), and is effective as of the Effective Date (as defined in Section 5(d) below), as follows:

Recitals

WHEREAS, Employee and the Company are parties to an Employment Agreement, dated as of January 1, 2022 (the "Employment Agreement");

WHEREAS, the Parties wish to terminate the Employment Agreement, to resolve fully and finally all disputes between them, and to conclude amicably and finally Employee's employment with the Company; and

NOW, THEREFORE, in consideration of the promises, acknowledgments, and covenants contained herein, the Parties agree as follows:

Terms and Conditions

1. Recitals. All of the foregoing Recitals are true and correct and are incorporated as part of these Terms and Conditions.

2. Termination of Employment. The Employment Agreement and Employee's employment with the Company are terminated, effective October 21, 2022, (the "Separation Date"), subject to the provisions of Section 5(d) below.

3. No Admission. This Agreement is not, is not intended to be, and shall not be construed as, an admission that the Employee, the Company, or any Company Releasee (as defined in Section 5(c) below) has violated any law or committed any wrongdoing whatsoever.

4. Payment and Other Consideration.

(a) Subject to the terms and conditions herein, in lieu of any payment that otherwise may be available under any Company policy or the Employment Agreement, in full and final settlement and compromise of all claims released by Employee herein, and in exchange for the promises, representations, and commitments made by Employee herein, the Company will:

- (i) Pay wages to Employee, on the first business day after the Effective Date, in the gross amount of Fifty-one Thousand, Five Hundred ~~Nineteen~~ Dollars and Zero Cents (\$51,500.00), less applicable federal and state withholdings and all other ordinary payroll deductions (the "Separation Pay"), and issue to Employee an appropriate Form W- 2 reflecting payment of the Separation Pay;
- (ii) Pay accrued paid time off balance to Employee, on the first business day after the Effective Date, in the gross amount of Forty-Five Thousand, Three Hundred Nineteen Dollars and Zero Cents (\$45,319.00), less applicable federal and state

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withholdings and all other ordinary payroll deductions (the "PTO Pay"), and issue to Employee an appropriate Form W-2 reflecting payment of the Separation Pay;

- (iii) Grant Employee, on the first business day after the Effective Date, 800,000 shares of Restricted Stock Units of common stock of the Company described in the Restricted Stock Unit Award ("Award") annexed to this Agreement as an Exhibit (the "Equity Grant"); the Award shall vest immediately upon issuance on a cashless basis, and the Company confirms that the shares of common stock covered by the Award are covered by a registration statement filed by the Company and shall be freely tradeable without restriction, except that Employee agrees not to sell or transfer the shares issued under the Award until after April 21, 2023; and
- (iv) Pay directly to the applicable insurer or provider on behalf of Employee the insurance premiums payable for any post-employment statutory continuation health insurance coverage elected by Employee ("Continuation Coverage") for the period immediately following the Separation Date through December 31, 2023, provided Employee timely elects, continues, and remains eligible for such Continuation Coverage and is not otherwise eligible for comparable employer-provided health insurance coverage from another employer (the "COBRA Pay"). Employee will be solely responsible for paying directly, in full, the premiums for any such Continuation Coverage that continues in effect after December 31, 2023.

(b) Absent this Agreement, neither the Company nor any other Company Releasee (as defined in Section 5(c) below) has any obligation to provide or to deliver to or for Employee any of the Separation Pay, the Equity Grant, or the COBRA Pay, any of which constitutes valid and sufficient consideration for the release in Section 5 below. Accordingly, Employee's right to the Separation Pay, the Equity Grant, and the COBRA Pay shall be conditioned upon this Agreement becoming effective in accordance with its terms and conditions.

(c) Employee admits and concedes that, except as provided in this Agreement, neither the Company nor any other Company Releasee (as defined in Section 5(c) below) has any further, other, or outstanding obligation (contractual, statutory or otherwise) to Employee, and Employee has no right, relating to Employee's employment or relationship with, or separation from, the Company, including without limitation relating to payment or provision of wages, overtime pay, commissions, notice pay, paid time off, payment in lieu of notice, severance, benefits, bonus, fees, or equity.

(d) The Company acknowledges and agrees that the provisions of this Agreement, including, but not limited to, the Employee Releases provided for in Section 5 below, shall only become effective on the Effective Date as provided in Section 5(d) below.

5. Employee Release.

(a) In consideration for this Agreement, Employee (for Employee and Employee's spouse, heirs, executors, administrators, representatives, successors, and assigns) hereby forever releases and discharges the Company Releasees (as defined in Section 5(c) below) from any and all claims, demands, damages, injuries, causes of action, and liabilities of any kind

whatsoever (including without limitation claims for attorneys' fees or costs of any kind), whether known or unknown, that Employee ever had, now has, or may hereafter have against any Company Releasee by reason of any action, omission, occurrence, or transaction occurring up to and including the date that Employee signs this Agreement. Without limiting the generality of the foregoing, Employee waives, and this release shall release and discharge Company Releasees from: (i) any individual and/or class or collective claim directly or indirectly related to, or arising out of, Employee's relationship with or separation from the Company or any other Company Releasee, including but not limited to, any claim or right related to, or arising out of, the Employment Agreement or the Company's 2021 Equity Incentive Plan, including without limitation the grant of Restrictive Stock Units for 1,300,000 shares of the Company's common stock referenced in Section 3(b)(a) of the Employment Agreement; (ii) any individual and/or class or collective claim relating to breach of contract, constructive discharge, fraud, misrepresentation or other tort, hiring, placement, promotion, discipline, work hours, work environment or conditions, demotion, transfer, termination, compensation, wages, commissions, bonus, paid time off, severance, benefits, equity rights, or any other payment of any kind; (iii) any individual and/or class or collective claim for alleged discrimination, harassment, or retaliation, or for other employment-related matters, including without limitation any claim that could arise under Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act, the Family and Medical Leave Act, the Americans with Disabilities Act, the Employee Retirement Income Security Act (ERISA), the National Labor Relations Act, New York Labor Law, New York Human Rights Law, or the Administrative Code of the City of New York, the New Jersey Law Against Discrimination, New Jersey Earned Sick Leave Law, New Jersey Labor Laws, New Jersey Wage & Hour and Wage Payment Laws, New Jersey Family Leave Act, or the New Jersey Conscientious Employee Protection Act; and (iv) any individual and/or class or collective claim based upon any other law of the United States, the States of New York or New Jersey (including any county, municipality, city or town therein), or any other jurisdiction in the world, whether such claims arise under any contract, agreement, statute, regulation, ordinance, common law, public policy, constitution or any other source. By signing this Agreement, however, Employee does not release or waive (i) any vested right under any Company-sponsored or administered group employee welfare benefit or 401(k) plan; (ii) any right to enforce any term of this Agreement, including any right concerning the Equity Grant and any agreement pursuant to which such Equity Grant is made; (iii) any rights or claims the Employee or SAB Management, LLC has or may have under the Separation Agreement, as such term is defined in Section 11(c) below and any right to enforce any term of the Separation Agreement; or (iv) any claim that cannot be released as a matter of law.

(b) In addition, and without limiting the foregoing release, Employee admits and concedes that Employee is waiving (and forever will affirm that Employee has waived) any right of recovery, in law or equity (including without limitation any right to actual, liquidated, compensatory or punitive damages, equitable relief, physical or emotional distress or injuries, attorneys' fees or otherwise) that Employee may have against the Company or any other Company Releasee (as defined in Section 5(c) below) in connection with any legal proceeding (judicial, administrative, arbitral, or otherwise), including without limitation any such proceeding commenced or maintained by any governmental agency or other third party.

(c) For purposes of this Agreement, the term "Company Releasees" shall mean and include the Company, any and all of its related or affiliated entities, parents, divisions, and subsidiaries, and any and all of its and their predecessors, successors, and assigns,

and any and all of their respective former, present, and future owners, directors, officers, employees, agents, representatives, attorneys, insurers, fiduciaries, trustees, administrators, benefit plans, partners, members, equity holders, and shareholders (and any of its or their beneficiaries).

(d) Employee understands that, by signing this Agreement, Employee is waiving rights or claims that Employee may have against any of the Company Releasees, including for example, claims that the Company violated the Age Discrimination in Employment Act, 29 U.S.C. §§ 626, *et seq.*, by discriminating against Employee on account of Employee's age. By this writing, the Company advises Employee to consult with an attorney prior to signing this Agreement. The release in Section 5 does not include claims arising from acts or conduct occurring after the date that Employee signs the Agreement. Employee confirms that Employee has had the opportunity to review and consider this Agreement for a period of twenty-one (21) days, and that Employee's decision to sign this Agreement was made freely and voluntarily, on advice of Employee's counsel, and without duress or coercion by any person. Employee may revoke Employee's acceptance of this Agreement during the seven (7)-day period immediately following the date on which Employee signs this Agreement by giving notice in writing of such revocation to the Company by hand or overnight delivery and by email (Attn: Erica Naidrich, Troika Media, ~~45 Main Street, Suite 200, Brooklyn, New York, 11201~~ (enaidrich@troikamedia.com)). Absent such revocation by Employee, Employee's acceptance of this Agreement will become irrevocable on the eighth day following the date that Employee signs this Agreement, and this Agreement will become effective on the later of the date it is signed by all Parties or the eighth day following the date that Employee signs it (the "Effective Date"). In the event that Employee revokes this Agreement, this Agreement will not become effective and will be null and void, and the Company will have no obligation to deliver or to provide any of the Separation Pay, the Equity Grant, or the COBRA Pay, and the termination of Employee's employment shall be null and void. EN

6. Company Release. In consideration for this Agreement, the Company hereby forever releases and discharges Employee and Employee's spouse, heirs, executors, administrators, successors, representatives, and assigns (collectively, including Employee, the "Employee Releasees") from any and all claims, demands, damages, injuries, causes of action, and liabilities (including, without limitation, claims for attorneys' fees or costs of any kind) relating to or arising out of the Employment Agreement or Employee's employment with the Company, whether known or unknown, that the Company ever had, now has, or may hereafter have against Employee by reason of any action, omission, occurrence, or transaction occurring up to and including the date the Company signs this Agreement. By signing this Agreement, however, the Company does not release or waive (i) any right to enforce any term of this Agreement, including any right concerning the Equity Grant and any agreement pursuant to which such Equity Grant is made; (ii) any claim that cannot be released as a matter of law; or (iii) any claim arising from acts or conduct occurring after the date that Employee signs the Agreement.

25 W 39th St. New York, NY 10018 EN

7. Confidentiality. Each Party forever will keep in strict confidence and will not disclose or publish the fact of, terms of, or amounts set forth in this Agreement, including the fact and substance of all negotiations, communications, and drafts leading to the execution of this Agreement, except (i) as may be reasonably necessary to comply with or to enforce this Agreement, (ii) to the Party's counsel, accountants, auditors, bankers, investors/prospective investors, and insurance carriers, in connection with the performance of their duties, (iii) in the case of the Company, to its current or future owners, parent companies, subsidiaries, divisions, units and affiliates with a business need to know and as long as they too agree to keep the information confidential, (iv) to disclose Employee's post-employment obligations to another, or prospective, employer of Employee; (v) in connection with an action to enforce the terms of this Agreement; and (vi) as required by law or in response to an order of a court of competent jurisdiction or to any subpoena or legal process issued under the authority any such court or by a state or federal governmental agency, provided that the Party from which disclosure has been sought (the "Disclosing Party") (x) gives prompt telephonic notice to the other Party upon receipt of such order, subpoena or legal process, (y) provides the other Party a copy of such order, subpoena, or legal process promptly after the Disclosing Party's receipt of ii.

8. Cooperation. In connection with any internal Company investigation or the participation of the Company in any current or future litigation or governmental investigation or proceeding that relates to or arises out of events that occurred during Employee's relationship with the Company or about which Employee otherwise may have information not otherwise available to the Company, Employee will cooperate fully and will devote such time as may be reasonably required to confer with counsel for the Company by telephone or remote video conference in providing such information requested by the Company in connection with any such case, investigation, or inquiry, including but not limited to by executing truthful declarations or providing information and/or documents which is not in the possession of the Company and reasonably requested by the Company or its outside counsel. The Company will reimburse Employee for his reasonable and necessary expenses in complying with this Section 8 including but not limited to reasonable attorneys' fees, and Employee will be compensated at the rate of \$150 per hour for any time he is required to spend complying with this Section 8 in excess of four (4) hours.

9. Non-Disparagement by Employee. Employee will not (i) make any statement (truthful or otherwise, orally or in writing) or take any action that in any way disparages, or could harm the reputation and/or goodwill of, the Company or any other Company Releasee, or (ii) in any way, directly or indirectly, cause or encourage the making of such statement or the taking of such action by any other person or entity. The foregoing will not prevent Employee communicating truthfully in accordance with Employee's rights and obligations under Section 7(a) above, or from responding truthfully in response to any inquiry required by legal process or requested in a government investigation or proceeding.

10. Non-Disparagement by Company. The Company hereby agrees that it will not (i) make any statement (truthful or otherwise, orally or in writing) or take any action that in any way disparages, or could harm the reputation and/or goodwill of, Employee, or (ii) in any way, directly or indirectly, cause or encourage the making of such statement or the taking of such action by any other person or entity. The foregoing will not prevent any of the Company Representatives, in connection with the performance of their duties, from communicating truthfully in accordance with the Company's

rights and obligations under Section 7(a) above, or from responding truthfully in response to any inquiry required by legal process or requested in a government investigation or proceeding.

11. Integrated Agreement.

(a) Except as otherwise provided herein, this Agreement (i) constitutes a single, integrated contract expressing the entire agreement reached between Employee and the Company concerning the subject matter hereof and (ii) supersedes all previous understandings, promises, and agreements between Employee and the Company, whether written or oral, concerning the same.

(b) Notwithstanding, but without otherwise limiting Sections 2 and 8(a) above, this Agreement will not alter or terminate (i) the post-employment obligations previously agreed to by Employee in Sections 8 through 10 of the Employment Agreement, and Employee represents that he has no property belonging to the Company; or (ii) the Company's liability insurance and indemnification obligations under Section 12 of the Employment Agreement, which obligations shall continue in effect, with the following clarification: (x) the Company's indemnification obligations may be triggered only in connection with a claim, suit, or proceeding that is brought by any third party that is neither a Party nor a Company Releasee and which is not subject to the release provided for in Section 6 of this Agreement; and (y) to be payable by the Company, any legal fee or retainer must be reasonable.

(c) For avoidance of doubt, (i) the Employment Agreement, having been terminated pursuant to Section 2 above, is no longer in force or effect, and, accordingly, the Parties will have no further obligation to one another under the Employment Agreement, except as otherwise provided herein, and (ii) the Separation Agreement dated as of February 28, 2021 between the Company, on the one hand, and Employee and SAB Management, LLC, on the other hand (the "Separation Agreement"), shall remain in full force and effect, with the Company to recommence its only remaining payment obligation thereunder, specifically, the payment of the balance due of consulting fees (a total of \$421,245) in eight bi-monthly installments (the first seven of which will be no less than \$56,166) beginning within three (3) business days after the Effective Date.

12. Miscellaneous.

(a) This Agreement, including the terms, facts, circumstances, statements, negotiations, and documents relating thereto, shall not be admissible or submitted as evidence in any litigation in any forum for any purpose other than to secure enforcement of the terms and conditions of this Agreement. The introduction or submission of this Agreement under the foregoing exception shall be made pursuant to an appropriate order protecting the confidentiality of the Agreement, provided that, in any such case, the Company will have no obligation to seek such an order. In any action to enforce any term of this Agreement, if the Company prevails, the Company shall be entitled to the recovery of reasonable costs, including attorneys' fees and expenses, at all trial and appellate levels.

(b) This Agreement has been drafted jointly by the Parties and their respective counsel, and the common-law principles of construing ambiguities against the drafter shall have no application hereto. This Agreement should be construed fairly and not in favor of or against one Party as the drafter hereof. Each of the Parties represents and warrants

that it has not relied upon or been induced by any representations, statements or disclosure by any other Party, but has relied upon its own knowledge and judgment and upon the advice and representation of its counsel in entering into this Agreement. The Parties acknowledge that they have been represented in the negotiations for and in the execution of this Agreement by counsel of their own choice and that they have read this Agreement and have had it fully explained to them by their counsel and that they are fully aware of the contents of this Agreement and its legal effect.

(c) Nothing in this Agreement shall have the purpose or effect of prohibiting Employee from: (i) initiating, testifying, assisting, complying with a subpoena from, or participating in any manner with an investigation conducted by, an appropriate local, state, or federal agency; (ii) filing or disclosing any facts necessary to receive unemployment insurance, Medicaid, or other public benefits to which Employee is entitled; (iii) speaking with an attorney retained by Employee or making other legally protected disclosures; or (iv) reporting possible or suspected violations of law or regulation to, or communicating or filing a complaint and/or charge with, law enforcement or any governmental agency or entity, including the U.S. Equal Employment Opportunity Commission, any state or local commission/division on human or civil rights, or any other federal, state or local agency (or cooperating with any such agency in an investigation), but, in connection with any such complaint, charge, or related proceeding, Employee will have no right to any monetary recovery of any kind, as per Section 5 above (excluding any right to whistleblower remuneration from the SEC or CFTC).

(d) This Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey without giving effect to conflicts of law principles.

(e) Excepting any action for injunctive relief by the Company to enforce any obligation under this Agreement or any surviving obligation under the Employment Agreement, any and all disputes arising under or relating to this Agreement or the Separation Agreement, or concerning Employee's employment or relationship with the Company or any other Company Releasee, will be subject to arbitration in New York, New York, under the then-existing rules of the American Arbitration Association ("AAA") in accordance with the National Rules for the Resolution of Employment Disputes of the AAA. The arbitrator will have authority and discretion to determine the arbitrability of any particular claim, should any dispute arise with respect to such issue. Subject to, and without limiting the foregoing, no action arising out of, or relating to, this Agreement or Employee's employment or relationship with the Company or any other Company Releasee (including any judicial proceeding to compel arbitration or to enforce an arbitration award) will be brought or maintained in any court other than in the United States District Court for the Southern District of New York or the New York Supreme Court for the County of New York (Commercial Division).

(f) This Agreement inures to the benefit of and binds (i) the Company, all other Company Releasees, and any and all persons or entities acting in concert with any of them, and (ii) the Employee Parties, and any and all persons or entities acting in concert with any of them.

(g) This Agreement is personal to Employee, and Employee will not assign this

Agreement or any of Employee's rights or obligations hereunder to any other person or entity. The Company may, without Employee's consent, assign this Agreement, including all rights hereunder, to any Company affiliate or any successor to the Company's business.

(h) Should any provision in this Agreement or any provision of any agreement incorporated or referenced herein be declared or determined by any arbitrator or court to be illegal or invalid, the validity of the remaining parts, terms, or provisions shall not be affected, and the illegal or invalid part, term, or provision shall not be a part of this Agreement. The failure of any Party to insist upon strict adherence to any term of this Agreement on any occasion shall not be considered a waiver thereof or deprive that Party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement. In addition, the enforcement or satisfaction of any right or remedy under this Agreement (or any agreement referenced herein) will not relieve Employee of any obligation or in any way limit the release under Section 5. Notwithstanding the foregoing, this entire Agreement shall be a nullity and all consideration paid or delivered under Section 4 of this Agreement shall be repaid and returned to the Company if the release provided by Employee in Section 5 (in whole or in part) is declared or adjudged invalid or unenforceable for any reason.

(i) This Agreement may be signed in counterparts, which together will constitute one agreement. For this Agreement, any signature page delivered by facsimile or email transmission shall be treated in all manner and respects as an original document, and any PDF, photocopy, facsimile, Docusign or other electronic signature shall be treated as an original signature and as enforceable as an original signature. The Company represents that its signatory is duly authorized to execute this Agreement on its behalf, and that such signature is sufficient to bind it.

AGREED AND ACCEPTED:

ANDREW BRESSMAN

DocuSigned by:
Andrew Bressman
33BFEEEF2828423...

TROIKA MEDIA, INC.

By: Erica Naidrich
Name: Erica Naidrich
Title: CFO

Subscribed and sworn to before me
this 26th day of October, 2022

Subscribed and sworn to before me
this 26th day of October, 2022

EXHIBIT
RESTRICTED STOCK AWARD
(Attached)

**TROIKA MEDIA GROUP, INC.
RSU AWARD GRANT NOTICE
(EMPLOYEE, DIRECTOR & CONSULTANT EQUITY INCENTIVE PLAN)**

Troika Media Group, Inc. (the "**Company**") has awarded to you (the "**Participant**") the number of restricted stock units specified and on the terms set forth below in consideration of your services (the "**RSU Award**"). Your RSU Award is subject to all of the terms and conditions as set forth herein and in the Troika Media Group, Inc. **EMPLOYEE, DIRECTOR & CONSULTANT EQUITY INCENTIVE PLAN** (the "**Plan**") and the Award Agreement (the "**Agreement**"), which are incorporated herein in their entirety. Capitalized terms not explicitly defined herein but defined in the Plan or the Agreement shall have the meanings set forth in the Plan or the Agreement.

Participant:	<u>Andrew Bressman</u>
Date of Grant:	<u>October 26, 2022</u>
Vesting Commencement Date:	<u>November 2, 2022</u>
Number of Restricted Stock Units:	<u>800,000</u>

Grant Price: \$0.29 per Share. Closing price on October 25, 2022.

Vesting Schedule: All shares shall vest on November 2, 2022, subject to Participant's decision not to elect Participant's rights under Section 5(d) of the Separation Agreement and Release of Claims by and between the Company and Participant ("Separation Agreement"). Should Participant exercise the rights under Section 5(d) of the Separation Agreement, this RSU Award shall be null and void.

Issuance Schedule: One share of Common Stock will be issued at the time set forth in Section 5 of the Agreement for each restricted stock unit which vests or as provided otherwise herein.

- The RSU Award is governed by this RSU Award Grant Notice (the "**Grant Notice**"), and the provisions of the Plan and the Agreement, all of which are made a part of this document. Unless otherwise provided in the Plan, this Grant Notice and the Agreement (together, the "**RSU Award Agreement**") may not be modified, amended or revised except in a writing signed by you and a duly authorized officer of the Company. Notwithstanding any provision to the contrary, Participant's continued employment with the Company shall not be a requirement of this RSU Award Agreement. Participant agrees not to sell or transfer the shares until after April 21, 2023.
- You have read and are familiar with the provisions of the Plan, the RSU Award Agreement and the Prospectus. In the event of any conflict between the provisions in the RSU Award Agreement, or the Prospectus and the terms of the Plan, the terms of the Plan shall control.

- The RSU Award Agreement sets forth the entire understanding between you and the Company regarding the acquisition of Common Stock and supersedes all prior oral and written agreements, promises and/or representations on that subject with the exception of: (i) other equity awards previously granted to you, and (ii) any written employment agreement, offer letter, severance agreement, written severance plan or policy, or other written agreement between the Company and you in each case that specifies the terms that should govern this RSU Award.

Troika Media Group, Inc.:

By: Erica Heidrich
Signature

Title: CFO

Participant:

DocuSigned by:
Andrew Bressman
55BFEEEF2B28425...
Signature

Date: 10/26/2022

ATTACHMENT I
TROIKA MEDIA GROUP, INC.
AWARD AGREEMENT
(EMPLOYEE, DIRECTOR & CONSULTANT EQUITY INCENTIVE PLAN)

As reflected by your RSU Award Grant Notice ("**Grant Notice**"), Troika Media Group, Inc. (the "**Company**") has granted you a RSU Award under the **EMPLOYEE, DIRECTOR & CONSULTANT EQUITY INCENTIVE PLAN** (the "**Plan**") for the number of restricted stock units as indicated in your Grant Notice (the "**RSU Award**"). The terms of your RSU Award as specified in this Award Agreement for your RSU Award (this "**Agreement**") and the Grant Notice constitute your "**RSU Award Agreement**". Defined terms not explicitly defined in this Agreement but defined in the Grant Notice or the Plan shall have the same definitions as in the Grant Notice or Plan, as applicable.

The general terms applicable to your RSU Award are as follows:

- 1. GOVERNING PLAN DOCUMENT.** Your RSU Award is subject to all the provisions of the Plan. Your RSU Award is further subject to all interpretations, amendments, rules and regulations, which may from time to time be promulgated and adopted pursuant to the Plan. In the event of any conflict between the RSU Award Agreement and the provisions of the Plan, the provisions of the Plan shall control.
- 2. GRANT OF THE RSU AWARD.** This RSU Award represents your right to be issued on a future date the number of shares of the Company's Common Stock that is equal to the number of restricted stock units indicated in the Grant Notice as modified to reflect any Capitalization Adjustment and subject to your satisfaction of the vesting conditions set forth therein (the "**Restricted Stock Units**"). Any additional Restricted Stock Units that become subject to the RSU Award pursuant to Capitalization Adjustments as set forth in the Plan and the provisions of Section 3 below, if any, shall be subject, in a manner determined by the Board, to the same forfeiture restrictions, restrictions on transferability, and time and manner of delivery as applicable to the other Restricted Stock Units covered by your RSU Award.
- 3. NO STOCKHOLDER RIGHTS.** Unless and until such time as shares of Common Stock are issued in settlement of vested RSUs, you will have no ownership of the shares allocated to the RSUs and will have no right to vote such shares. You shall receive no benefit or adjustment to this RSU Award with respect to any cash dividend, stock dividend or other distribution that does not result from a Capitalization Adjustment; provided, however, that this sentence will not apply with respect to any shares of Common Stock that are delivered to you in connection with your RSU Award after such shares have been delivered to you.
- 4. OMITTED**
- 5. DATE OF ISSUANCE.**
 - (a)** The issuance of shares in respect of the Restricted Stock Units is intended to comply with Treasury Regulations Section 1.409A-1(b)(4) and will be construed and administered in such a manner. In the event one or more Restricted Stock Units vests, the Company shall issue to you one (1) share of Common Stock for each Restricted Stock Unit that vests on the applicable vesting date(s) (subject to any adjustment under Section 3 above, and subject to any different provisions in the Grant Notice) and in accordance with the exercise instructions of the holder. Each issuance date determined by this paragraph is referred to as an "**Original**

Issuance Date."

(b) If the Original Issuance Date falls on a date that is not a business day, delivery shall instead occur on the next following business day. In addition, if:

(i) the Original Issuance Date does not occur (1) during an "open window period" applicable to you, as determined by the Company in accordance with the Company's then-effective policy on trading in Company securities, or (2) on a date when you are otherwise permitted to sell shares of Common Stock on an established stock exchange or stock market (including but not limited to under a previously established written trading plan that meets the requirements of Rule 10b5-1 under the Exchange Act and was entered into in compliance with the Company's policies (a "**10b5-1 Arrangement**)).

(c) To the extent the RSU Award is a Non-Exempt Award, the provisions the Plan shall apply.

6. TRANSFERABILITY. Except as otherwise provided in the Plan, your RSU Award is not transferable, except by will or by the applicable laws of descent and distribution.

7. CORPORATE TRANSACTION. Your RSU Award is subject to the terms of any agreement governing a Corporate Transaction involving the Company, including, without limitation, a provision for the appointment of a stockholder representative that is authorized to act on your behalf with respect to any escrow, indemnities and any contingent consideration.

8. NO LIABILITY FOR TAXES. As a condition to accepting the RSU Award, you hereby (a) agree to not make any claim against the Company, or any of its Officers, Directors, Employees or Affiliates related to tax liabilities arising from the RSU Award or other Company compensation and (b) acknowledge that you were advised to consult with your own personal tax, financial and other legal advisors regarding the tax consequences of the RSU Award and have either done so or knowingly and voluntarily declined to do so.

9. SEVERABILITY. If any part of this Agreement or the Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity will not invalidate any portion of this Agreement or the Plan not declared to be unlawful or invalid. Any Section of this Agreement (or part of such a Section) so declared to be unlawful or invalid will, if possible, be construed in a manner which will give effect to the terms of such Section or part of a Section to the fullest extent possible while remaining lawful and valid.

10. OTHER DOCUMENTS. You hereby acknowledge receipt of or the right to receive a document providing the information required by rules promulgated under the Securities Act, which includes the Prospectus. In addition, you acknowledge the terms of the Company's Unlawful Insider Trading Policy.

RESTRICTED UNIT AWARD ELECTION FORM

Instructions: Please complete the following with respect to:

- The timing of payment of your RSUs; and
- Your designated beneficiary.

Please note that your elections will apply to all of your RSUs (whether previously awarded, currently awarded or to be awarded in the future), and that failure to file any election means you have elected the Plan Default Payment Provisions. VERY IMPORTANT: IF YOU PREVIOUSLY RECEIVED RSU GRANTS FROM TROIKA MEDIA GROUP, YOU ARE ONLY PERMITTED TO MAKE AMENDED ELECTIONS.

Initial Elections: You may make or change your payment elections at any time within the 30 day period after you first are granted RSUs by completing another Payment Election Form and submitting it to the Company. If properly completed and timely filed, your Payment Election Form will become effective upon receipt by the Company.

Amended Elections: After your initial election period, you may change your payment elections only if: (a) the new election is made **not later than 1 full year prior** to the date on which you cease to be an employee or director of the Company, (b) the new election does not accelerate the time or schedule of payment (e.g., you cannot elect to change from installments to a lump sum; and you cannot elect to accelerate time of payment), and (c) the first payment must be deferred for at least 5 years from the previously selected payment date (except for elections to change the time or form of payment not related to death or disability). If properly completed and timely filed, an election change will supersede any prior elections made by you immediately upon receipt of your Payment Election Form by the Company unless your service as a director or employee terminates within 12 months of the receipt of your changes. In that case, your elections are considered to be (1) those reflected on the last Payment Election Form properly completed and timely received by the Company more than 12 months prior to your service termination date or (2) if there is no Payment Election Form properly completed and timely received by the Company, those under the Plan default provisions. We refer to the date on which your service as a director or employee terminates as your "Service Termination Date."

Form of Payment: Choose **one** of the following:

Lump Sum Distribution

Annual Installments (if you choose this option, indicate below the number of annual installments desired, which may not exceed 10):

No. of Annual Installments: _____

Timing of Payment: Choose **one** of the following to indicate when you would like your lump sum distribution or your first annual installment, as applicable, to be made:

As soon as practicable;

Other: _____

Date 10/26/2022

DocuSigned by:
Andrew Bressman
55BFEEEF2B28425...

Signature

**RESTRICTED UNIT AWARD
BENEFICIARY DESIGNATION FORM**

Instructions: If you have not designated a beneficiary for your Restricted Unit Awards ("RSUs") OR if you would like to change your previously designated beneficiary for your RSUs, please complete the following.

You may change your designated beneficiary at any time by completing another Beneficiary Designation Form and submitting it to the Company.

Beneficiary Designation:

Please indicate below the name of the person to whom you would like your payments to be made upon your death (if you do not designate a beneficiary, payments will be made to your estate):

I understand that this Beneficiary Designation Form supersedes any prior Beneficiary Designation Form for my RSUs.

Date _____

Signature

CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Sid Toama, the Chief Executive Officer of Troika Media Group, Inc., certify that:

I have reviewed this quarterly report on Form 10-Q of Troika Media Group, Inc. for the quarter ended September 30, 2022.

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

Date: November 14, 2022

By: /s/ Sid Toama
Name: Sid Toama
Title: Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION OF THE PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Christopher Broderick, the Chief Financial Officer of Troika Media Group, Inc., certify that:

I have reviewed this quarterly report on Form 10-Q of Troika Media Group, Inc. for the quarter ended September 30, 2022.

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

Date: November 14, 2022

By: /s/ Erica Naidrich
Name: Erica Naidrich
Title: Chief Financial Officer
(Principal Financial Officer)

CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of Troika Media Group, Inc. (the "Company") on Form 10-Q for the quarter ended September 30, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Sid Toama, the 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, to my knowledge:

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

Date: November 14, 2022

By: /s/ Sid Toama
Name: Sid Toama
Title: Chief Executive Officer
(Principal Executive Officer)

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Troika Media Group, Inc. and will be retained by Troika Media Group, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

CERTIFICATION OF THE PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of Troika Media Group, Inc. (the "Company") on Form 10-Q for the quarter ended September 30, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Christopher Broderick, the 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, to my knowledge:

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

Date: November 14, 2022

By: /s/ Erica Naidrich
Name: Erica Naidrich
Title: Chief Financial Officer
(Principal Financial Officer)

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Troika Media Group, Inc. and will be retained by Troika Media Group, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.