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Zacks Small-Cap Research

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Gaxos.AI Inc. (NASDAQ: GXAI)

GXAI: Gaxos.AI Beats on Revenue and Takes a Gain on Selling the Game Business

We believe that Gaxos.AI's stock is worth $3.20 per share based on a blended EV-to-Sales ratio of its two lines of business, in line with those of its peers.

Current Price (8/14/26)	$0.83
Valuation	**$3.20**

OUTLOOK

Gaxos.AI is comprised of two main startups: RNK Health and Gaxos Labs. The large majority of revenues comes from RNK Health, a majority-owned subsidiary that markets wellness products online. It advertises and markets products, primarily peptides such as NAD+ (which is the vast majority of sales), Naltrexone, Sermorelin, and Glucagon-Like Peptides (GLP-1s) on its website and orders are fulfilled through its fulfillment partners. It looks to add more products such as testosterone, enclomiphene, supplements, and hormone replacement in the near future. Gaxos Labs offers web and mobile-based generative AI tools, utilities, and lifestyle apps such as Art-Gen.ai, that allows users to generate images and videos in a variety of useful ways, UnGPT.ai that offers users the ability to humanize ai-written text, as well as others. Gaxos Labs has a robust pipeline of applications that are set to launch in the near term.

SUMMARY DATA

52-Week High	**$2.76**
52-Week Low	**$0.75**
One-Year Return (%)	**-22.8**
Beta	**0.9**
Average Daily Volume (sh)	**6,639,527**
Shares Outstanding (mil)	**13.8**
Market Capitalization ($mil)	**$11.5**
Short Interest Ratio (days)	**0.0**
Institutional Ownership (%)	**43**
Insider Ownership (%)	**3**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**N/A**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/A**
P/E using 2026 Estimate	**N/A**
P/E using 2027 Estimate	**N/A**

Risk Level	**High**
Type of Stock	**Small Value**
Industry	**Software & Services**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Mar)	**Q2** (Jun)	**Q3** (Sep)	**Q4** (Dec)	**Year** (Dec)
2024	0.0 A	0.0 A	0.0 A	0.0 A	0.0 A
2025	0.0 A	0.2 A	0.5 A	1.2 A	1.9 A
2026	1.8 A	2.5 A	3.0 E	3.5 E	10.9 E
2027					14.1 E

Earnings Per Share

	Q1 (Mar)	**Q2** (Jun)	**Q3** (Sep)	**Q4** (Dec)	**Year** (Dec)
2024	-$0.91 A	-$0.72 A	-$0.61 A	-$0.32 A	-$1.92 A
2025	-$0.17 A	-$0.11 A	-$0.14 A	-$0.13 A	-$0.55 A
2026	-$0.25 A	$0.02 A	-$0.11 E	-$0.15 E	-$0.30 E
2027					-$0.31 E

Gaxos.AI Sells Off Its Gaming Business for a One-Time Gain

Gaxos.AI again beat on its top line as advertising spend resulted in higher revenues than we expected for both businesses. While revenues beat our estimate, the operating loss they generated was in line with expectations as spending was also higher than expected. The company reported positive net income, or $0.02 a share, on a one-time gain from the sale of its gaming business. We expect losses to be reported going forward until at least 2028. Again, we have to raise revenue estimates as the company is bringing in revenue faster than expected. We are raising our revenue forecast for the year to $10.9 million. The company continues to burn cash and raised another $3.6 million in gross proceeds from a private placement of exercised warrants plus future warrants. This raises the share count by 3 million and adds another 6 million in warrants. We believe that with a $2 million per quarter burn rate, the company has approximately seven quarters of runway, so the dilution is not over.

This quarter, the company released data on its marketing spending. Revenue increased 35.8% sequentially during the second quarter, while ad and marketing expense only increased 13.5%. As a result, revenue per ad dollar improved by approximately 20%, reaching $0.78, up from approximately $0.65 in the first quarter. Advertising and marketing expense represented approximately 128% of revenue during the second quarter, compared with approximately 153% in the first quarter, an improvement of approximately 16.4%. Advertising and marketing expense totaled approximately $3.14 million during the second quarter, compared with approximately $2.77 million during the first quarter. If this trend continues, the company will continue to move toward profitability as long as other expenses are held in check. But this progress comes at a cost as the company continues to dilute shareholders in order to raise cash to fund losses.

Management is exploring ways to increase its profit margins and is testing using different fulfillment methods for the health business. One possibility is to sell direct to customers and pay doctors and pharmacies directly. This might be done for only certain products or with certain medical partners. Further work is being done in Q3 to aid in making decisions.

The One-time Gain

During the second quarter, Gaxos sold almost all its gaming assets, including its mobile-game portfolio and Gaxos Gaming Labs, to Game Foundry AI. For consideration, Gaxos received 2.2 million shares of Game Foundry AI common stock, valued at approximately $1.76 million. We do not know what percentage of the company that is or any of its financials, but it must be below 20% for Gaxos to use cost method accounting.

Q2 2026 Results

In Q2 of 2026, revenues were $2.5 million versus $171,000 in the year-ago period. RNK Health contributed the majority of revenues. It had $1.7 million in revenue in the quarter, up from $171,000 last year and $1.2 million in Q1 2026. Gaxos Labs contributed $720,000 compared with $556 in Q2 2025. The run rate is now $9.8 million. However, losses and cash burn increased year over year, but not sequentially. The negative free cash flow was only $1.6 million versus $2.3 million in Q1 2026. Taking out marketing expense, the decline was due to a reduction in compensation, as a bonus was paid in Q1, not Q2.

We expect the company to continue to spend on advertising as it grows revenues. We do not expect the company to break even until 2028 or later.

The company ramped up advertising for both RNK Health and Gaxos Labs, increasing $2.7 million year over year. In the quarter, an incremental $ $1.9 million was spent in connection with the marketing of RNK Health services, and an increase in advertising and marketing fees of $856,000 in connection with the marketing of Gaxos Labs. While we expect advertising spend to increase, it may not be as rapidly. Total operating expenses for Q2 were $4.3 million versus $1.2 million a year ago. They were down slightly versus Q1 2026.

R&D expense increased by $225,000 as features are added and software is improved. The operating loss increased to $2.5 million, up from $1.4 million in 2024.

Other income was $63,000, compared to $160,000 in 2025, with $74,000 of the difference being a realized loss on equity securities. Net loss after the add-back of minority income losses was $2.2 million compared to a loss of $1.2 million. The loss per share was $0.25, compared with a loss of $0.17 in 2025. Average shares outstanding increased to 13.4 million in Q1 2026 versus 11.6 million in Q1 2025, or 14%.

Balance Sheet

Gaxos.AI ended the June quarter with $11.4 million in cash and short-term investments and no debt. The company's cash is managed by Morgan Stanley, which buys short-term bonds and treasuries to increase interest income. Working capital was $10.8 million. In the quarter, the company had negative free cash flow (excluding changes in working capital) of $1.6 million.

On January 23, 2026, the company entered into an ATM Agreement with H. C. Wainwright. During the three months ended March 31, 2026, the company issued 3,096,481 shares of its common stock for gross proceeds of $5,599,431 and received net proceeds of approximately $5,315,909.

The company ended the June quarter with 10,744,634 shares, 4,509,259 warrants, and 284,084 stock options outstanding.

Aug. 14, 2026, Gaxos announced it reset the price of 3,007,654 warrants originally issued in December 2024 and September 2024 to $0.95; these originally had exercise prices ranging from $2.33 to $3.32 per share to $1.20 per share. In consideration for their immediate exercise, Gaxos will issue new unregistered warrants to purchase up to 6,015,308 shares at $0.95 per share. The aggregate gross proceeds are expected to be approximately $3.6 million and were expected to close on or about August 17, 2026.

Post this transaction the company has 13,752,288 common shares, 7,516,913 warrants, and 284,084 options, all out of the money.

During the Quarter

On April 16th, Gaxos.ai announced AI Music Generation, AI Chat, and AI 3D Model Creation capabilities to its AI portfolio. The new features give users more ways to create, interact, and generate digital content through a unified and increasingly robust platform.

On June 24th, Gaxos.ai announced that it sold its gaming assets, including its portfolio of mobile games and Gaxos Gaming Labs, to Game Foundry AI, a privately-held startup. The transaction was structured as an all-stock deal valued at approximately $1.76 million. In addition, Gaxos bought 250,000 shares of common stock of Game Foundry AI for $200,000. Game Foundry AI was created to buy Gaxos' business and is described as a game development company that leverages artificial intelligence to accelerate game creation and streamline production.

After the Quarter Ended

On August 3rd, Gaxos announced that its Board of Directors authorized a new share repurchase program, under which the company may repurchase up to a total of $1 million in stock.

KEY POINTS

- Gaxos.AI is primarily comprised of two businesses: RNK Health and Gaxos Labs. The former sells peptides, GLP-1s, wellness, and health products through eCommerce, accounting for 78% of sales in 2025 and 69% in Q1 2026; the latter offers web- and mobile-based Generative AI subscription tools and services.

- Both businesses are in the start-up phase, having launched only last fall, with RNK Health generating most of the revenues. Based on the last reported quarter, the health business is currently at a $6.9 million run rate and growing rapidly. Gaxos Labs' run rate was $2.9 million; its main product launched mid-August of last year.

- The company beat revenue estimates again in the second quarter, and business continues to be strong. As a result, we are raising our estimates for 2026 to $10.9 million in revenue. Expenses, however, continue to rise, so the risk is in EPS and dilution.

- While the company is now burning about $2.0 million a quarter. After its recent warrant transaction, it has approximately $15 million in cash and cash equivalents or $1.09 per share. This gives it runway for at approximately seven quarters if cash burn does not increase.

- Post the recent warrant transaction, the stock trades at a negative enterprise value of $3.5 million, using $15 million in cash plus short-term investments and a 13.8 million share count. We believe the stock could be worth $3.20, based on $10.9 million in revenue in 2026 at a blended EV-to-Sales, in line with its peers.

OVERVIEW

Gaxos.AI was founded in 2021, IPOed in February 2023 as The NFT Gaming Company, and renamed Gaxos.AI in 2024. The company has only three full-time employees, and the rest are consultants. It consists of two businesses, with RNK Health being the largest by revenue.

RNK Health

In September 2024, Gaxos.AI formed a wholly-owned subsidiary, RNK Health, to market certain health-related products. On October 10, 2024, Gaxos.AI, RNK Health, and Nekwellness entered into an operating agreement for RNK Health, a subsidiary. Gaxos.AI owns 70% of RNK Health, and Nekwellness owns 30%. In 2025, RNK Health provided 78% of the company's total revenues.

RNK Health is a health and wellness eCommerce business that currently provides access to prescription medications, supplements, and other wellness products and services, primarily NAD+, Sermorelin, and GLP-1s. The vast majority of its sales are currently NAD+. It intends to add other products, such as testosterone replacement therapy (TRT) and hormone replacement therapy (HRT), in many ways following Hims & Hers' strategy, but without taking on inventory or fulfilling orders. Orders are fulfilled through its fulfillment partners, and the company earns a fee from each sale; thus, there is no cost of sales for this business. All the products sold by RNK Health are taken orally, through a nasal spray, or injected. RNK Health's expertise is in eCommerce, digital marketing, and customer acquisition.

Gaxos also had a small health coaching business (Gaxos Health) that offered diet, fitness, habit, and supplementation plans, along with live coaching based on biomarkers from blood and DNA results, fulfilled by its partners. Gaxos plans to merge this business into RNK Health and add those services to its website offerings.

Gaxos Labs

Gaxos Labs, launched in September 2024, provides web- and mobile-based AI tools and services through its [Art-Gen](), an AI image and video creation platform; [UnGPT](), an AI-written text humanization tool; and others. It is ramping quickly. The offerings are sold under a subscription, usage-based pricing system pursuant to a tiered model, allowing customers to choose the subscription level to be charged based on their intended usage.

Another product of the Labs is [Bible Pray AI](), a personalized, AI-powered spiritual growth platform with a subscription model. It is available on the Apple App Store.

VALUATION

Gaxos.AI runs primarily two main businesses. As such, it should be valued by looking at the value of each. The main business, a drugs and supplements eCommerce business, can be compared to a handful of public companies, the most well-known of which is Hims & Hers. The Generative AI tool subscription business can be compared to SaaS platform companies, as shown below. Using 2026 revenue forecasts for both businesses gives an enterprise value of $29.4 million, a market cap of $44.4 million, and a share price of $3.20.

SaaS			Cal. Revenue		TTM		Enterprise Value / Sales		EV/	Enterprise	EBITDA
Company	**Ticker**	**2027E**	**2026E**	**LTM**	**EBITDA**	**2027E**	**2026E**	**LTM**	**EBITDA**	**Value**	**Margin**
Adobe	ADBE	$28,920	$26,520	$25,200	$9,730	3.8x	4.1x	4.4x	11.3x	109,940	38.6%
C3AI	AI	NA	$263	$250	-$474	NA	4.1x	4.3x	-2.3x	1,080	-189.5%
Elastic	ESTC	NA	$1,940	$1,740	-$29	NA	2.1x	2.4x	-144.7x	4,150	-1.6%
Ibotta	IBTA	$384	$353	$343	-$7	1.9x	2.1x	2.1x	-100.7x	731	-2.1%
Meitu	1357.HK	$6,100	$4,910	$3,860	$363	2.9x	3.6x	4.6x	48.4x	17,570	9.4%
Roblox	RBLX	$7,960	$6,900	$5,690	-$844	3.2x	3.7x	4.4x	-30.0x	25,290	-14.8%
Salesforce	CRM	$50,510	$46,100	$41,520	$12,550	3.8x	4.2x	4.6x	15.3x	191,770	30.2%
Snap	SNAP	$7,510	$6,680	$6,350	-$146	1.4x	1.6x	1.7x	-74.4x	10,880	-2.3%
Twilio	TWLO	$6,630	$6,000	$5,570	$500	5.7x	6.3x	6.8x	75.5x	37,720	9.0%
WIX	WIX	$2,510	$2,260	$2,130	-$148	1.5x	1.6x	1.7x	-25.0x	3,690	-6.9%
Zoom	ZM	$5,290	$5,090	$4,930	$1,340	4.4x	4.6x	4.8x	17.5x	23,450	27.2%
Average						**2.9x**	**3.4x**	**3.7x**	**-22.0x**	**31,633**	**-14.2%**

Health & Wellness											
Company	**Ticker**	**2027E**	**2026E**	**LTM**	**EBITDA**	**2027E**	**2026E**	**LTM**	**EBITDA**	**Value**	**Margin**
GoodRx	GDRX	$826	$797	$785	$109	1.9x	1.9x	2.0x	14.2x	1,540	13.9%
Hims & Hers Health	HIMS	$4,000	$3,210	$2,580	-$10	2.0x	2.4x	3.0x	-768.2x	7,820	-0.4%
LifeMD	LFMD	$245	$208	$192	-$19	0.6x	0.7x	0.8x	-7.6x	144	-9.9%
LifeVantage Corp.	LFVN	NA	$184	$195	-$10	NA	0.4x	0.4x	-8.2x	82	-5.1%
Nature's Sunshine	NATR	$519	$495	$492	$43	0.4x	0.4x	0.4x	5.1x	216	8.7%
WW International	WW	$644	$632	$665	$97	0.8x	0.8x	0.7x	5.0x	483	14.6%
Average						**0.9x**	**1.1x**	**1.2x**	**-126.6x**	**1,714**	**3.6%**

RISKS

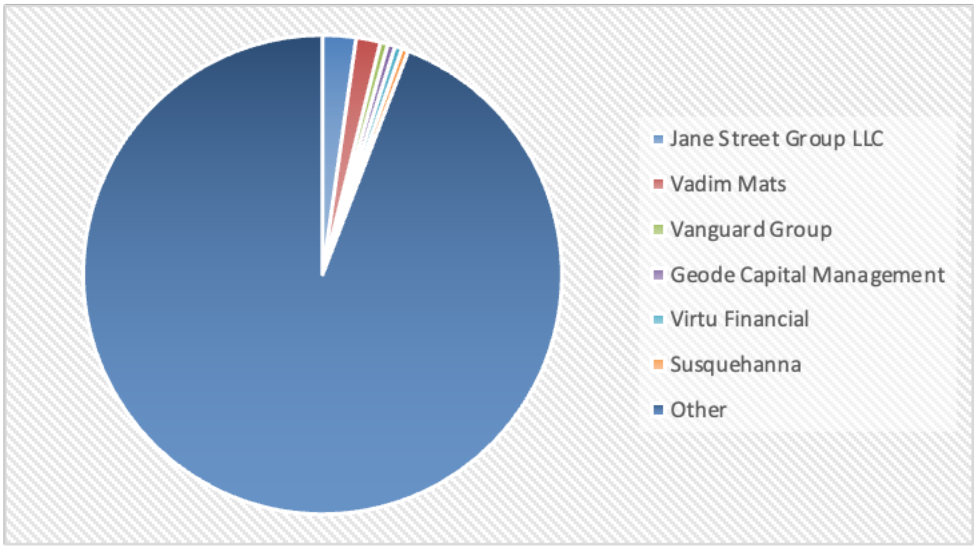
- Gaxos.AI is a startup with a variety of business endeavors, none of which make money. There can be no assurances that they ever will. Since they use cash, investors should expect potential dilution of their holdings until the company becomes cash flow positive.

- Health care regulations and prices are currently being changed, and their effects are difficult to predict. For example, the government reduced the prices of GLP-1s, changing revenue per dose.

- Both of the company's main businesses are extremely competitive, and as a small company supporting losses, it may have difficulty growing its market share.

- The company is burning cash and has sold equity to fund spending, diluting current shareholders.

OWNERSHIP



INCOME STATEMENT

	March Q1 25	June Q2 25	Sept Q3 25	Dec Q4 25	March Q1 26	June Q2 26	Sept Q3 26E	Dec Q4 26E	2024	2025	2026E	2027E
RNK Health	$22,552	$170,398	$441,228	$875,708	$1,245,909	$1,737,052	$2,200,000	$2,700,000	$0	$1,509,886	$7,882,961	$10,247,849
Gaxos Labs Subscription Service	$51	$556	$57,042	$364,346	$563,458	$720,305	$800,000	$900,000	$42	$421,995	$2,983,763	$3,878,892
Health coaching	$1,124	$0	$0	$0	$0	$0	$0	$0	$3,952	$1,124	$0	$0
In-app games	$5	$18	$1	$1	$0	$0	$0	$0	$33	$25	$0	$0
REVENUE	$23,732	$170,971	$498,271	$1,240,056	$1,809,367	$2,457,357	$3,000,000	$3,600,000	$4,027	$1,933,030	$10,866,724	$14,126,741
Yr-to-yr Gr.	NM	NA	18327%	94996%	NM	NM	502%	420%	1473%	47902%	462%	30%
OPERATING EXPENSES												
R&D	220,989	243,020	274,021	NA	446,422	506,971	500,000	500,000	0	0	0	0
Compensation & related benefits	588,985	184,753	188,360	307,745	599,255	157,604	160,000	1,007,604	872,899	1,269,843	1,924,463	2,213,132
Professional fees	232,890	125,956	192,769	170,521	251,189	190,578	200,000	200,000	946,200	722,136	841,767	800,000
Advertising & marketing	217,883	431,074	903,258	1,530,000	2,766,824	3,141,273	3,600,000	3,900,000	367,351	3,082,784	13,408,097	15,000,000
Other G&A expenses	154,680	168,862	254,618	459,172	292,799	325,141	300,000	270,000	524,695	781,122	1,187,940	1,100,000
Tot Operating Exp.	1,415,427	1,153,665	1,813,026	2,467,438	4,356,489	4,322,112	4,760,000	5,877,604	3,707,632	6,849,556	17,362,267	19,113,132
Operating Income	(1,391,695)	(982,694)	(1,314,755)	(1,227,382)	(2,547,122)	(1,864,755)	(1,760,000)	(2,277,604)	(3,703,605)	(4,916,526)	(6,495,543)	(4,986,391)
Interest income	148,188	146,902	156,034	161,161	158,110	113,753	100,000	100,000	157,557	612,285	471,863	300,000
Unrealized gain on short-term investments	0	8,615	7,419	5,911	(21,945)	0	0	0	0	21,945	(21,945)	0
Realized gain on short-term investments	11,445	2,605	10,429	5,568	10,711	24,879	0	0	121,765	30,047	35,590	0
Realized loss on exchange of equity securities	0	0	0	(29,998)	(74,000)	(46,000)	0	0	0	(29,998)	(120,000)	0
Gain on sale of gaming assets	0	0	0	0	0	1,749,890	0	0	0	0	1,749,890	0
Total other income	159,633	158,122	173,882	172,640	72,876	1,842,522	100,000	100,000	279,322	634,279	2,115,398	300,000
Profit before tax	(1,232,062)	(824,572)	(1,140,873)	(1,054,742)	(2,474,246)	(22,233)	(1,660,000)	(2,177,604)	(3,424,283)	(4,282,247)	(4,380,145)	(4,686,391)
Taxes	0	0	0	0	0	0	0	0	0	0	0	0
Tax Rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net income	(1,232,062)	(824,572)	(1,140,873)	(1,054,742)	(2,474,246)	(22,233)	(1,660,000)	(2,177,604)	(3,424,283)	(4,282,247)	(4,380,145)	(4,686,391)
Minority interest	40,262	75,184	139,399	126,819	301,721	263,289	263,289	130,000	6,086	381,664	958,299	400,000
GAAP Net income	(1,191,800)	(749,388)	(1,001,474)	(927,923)	(2,172,525)	241,056	(1,396,711)	(2,047,604)	(3,418,197)	(3,900,583)	(3,421,846)	(4,286,391)
Yr-to-yr Gr.	31%	-7%	16%	11%	82%	-132%	39%	-30%	-11%	14%	-12%	25%
Non-GAAP Net Income	(1,191,800)	(749,388)	(1,001,474)	(927,923)	(2,172,525)	241,056	(1,396,711)	(2,047,604)	(3,418,197)	(3,900,583)	(3,421,846)	(4,286,391)
Primary EPS	**($0.17)**	**($0.11)**	**($0.14)**	**($0.13)**	**($0.25)**	**$0.02**	**($0.11)**	**($0.15)**	**($1.92)**	**($0.55)**	**($0.30)**	**($0.31)**
Adj Non-IFRS EPS	($0.17)	($0.11)	($0.14)	($0.13)	($0.25)	$0.02	($0.11)	($0.15)	($1.92)	($0.55)	($0.30)	($0.31)
Yr-to-yr Gr.	-81%	-85%	-77%	-78%	48%	-122%	-19%	-64%		-71%	-45%	3%
Primary Share Out	7,001,231	7,123,453	7,123,453	7,123,453	8,649,012	10,377,344	12,248,461	13,752,287	1,777,451	7,092,898	11,256,776	13,752,287
Yr-to-yr Gr.	596%	536%	402%	402%	24%	46%	72%	94%	80%	299%	59%	22%
Diluted shares	7,001,231	7,123,453	7,123,453	7,123,453	8,649,012	10,377,344	12,248,461	13,752,287	1,777,451	7,092,898	11,256,776	13,752,287
All in EPS	($0.10)	($0.06)	($0.09)	($0.08)	($0.16)	$0.02	($0.08)	($0.10)				
All in shares	11,574,574	11,771,796	11,771,796	11,771,796	13,447,355	15,170,687	18,178,341	21,553,285	1,777,451	11,722,491	17,087,417	21,553,285
Yr-to-yr Gr.					14%	29%	54%	83%		560%	46%	84%

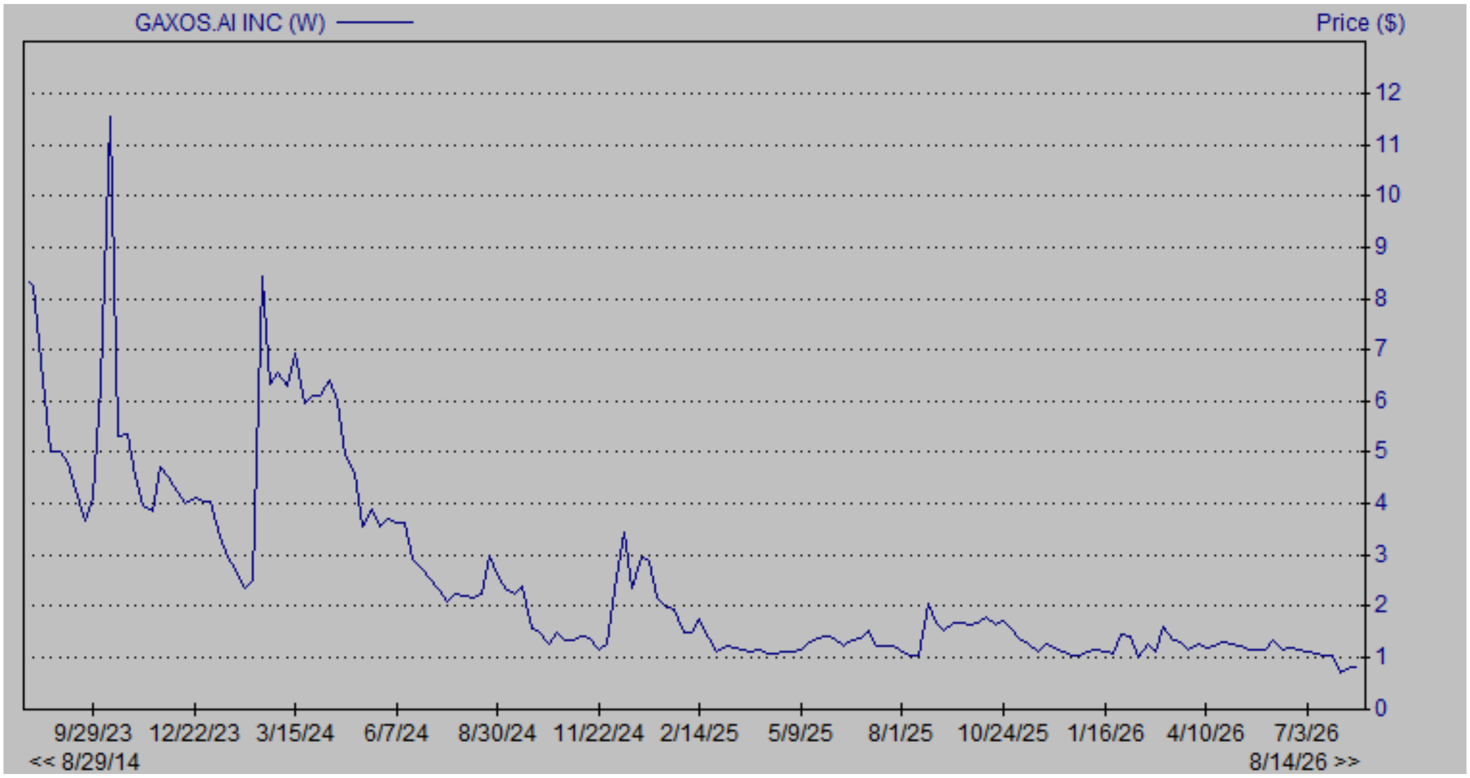
BALANCE SHEET

	June 30, 2026	Mar 31, 2026	Qtr-Qtr % Change	June 30, 2025	Yr-Yr % Change
CURRENT ASSETS					
Cash	**$1,089,449**	**$1,513,550**	-28.0%	**$1,718,964**	-36.6%
Short-term investments at fair value	**10,353,040**	**10,195,791**	1.5%	$12,326,666	-16.0%
Investment in equity securities at fair value	60,000	106,000	-43.4%	$199,998	-70.0%
Accounts receivable	118,064	80,498	46.7%	9,368	1160.3%
Prepaid expenses and other	274,057	261,051	5.0%	242,894	12.8%
Total current assets	11,894,610	12,156,890	-2.2%	14,497,890	-18.0%
Property and equipment, net	65,707	90,386	-27.3%	93,830	-30.0%
Intangible assets, net	628,533	673,433	-6.7%	808,133	-22.2%
Investment in cost method investees	4,875,000	2,900,000	68.1%	37	13175575.7%
Long-term assets	5,569,240	3,663,819	52.0%	902,000	517.4%
TOTAL ASSETS	17,463,850	15,820,709	10.4%	15,399,890	13.4%
CURRENT LIABILITIES					
Accounts payable	326,010	228,043	43.0%	250,717	30.0%
Accrued expenses	437,020	98,958	341.6%	254,167	71.9%
Deferred revenue	362,532	242,307	49.6%	566	63951.6%
Total current liabilities	1,125,562	569,308	97.7%	505,450	122.7%
Total liabilities	1,125,562	569,308	97.7%	505,450	122.7%
SHAREHOLDERS' EQUITY					
Common stock	1,074	1,022	5.1%	712	50.8%
Additional paid-in capital	32,219,500	31,170,787	3.4%	25,727,784	25.2%
Accumulated other comprehensive income	(297,753)	(358,108)	-16.9%	28,385	-1149.0%
Accumulated deficit	(14,631,773)	(14,872,829)	-1.6%	(10,740,909)	36.2%
Gaxos.AI shareholder's equity	17,291,048	15,940,872	8.5%	15,015,972	15.2%
Non-controlling interest	(952,760)	(689,471)	38.2%	(121,532)	684.0%
Total stockholders' equity	16,338,288	15,251,401	7.1%	14,894,440	9.7%
TOTAL LIABILITIES AND EQUITY	$17,463,850	$15,820,709	10.4%	$15,399,890	13.4%
Current Ratio	10.6	21.4	-50.5%	28.7	-63.2%
Working Capital	10,769,048	11,587,582	-7.1%	13,992,440	-23.0%
Debt	$0	$0	0.0%	$0	0.0%
Cash plus short-term investments	$11,442,489	$11,709,341	-2.3%	$14,245,628	-19.7%
Cash plus short-term investments per share	$1.06	$1.13	-5.6%	$2.00	-46.7%

CASH FLOWS

US Dollars	Year 2024 US $	3-Mo 3/31/25 US $	3-Mo 6/30/25 US $	3-Mo 9/30/25 US $	3-Mo 12/31/25 US $	Year 2025 US $	3-Mo 3/31/26 US $	3-Mo 6/30/26 US $
CASH FLOWS - OPERATING ACTIVITIES								
Net profit (loss)	$ (3,424,283)	$ (1,232,062)	$ (824,572)	$ (1,140,874)	$ (1,084,739)	$ (4,282,247)	$ (2,474,246)	$ (22,233)
Income and non-cash expense items:								
Amortization expense	52,442	29,749	56,562	58,390	59,997	204,698	60,557	59,469
Stock-based compensation	119,443	32,880	30,473	33,517	40,021	136,891	53,866	45,201
Realized gain on short-term investments	(121,765)	(11,445)	(2,605)	(10,429)	(5,568)	(30,047)	(10,711)	(24,879)
Unrealized gain on short-term investments	0	0	(8,615)	(7,419)	(5,911)	(21,945)	21,945	0
Unrealized loss on equity securities	0	0	0	0	0	0	74,000	46,000
Accretion of bond discounts	0	0	0	0	0	0	0	52,904
Gain on sale of gaming asset	0	0	0	0	0	0	0	(1,749,890)
Realized loss on exchange of equity securities	0	0	0	0	29,998	29,998	0	0
Non-cash transaction fees	764	0	0	0	0	0	0	0
Changes in assets and liabilities:								
Accounts receivable	8	(4,871)	(4,497)	(35,505)	(31,374)	(76,247)	(4,251)	(37,566)
Prepaid expenses and other	(38,477)	(210,977)	31,692	49,611	35,734	(93,940)	(103,465)	(13,006)
Accounts payable	122,909	(17,118)	(70,956)	(37,208)	56,596	(68,686)	(42,062)	97,967
Accrued expenses	7,436	117,481	75,096	(42,762)	69,025	218,840	(181,472)	338,062
Deferred revenue	1,126	(1,122)	562	26,391	103,097	128,928	112,253	120,225
Net cash provided by operating activities	**(3,280,397)**	**(1,297,485)**	**(717,422)**	**(1,106,288)**	**(733,124)**	**(3,853,757)**	**(2,493,586)**	**(1,087,746)**
CASH FLOWS - INVESTING ACTIVITIES								
Purchase of short-term investments	(3,547,262)	(12,171,293)	(1,142,693)	(1,846,559)	(525,000)	(15,685,545)	(6,028,373)	(2,044,939)
Purchase of equity securities	(199,998)	0	0	0	0	0	0	0
Proceeds from sale of short-term investments	4,010,205	2,164,819	1,029,277	2,179,765	1,201,191	6,575,052	6,781,451	1,920,020
Cash paid for investment in cost method investee	0	0	0	0	0	0	(2,900,000)	(215,000)
Increase in note receivable	0	0	0	(10,000)	0	(10,000)	0	0
Increase in capitalized internal software development	(45,210)	(22,800)	(22,100)	(21,700)	(16,450)	(83,050)	(2,650)	0
Purchase of intangible asset	(150,000)	(500,000)	0	0	0	(500,000)	0	0
Net cash provided by (used in) investing activities	67,735	(10,529,274)	(135,516)	301,506	659,741	(9,703,543)	(2,149,572)	(339,919)
CASH FLOWS - FINANCING ACTIVITIES								
Proceeds from issuance of stock/units	8,208,771	0	0	0	0	0	5,315,909	1,003,564
Proceeds from exercise of pre-funded warrants	521	0	0	0	0	0	0	0
Proceeds from sale of pre-funded warrants	2,897,924	0	0	0	0	0	0	0
Proceeds from exercise of warrants	2,663,594	0	0	0	0	0	0	0
Proceeds from induced exercise of warrants	2,834,843	0	0	0	0	0	0	0
Purchase and cancellation of treasury securities	(19,602)	0	0	0	0	0	0	0
Net cash used in financing activities	16,586,051	0	0	0	0	0	5,315,909	1,003,564
INCREASE (DECREASE) IN CASH	13,373,389	(11,826,759)	(852,938)	(804,782)	(73,383)	(13,557,300)	672,751	(424,101)
CASH - BEGINNING OF PERIOD	1,024,710	14,398,099	2,571,340	1,718,964	914,182	14,398,099	840,799	1,513,550
CASH - END OF PERIOD	14,398,099	2,571,340	1,718,964	914,182	840,799	840,799	1,513,550	1,089,449
Operating Cash Flow	(3,373,399)	$ (1,180,878)	$ (748,757)	$ (1,066,815)	$ (966,202)	(3,962,652)	$ (2,274,589)	$ (1,593,428)
Free cash flow	$ (3,418,609)	$ (1,203,678)	$ (770,857)	$ (1,088,515)	$ (982,652)	$ (4,045,702)	$ (2,277,239)	$ (1,593,428)

HISTORICAL STOCK PRICE



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