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

**FORM 10-Q**

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

For the quarterly period ended September 30, 2024

or

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: **001-39826**

**Banzai International, Inc.**

(Exact name of Registrant as specified in its Charter)

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**Delaware**

(State or other jurisdiction of incorporation or organization)

**435 Erickson Ave, Suite 250**

**Bainbridge Island, Washington**

(Address of principal executive offices)

**85-3118980**

(I.R.S. Employer Identification No.)

**98110**

(Zip Code)

**(206) 414-1777**

(Registrant's telephone number, including area code)

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

<b>Title of each class</b>	<b>Trading Symbol(s)</b>	<b>Name of each exchange on which registered</b>
Class A common stock, par value \$0.0001 per share	BNZI	The Nasdaq Capital Market
Redeemable Warrants, each whole warrant exercisable for one share of Class A common stock at an exercise price of \$11.50	BNZIW	The Nasdaq Capital Market

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

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

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

Large accelerated filer  Accelerated filer

Non-accelerated filer  Smaller reporting company

Emerging growth company

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

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

The number of shares outstanding of each of the registrant's classes of common stock, \$0.0001 par value per share, as of November 12, 2024:

Class A Common Stock - 3,574,080 shares

Class B Common Stock - 2,311,134 shares

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## Table of Contents

		Page
<b>PART I.</b>	<b><u>FINANCIAL INFORMATION</u></b>	
Item 1.	<u>Financial Statements</u>	
	<u>Condensed Consolidated Balance Sheets as of September 30, 2024 (Unaudited) and December 31, 2023</u>	2
	<u>Unaudited Condensed Consolidated Statements of Operations for the three and nine months ended September 30, 2024 and 2023</u>	3
	<u>Unaudited Condensed Consolidated Statements of Changes in Stockholders' Deficit for the three and nine months ended September 30, 2024 and 2023</u>	4
	<u>Unaudited Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2024 and 2023</u>	6
	<u>Notes to Unaudited Condensed Consolidated Financial Statements</u>	7
Item 2.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	46
Item 3.	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	67
Item 4.	<u>Controls and Procedures</u>	67
<b>PART II.</b>	<b><u>OTHER INFORMATION</u></b>	68
Item 1.	<u>Legal Proceedings</u>	68
Item 1A.	<u>Risk Factors</u>	68
Item 2.	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	68
Item 3.	<u>Defaults Upon Senior Securities</u>	69
Item 4.	<u>Mine Safety Disclosures</u>	69
Item 5.	<u>Other Information</u>	69
Item 6.	<u>Exhibits</u>	70
<u>Signatures</u>		72

**PART I—FINANCIAL INFORMATION**  
**BANZAI INTERNATIONAL, INC.**  
**Condensed Consolidated Balance Sheets**

	September 30, 2024 (Unaudited)	December 31, 2023
<b>ASSETS</b>		
Current assets:		
Cash	\$ 4,263,567	\$ 2,093,718
Accounts receivable, net of allowance for credit losses of \$5,694 and \$5,748, respectively	37,386	105,049
Prepaid expenses and other current assets	753,746	741,155
Total current assets	5,054,699	2,939,922
Property and equipment, net	918	4,644
Goodwill	2,171,526	2,171,526
Operating lease right-of-use assets	2,386	134,013
Bifurcated embedded derivative asset - related party	44,000	—
Other assets	38,381	38,381
Total assets	<u>7,311,910</u>	<u>5,288,486</u>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
Current liabilities:		
Accounts payable	10,016,295	6,439,863
Accrued expenses and other current liabilities	3,803,915	5,194,240
Convertible notes (Yorkville)	—	1,766,000
Convertible notes - related party	8,785,173	5,233,932
Convertible notes	470,057	—
Notes payable - related party, net of discount	—	9,164,924
Notes payable, carried at fair value	1,418,000	—
Deferred underwriting fees	4,000,000	4,000,000
Deferred fee	—	500,000
Warrant liability	47,000	641,000
Warrant liability - related party	115,000	575,000
Earnout liability	37,125	59,399
Due to related party	167,118	67,118
GEM commitment fee liability	—	2,000,000
Deferred revenue	1,220,572	1,214,096
Operating lease liabilities, current	2,352	234,043
Total current liabilities	30,082,607	37,089,615
Other long-term liabilities	75,000	75,000
Total liabilities	30,157,607	37,164,615
Commitments and contingencies (Note 14)		
Stockholders' deficit:		
Common stock, \$0.0001 par value, 275,000,000 (250,000,000 Class A and 25,000,000 Class B) shares authorized and 4,303,443 (1,992,309 Class A and 2,311,134 Class B) and 2,585,297 (274,163 Class A and 2,311,134 Class B) issued and outstanding at September 30, 2024 and December 31, 2023, respectively	410	259
Preferred stock, \$0.0001 par value, 75,000,000 shares authorized, 0 shares issued and outstanding at September 30, 2024 and December 31, 2023	—	—
Additional paid-in capital	47,579,604	14,889,936
Accumulated deficit	(70,425,711)	(46,766,324)
Total stockholders' deficit	(22,845,697)	(31,876,129)
Total liabilities and stockholders' deficit	<u>\$ 7,311,910</u>	<u>\$ 5,288,486</u>

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

**BANZAI INTERNATIONAL, INC.**  
**Unaudited Condensed Consolidated Statements of Operations**

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
<b>Operating income:</b>				
Revenue	\$ 1,080,607	\$ 1,108,412	\$ 3,228,276	\$ 3,478,794
Cost of revenue	338,023	341,151	1,049,411	1,132,671
Gross profit	742,584	767,261	2,178,865	2,346,123
<b>Operating expenses:</b>				
General and administrative expenses	3,513,442	2,838,052	11,721,465	8,937,265
Depreciation expense	900	1,571	3,725	5,596
Total operating expenses	3,514,342	2,839,623	11,725,190	8,942,861
Operating loss	(2,771,758)	(2,072,362)	(9,546,325)	(6,596,738)
<b>Other expenses (income):</b>				
GEM settlement fee expense	60,000	—	260,000	—
Other expense (income), net	(62,927)	14,114	(2,900)	(70,569)
Interest income	—	—	(10)	(111)
Interest expense	—	384,553	—	678,530
Interest expense - related party	1,050,363	1,113,941	2,860,768	2,814,949
Gain on extinguishment of liabilities	(152,782)	—	(680,762)	—
Loss on debt issuance	—	—	171,000	—
Loss on issuance of term notes	390,000	—	390,000	—
Loss on issuance of convertible bridge notes	63,408	—	63,408	—
Loss on conversion and settlement of Alco promissory notes - related party	4,808,882	—	4,808,882	—
Loss on conversion and settlement of CP BF notes - related party	6,529,402	—	6,529,402	—
Change in fair value of warrant liability	(32,000)	—	(594,000)	—
Change in fair value of warrant liability - related party	(115,000)	—	(460,000)	—
Change in fair value of simple agreement for future equity	—	(276,436)	—	(184,993)
Change in fair value of simple agreement for future equity - related party	—	(3,139,564)	—	(1,927,007)
Change in fair value of bifurcated embedded derivative liabilities	—	198,728	—	36,500
Change in fair value of bifurcated embedded derivative liabilities - related party	(32,000)	413,272	(32,000)	72,359
Change in fair value of convertible notes	101,000	—	679,000	—
Change in fair value of term notes	36,813	—	36,813	—
Change in fair value of convertible bridge notes	(18,000)	—	(18,000)	—
Yorkville prepayment premium expense	14,000	—	94,760	—
Total other expenses (income), net	12,641,159	(1,291,392)	14,106,361	1,419,658
Loss before income taxes	(15,412,917)	(780,970)	(23,652,686)	(8,016,396)
Income tax expense	1,010	1,332	6,701	17,081
Net loss	<u>\$ (15,413,927)</u>	<u>\$ (782,302)</u>	<u>\$ (23,659,387)</u>	<u>\$ (8,033,477)</u>
<b>Net loss per share</b>				
Basic and diluted	<u>\$ (4.87)</u>	<u>\$ (0.33)</u>	<u>\$ (8.27)</u>	<u>\$ (3.36)</u>
<b>Weighted average common shares outstanding</b>				
Basic and diluted	<u>3,162,909</u>	<u>2,394,122</u>	<u>2,861,665</u>	<u>2,394,067</u>

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

**BANZAI INTERNATIONAL, INC.**  
**Unaudited Condensed Consolidated Statements of Stockholders' Deficit**  
**for the Nine Months Ended September 30, 2024 and 2023**

	Series A Preferred Stock		Common Stock		Additional Paid-in-Capital	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount	\$ 14,889,936	\$ (46,766,324)	\$ (31,876,129)
<b>Balance December 31, 2023</b>	—	\$ —	2,585,297	\$ 259	\$ 14,889,936	\$ (46,766,324)	\$ (31,876,129)
Conversion of convertible notes - related party	—	—	17,813	2	2,540,089	—	2,540,091
Shares issued to Yorkville for convertible notes	—	—	44,675	4	1,666,996	—	1,667,000
Shares issued to Yorkville for commitment fee	—	—	14,201	1	499,999	—	500,000
Shares issued to Roth for advisory fee	—	—	3,500	—	278,833	—	278,833
Shares issued to GEM	—	—	2,790	—	100,000	—	100,000
Shares issued for marketing expense	—	—	3,070	—	194,935	—	194,935
Forfeiture of sponsor shares	—	—	(2,000)	—	—	—	—
Stock-based compensation	—	—	—	—	42,827	—	42,827
Net loss	—	—	—	—	—	(4,290,132)	(4,290,132)
<b>Balance March 31, 2024</b>	—	—	2,669,346	266	20,213,615	(51,056,456)	(30,842,575)
Issuance of common stock and warrants, net of issuance costs	—	—	104,556	10	1,854,808	—	1,854,818
Shares issued for exercise of Pre-Funded warrants	—	—	173,223	17	849	—	866
Shares issued to Yorkville for convertible notes	—	—	20,177	2	334,998	—	335,000
Shares issued to Yorkville for redemption premium	—	—	12,000	1	115,799	—	115,800
Shares issued to GEM	—	—	18,113	2	299,998	—	300,000
Shares issued for marketing expenses	—	—	6,400	1	139,836	—	139,837
Stock-based compensation	—	—	—	—	202,662	—	202,662
Net loss	—	—	—	—	—	(3,955,328)	(3,955,328)
<b>Balance June 30, 2024</b>	—	—	3,003,815	299	23,162,565	(55,011,784)	(31,848,920)
Effect of reverse stock split	—	—	189,585	—	—	—	—
Issuance of warrants, net of issuance costs	—	—	—	—	4,402,550	—	4,402,550
Shares issued to Yorkville	—	—	—	—	2,127,961	—	2,128,000
Shares issued to GEM	—	—	389,305	39	129,941	—	129,943
Shares, warrants and pre-funded warrants issued to CP BF on modification of CP BF debt agreement	—	—	330,849	33	1,286,970	—	1,287,003
Premium issued as part of CP BF debt modification	—	—	—	—	4,079,225	—	4,079,225
Issuance of warrants to CP BF, net of issuance costs	—	—	—	—	2,763,161	—	2,763,161
Shares issued to MZHCI for investor relations services	—	—	24,000	2	94,798	—	94,800
Shares issued to Roth for advisory fee	—	—	35,294	4	299,996	—	300,000
Shares issued to J.V.B for payment of outstanding debt	—	—	29,077	3	114,997	—	115,000
Shares, warrants and pre-funded warrants issued to Alco on settlement of Alco promissory notes	—	—	282,420	28	8,866,592	—	8,866,620
Stock-based compensation	—	—	—	—	250,848	—	250,848
Net loss	—	—	—	—	—	(15,413,927)	(15,413,927)
<b>Balance September 30, 2024</b>	—	\$ —	4,303,443	\$ 410	\$ 47,579,604	\$ (70,425,711)	\$ (22,845,697)

	Series A Preferred Stock		Common Stock		Additional Paid-in-Capital		Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount	\$	5	\$	\$
<b>Balance December 31, 2022</b>			2,393,824	\$ 239	8,245,76		(32,360,06	(24,114,05
Exercise of stock options	—	—	171	—	5,543		—	5,543
Stock-based compensation	—	—	—	—	402,448		—	402,448
Net loss	—	—	—	—	—		(3,765,122)	(3,765,122)
<b>Balance March 31, 2023</b>			2,393,995	239	8,653,75	6	(36,125,18	(27,471,18
Exercise of stock options	—	—	127	—	7,820		—	7,820
Stock-based compensation	—	—	—	—	218,539		—	218,539
Net loss	—	—	—	—	—		(3,486,053)	(3,486,053)
<b>Balance June 30, 2023</b>			2,394,122	239	8,880,11	5	(39,611,23	(30,730,88
Stock-based compensation	—	—	—	—	209,804		—	209,804
Net loss	—	—	—	—	—		(782,302)	(782,302)
<b>Balance September 30, 2023</b>			2,394,122	\$ 239	9,089,91	9	\$ (40,393,53	\$ (31,303,38
	—	\$ —	2,394,122	\$ 239	\$ 9	\$ 9	\$ 9	\$ 1

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

**BANZAI INTERNATIONAL, INC.**  
**Unaudited Condensed Consolidated Statements of Cash Flow**

	For the Nine Months Ended September 30,	
	2024	2023
<b>Cash flows from operating activities:</b>		
Net loss	\$ (23,659,387)	\$ (8,033,477)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation expense	3,725	5,596
Provision for credit losses on accounts receivable	54	3,879
Non-cash share issuance for marketing expenses	259,027	—
Non-cash settlement of GEM commitment fee	200,000	—
Non-cash share issuance for Yorkville redemption premium	80,760	—
Non-cash interest expense	106,200	147,714
Non-cash interest expense - related party	1,179,198	1,112,612
Amortization of debt discount and issuance costs	—	568,333
Amortization of debt discount and issuance costs - related party	1,392,934	1,347,054
Amortization of operating lease right-of-use assets	131,627	129,705
Stock based compensation expense	496,337	830,791
Gain on extinguishment of liability	(680,762)	—
Loss on conversion and settlement of Alco promissory notes - related party	4,808,882	—
Loss on conversion and settlement of CP BF notes - related party	6,529,402	—
Loss on debt issuance	171,000	—
Loss on issuance of term notes	390,000	—
Loss on issuance of convertible bridge notes	63,408	—
Change in fair value of warrant liability	(594,000)	—
Change in fair value of warrant liability - related party	(460,000)	—
Change in fair value of simple agreement for future equity	—	(184,993)
Change in fair value of simple agreement for future equity - related party	—	(1,927,007)
Change in fair value of bifurcated embedded derivative liabilities	—	36,500
Change in fair value of bifurcated embedded derivative liabilities - related party	(32,000)	72,359
Change in fair value of convertible promissory notes	693,000	—
Change in fair value of term notes	36,813	—
Change in fair value of convertible bridge notes	(18,000)	—
<b>Changes in operating assets and liabilities:</b>		
Accounts receivable	67,609	(29,861)
Deferred contract acquisition costs, current	—	48,191
Prepaid expenses and other current assets	157,954	120,459
Deferred offering costs	—	(766,409)
Accounts payable	3,576,434	1,296,098
Deferred revenue	6,476	(39,428)
Accrued expenses	(15,730)	(128,027)
Operating lease liabilities	(231,691)	(211,204)
Earnout liability	(22,274)	(206,985)
Net cash used in operating activities	(5,363,004)	(5,808,100)
<b>Cash flows from financing activities:</b>		
Payment of GEM commitment fee	(1,200,000)	—
Repayment of convertible notes (Yorkville)	(750,000)	—
Proceeds from related party advance	100,000	—
Proceeds from term notes, net of issuance costs	1,000,000	—
Repayment of notes payable, carried at fair value	(412,421)	—
Proceeds from Yorkville redemption premium	35,040	—
Proceeds from issuance of promissory notes - related party	—	1,150,000
Proceeds from issuance of convertible notes, net of issuance costs	2,502,000	1,485,000
Proceeds from issuance of convertible notes, net of issuance costs - related party	—	2,533,000
Proceeds received for exercise of Pre-Funded warrants	866	—
Proceeds from issuance of common stock and warrants	6,257,368	13,362
Net cash provided by financing activities	7,532,853	5,181,362
Net increase (decrease) in cash	2,169,849	(626,738)
Cash at beginning of period	2,093,718	1,023,499
Cash at end of period	<u>\$ 4,263,567</u>	<u>\$ 396,761</u>
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid for interest	306,109	313,813
Cash paid for taxes	5,075	8,825
<b>Non-cash investing and financing activities</b>		
Shares issued to Roth for advisory fee	578,833	—
Shares issued to GEM	529,943	—
Shares issued for marketing expenses	334,772	—
Shares issued to MZHCI for investor relations services	94,800	—
Shares issued to J.V.B for payment of outstanding debt	115,000	—
Settlement of GEM commitment fee	200,000	—
Shares issued to Yorkville for commitment fee	500,000	—
Shares issued to Yorkville for redemption premium	115,800	—
Shares issued for exercise of Pre-Funded warrants	866	—
Issuance of convertible promissory note - GEM	1,000,000	—
Conversion of convertible notes - Yorkville	4,130,000	—

Conversion of convertible notes - related party	2,540,091	—
Shares issued to CP BF for debt restructuring	1,287,003	—
Warrants and pre-funded warrants issued to CP BF for debt restructuring	2,763,161	—
Shares issued to Alco for debt restructuring	1,098,614	—
Warrants and pre-funded warrants issued to Alco for debt restructuring	7,768,006	—
Bifurcated embedded derivative liabilities at issuance	—	623,065
Bifurcated embedded derivative liabilities at issuance—related party	12,000	1,062,776

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

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

**1. Organization**

***The Business***

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

***Reverse Stock Split***

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

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

***Close of the Merger***

On December 14, 2023 (the "Closing Date"), 7GC & Co. Holdings Inc. ("7GC"), our predecessor company, consummated the business combination pursuant to the Agreement and Plan of Merger and Reorganization, dated as of December 8, 2022 (the "Original Merger Agreement"), by and among 7GC, Banzai International, Inc. ("Legacy Banzai"), 7GC Merger Sub I, Inc., an indirect wholly owned subsidiary of 7GC ("First Merger Sub"), and 7GC Merger Sub II, LLC, a direct wholly owned subsidiary of 7GC ("Second Merger Sub"), as amended by the Amendment to Agreement and Plan of Merger, dated as of August 4, 2023 (the "Merger Agreement Amendment" and, together with the Original Merger Agreement, the "Merger Agreement"), by and between 7GC and Legacy Banzai.

Pursuant to the terms of the Merger Agreement, a business combination between 7GC and Legacy Banzai was effected through (a) the merger of First Merger Sub with and into Legacy Banzai, with Legacy Banzai surviving as a wholly-owned subsidiary of 7GC (Legacy Banzai, in its capacity as the surviving corporation of the merger, the "Surviving Corporation") (the "First Merger") and (b) the subsequent merger of the Surviving Corporation with and into Second Merger Sub, with Second Merger Sub being the surviving entity of the Second Merger, which ultimately resulted in Legacy Banzai becoming a wholly-owned direct subsidiary of 7GC (the "Second Merger" and, together with the First Merger, the "Mergers" and, collectively with the other transactions described in the Merger Agreement, the "Merger"). On the Closing Date, and in connection with the closing of the Merger (the "Closing"), 7GC changed its name to Banzai International, Inc.

Although 7GC was the legal acquirer of Legacy Banzai in the merger, Legacy Banzai is deemed to be the accounting acquirer, and the historical financial statements of Legacy Banzai became the basis for the historical financial statements of the Company upon the closing of the merger.

As a result, the financial statements included here reflect (i) the historical operating results of Legacy Banzai prior to the merger; (ii) the combined results of 7GC and Legacy Banzai following the close of the merger; (iii) the assets and liabilities of Legacy Banzai at their historical cost and (iv) the Legacy Banzai's equity structure for all periods presented, as affected by the recapitalization presentation after completion of the merger.

The aggregate consideration payable to securityholders of Legacy Banzai at the Closing consisted of a number of shares of Class A Common Stock or shares of Class B Common Stock, and cash in lieu of any fractional shares of Class A Common Stock or shares of Class B Common Stock that would otherwise have been payable to any Legacy Banzai securityholders, equal to \$100,000,000. See Note 4 - Reverse Merger Capitalization with 7GC & Co. Holdings Inc. for further details of the merger.

#### ***Emerging Growth Company***

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

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

#### ***Reclassifications***

Certain amounts in the prior year's consolidated financial statements, as of December 31, 2023 have been reclassified to conform to the current period's presentation. This involved reclassifying the debt outstanding with counterparty CP BF which were previously disclosed as Convertible Notes and Notes payable to Convertible notes - related party and Notes payable - related party, net of discount. This reclassification had no effect on the Company's loss from operations, net loss, or net loss per share.

#### ***Revision of Prior Period Financial Statements***

A revision was made to correct an overstatement of additional paid-in capital and accumulated deficit in the Company's consolidated balance sheet and an overstatement of stock-based compensation expense in the statement of operations due to the incorrect calculation of stock-based compensation expense for the three-month periods ended March 31, 2024 and June 30, 2024. The adjustment recorded increased equity and decreased stock-based compensation expense by \$210,140 for the three months ended March 31, 2024. During the three months ended June 30, 2024, the adjustment recorded increased equity and decreased stock-based compensation expense by \$209,780, resulting in a cumulative adjustment of \$419,921 to the six months ended June 30, 2024.

In accordance with Staff Accounting Bulletin No. 99, *Materiality*, the Company has concluded that the previously issued financial statements as of and for the three months ended March 31, 2024 and the three and six months ended June 30, 2024 were not considered to be materially misstated, either as a result of this identified error, or any other identified misstatements, corrected or uncorrected, impacting these periods, individually or in the aggregate. To correct the identified error(s), the Company made certain revisions to its previously issued financial statements, on Form 10-Q, for the three months ending March 31, 2024 and for the three and six months ended June 30, 2024. These revisions are included in this Form 10-Q, for the three and nine months ended September 30, 2024. The Company corrected its previously issued financial statements to reflect the correction of this error rather than record a cumulative out-of-period adjustment for this error in the current period. This error did not impact any periods prior to January 1, 2024.

A summary of the revision as of and for the three months ended March 31, 2024 is as follows:

	Three Months Ended March 31, 2024		
	As Reported	Adjustment	Corrected

**Impacted Financial Statement Line Item**
Balance sheet

Additional paid-in capital	\$ 20,423,755	\$ (210,140)	\$ 20,213,615
Accumulated deficit	(51,266,596)	210,140	(51,056,456)
Total stockholders' deficit	(30,842,575)	—	(30,842,575)

Income statement

General and administrative	4,308,929	(210,140)	4,098,789
Total operating expenses	4,310,493	(210,140)	4,100,353
Operating loss	(3,612,401)	210,140	(3,402,261)
Net loss	(4,500,272)	210,140	(4,290,132)
Net loss per share - basic and diluted	(1.72)	0.08	(1.64)

Statement of stockholders' deficit

Additional paid-in-capital: stock-based compensation expense	252,967	(210,140)	42,827
Additional paid-in-capital: balance	20,423,755	(210,140)	20,213,615
Accumulated deficit: net loss	(4,500,272)	210,140	(4,290,132)
Accumulated deficit: balance	(51,266,596)	210,140	(51,056,456)
Total stockholders' deficit: balance	(30,842,575)	—	(30,842,575)

Statement of cash flows

Net loss	(4,500,272)	210,140	(4,290,132)
Stock-based compensation expense	252,967	(210,140)	42,827
Net cash used in operating activities	\$ (2,116,786)	\$ —	\$ (2,116,786)

A summary of the revision as of and for the three months ended June 30, 2024 is as follows:

	Three Months Ended June 30, 2024		
	As Reported	Adjustment	Corrected

**Impacted Financial Statement Line Item**
Balance sheet

Additional paid-in capital	\$ 23,582,486	\$ (419,921)	\$ 23,162,565
Accumulated deficit	(55,431,705)	419,921	(55,011,784)
Total stockholders' deficit	(31,848,920)	—	(31,848,920)

Income statement

General and administrative	4,319,014	(209,780)	4,109,234
Total operating expenses	4,320,275	(209,780)	4,110,495
Operating loss	(3,582,086)	209,780	(3,372,306)
Net loss	(4,165,108)	209,780	(3,955,328)
Net loss per share - basic and diluted	(1.48)	0.07	(1.41)

Statement of stockholders' deficit

Additional paid-in-capital: stock-based compensation expense	412,442	(209,780)	202,662
Additional paid-in-capital: balance	23,582,486	(209,780)	23,372,706
Accumulated deficit: net loss	(4,165,108)	209,780	(3,955,328)
Accumulated deficit: balance	(55,431,705)	209,780	(55,221,925)
Total stockholders' deficit: balance	\$ (31,848,920)	\$ —	\$ (31,848,920)

A summary of the revision as of and for the six months ended June 30, 2024 is as follows:

<b>Impacted Financial Statement Line Item</b>	<b>Six Months Ended June 30, 2024</b>		
	<b>As Reported</b>	<b>Adjustment</b>	<b>Corrected</b>
<b>Balance sheet</b>			
Additional paid-in capital	\$ 23,582,486	\$ (419,921)	\$ 23,162,565
Accumulated deficit	(55,431,705)	419,921	(55,011,784)
Total stockholders' deficit	(31,848,920)	—	(31,848,920)
<b>Income statement</b>			
General and administrative	8,627,943	(419,921)	8,208,022
Total operating expenses	8,630,768	(419,921)	8,210,847
Operating loss	(7,194,487)	419,921	(6,774,566)
Net loss	(8,665,380)	419,921	(8,245,459)
Net loss per share - basic and diluted	(3.20)	0.16	(3.04)
<b>Statement of stockholders' deficit</b>			
Additional paid-in-capital: stock-based compensation expense	665,409	(419,921)	245,488
Additional paid-in-capital: balance	23,582,486	(419,921)	23,162,565
Accumulated deficit: net loss	(8,665,380)	419,921	(8,245,459)
Accumulated deficit: balance	(55,431,705)	419,921	(55,011,784)
Total stockholders' deficit: balance	(31,848,920)	—	(31,848,920)
<b>Statement of cash flows</b>			
Net loss	(8,665,380)	419,921	(8,245,459)
Stock-based compensation expense	665,409	(419,921)	245,488
Net cash used in operating activities	\$ (3,812,695)	\$ —	\$ (3,812,695)

## 2. Going Concern

As of September 30, 2024 the Company had cash of approximately \$4.3 million. For the nine months ended September 30, 2024, the Company used approximately \$5.4 million in cash for operating activities. The Company has incurred recurring net losses from operations and negative cash flows from operating activities since inception. As of September 30, 2024, the Company had an accumulated deficit of approximately \$70.4 million. These factors raise substantial doubt regarding the Company's ability to continue as a going concern within one year of the date these financial statements were issued.

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

The Company's plans include obtaining future debt and equity financings associated with the close of the Merger described in *Note 4 - Reverse Merger Capitalization with 7GC & Co. Holdings Inc.*. If the Company is unsuccessful in completing these planned transactions, it may be required to reduce its spending rate to align with expected revenue levels and cash reserves, although there can be no guarantee that it will be successful in doing so. Accordingly, the Company may be required to raise additional cash through debt or equity transactions. It may not be able to secure financing in a timely manner or on favorable terms, if at all. As a result, management's plans cannot be considered probable and thus do not alleviate substantial doubt about the Company's ability to continue as a going concern.

On September 16, 2024, the Company committed to a reduction in force (the "Reduction") intended to decrease expenses and maintain a streamlined organization to support key programs and customers, and that is expected to conserve cash. As part of the Reduction, the Company reduced its headcount by 24 employees, which represented approximately 34% of the Company's full-time employees as of September 15, 2024. The cost-saving measures from the Reduction are expected to reduce annual operating expenses by approximately an additional \$1.3 million beginning in the fourth quarter of 2024. The Company estimates that it will incur total restructuring charges of approximately \$0.1 million, including severance payments in connection with the Reduction. The Company completed the reduction in October, 2024.

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

### **3. Summary of Significant Accounting Policies**

#### ***Basis of Presentation***

The Company's unaudited condensed consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as determined by the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") and applicable regulations of the Securities and Exchange Commission ("SEC") for interim financial information and with the instructions to Form 10-Q of Regulation S-X. Certain information and note disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been omitted pursuant to such rules and regulations of the SEC relating to interim financial statements. The December 31, 2023 balance sheet information was derived from the audited financial statements as of that date. Except as disclosed herein, there has been no material change in the information disclosed in the notes to the consolidated financial statements for the year ended December 31, 2023 included in the Company's Annual Report on Form 10-K, as filed with the Securities and Exchange Commission on April 1, 2024. The interim unaudited condensed consolidated financial statements should be read in conjunction with those consolidated financial statements included in the Form 10-K. In the opinion of management, all adjustments considered necessary for a fair statement of the financial statements, consisting solely of normal recurring adjustments, have been made. Operating results for the periods ended September 30, 2024 are not necessarily indicative of the results that may be expected for the year ending December 31, 2024.

#### ***Warrant Liabilities***

The Company does not use derivative instruments to hedge exposures to cash flow, market, or foreign currency risks. The Company evaluates all of its financial instruments, including issued stock purchase warrants, to determine if such instruments are derivatives or contain features that qualify as embedded derivatives. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is re-assessed at the end of each reporting period.

##### ***Warrant Liability - related party***

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

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

##### ***Warrant Liability***

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

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

#### ***Loss Per Share***

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

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
<b>Numerator:</b>				
Net loss attributable to common stock—basic and diluted	\$ (15,413,927)	\$ (782,302)	\$ (23,659,387)	\$ (8,033,477)
<b>Denominator:</b>				
Weighted average shares—basic and diluted	3,162,909	2,394,122	2,861,665	2,394,067
Net loss per share attributable to common stock—basic and diluted	\$ (4.87)	\$ (0.33)	\$ (8.27)	\$ (3.36)

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

	As of September 30,	
	2024	2023
Options	26,946	13,649
RSUs	16,501	—
Public warrants	230,000	—
GEM warrants	16,571	—
Common warrants	4,527,613	—
Placement agent warrants	104,902	—
Pre-funded warrants	2,530,095	—
<b>Total</b>	<b>7,452,628</b>	<b>13,649</b>

#### **Derivative Financial Instruments**

The Company evaluates all its financial instruments to determine if such instruments contain features that qualify as embedded derivatives. Embedded derivatives must be separately measured from the host contract if all the requirements for bifurcation are met. The assessment of the conditions surrounding the bifurcation of embedded derivatives depends on the nature of the host contract. Bifurcated embedded derivatives are recognized at fair value, with changes in fair value recognized in the statement of operations each period. Bifurcated embedded derivatives are classified with the related host contract in the Company's balance sheet. Refer to *Note 7 - Fair Value Measurements* and *Note 11 - Debt* for further detail.

#### **Bridge Notes - Fair Value Option Election**

The Company determined the Agile Notes and 1800 diagonal Notes (The "Bridge Notes") (as defined in *Note 11 - Debt*) were eligible for the *fair value option*, in accordance with ASC 825-10-50-28, and made such election to account for the Bridge Notes, respectively entirely at fair value. The *fair value option* may be elected on an instrument-by-instrument basis and is irrevocable unless a new election date occurs. Additional term or other notes may be issued in subsequent periods where the Company would be able to make a *fair value option* election upon issuance provided eligibility criteria are met. The Company records the portion of the Bridge Notes that are issued and outstanding for accounting purposes at fair value with changes in fair value recorded in other income (expense), net in the condensed consolidated statement of operations, except for the portion of the total change in fair value that results from a change in the instrument-specific credit risk of the Bridge Notes, which is recorded in other comprehensive income (loss), if applicable. The *fair value option* election was made to align the accounting for the Bridge Notes with the Company's financial reporting objectives and reduce operational effort to account for embedded features that otherwise would require bifurcation as a separate unit of account.

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

#### **Fair Value of Financial Instruments**

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

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

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

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

The fair value measurements discussed herein are based upon certain market assumptions and pertinent information available to management during the three and nine months ended September 30, 2024 and 2023. The carrying amount of cash, accounts receivable, prepaid expenses and other current assets, accounts payable, accrued expenses, deferred revenue, and other current liabilities approximated their fair values as of September 30, 2024 and December 31, 2023.

#### **Recent Accounting Pronouncements**

##### *Recent accounting pronouncements not yet effective*

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

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures. The amendments in this update intend to improve reportable segment disclosure requirements primarily through enhanced disclosures about significant segment expenses. This ASU requires disclosure of significant segment expenses that are regularly provided to the chief operating decision maker, the addition of a category for other segment items by reportable segment, that all annual segment disclosures be disclosed in interim periods, and other related segment disclosures. The ASU is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. The Company is currently evaluating the effect of adopting this guidance on its consolidated financial statements.

#### **4. Reverse Merger Capitalization with 7GC & Co. Holdings Inc.**

On December 14, 2023 (the "Closing Date"), Banzai consummated the previously announced Merger with 7GC, as a result of which Banzai became a wholly-owned subsidiary of 7GC. While 7GC was the legal acquirer of Banzai in the merger, for accounting purposes, Legacy Banzai was deemed to be the accounting acquirer in the merger. The determination was primarily based on Legacy Banzai's stockholders having a majority of the voting power in the combined Company, Legacy Banzai having the ability to appoint a majority of the Board of Directors of the Company, Legacy Banzai's existing management team comprising the senior management of the combined Company, Legacy Banzai comprising the ongoing operations of the combined Company and the combined Company assumed the name "Banzai International, Inc.". Accordingly, for accounting purposes, the merger was treated as the equivalent of Legacy Banzai issuing stock for the net assets of 7GC, accompanied by a recapitalization. The net assets of 7GC are stated at historical cost, with no goodwill or other intangible assets recorded.

##### *Retroactive Restatement for Conversion of Common Stock and Series A Preferred Stock by Applying Exchange Ratio*

Upon the closing of the merger, holders of Legacy Banzai common stock and Series A preferred stock received shares of common stock in an amount determined by application of the Exchange Ratio. In accordance with guidance applicable to these circumstances, the equity structure has been restated in all comparable periods, prior to the merger, up to December 14, 2023, to reflect the number of shares of the Company's common stock, \$0.0001 par value per share, issued to Legacy Banzai's stockholders in connection with the merger. As such, the shares and corresponding capital amounts and earnings per share related to Legacy Banzai's outstanding Series A preferred stock and Legacy Banzai's common stock prior to the merger have been retroactively restated as shares reflecting the exchange ratio of approximately 0.6147 established in the merger. Legacy Banzai's Series A preferred stock previously classified as temporary equity was retroactively adjusted, converted into common stock and reclassified to permanent equity as a result of the reverse recapitalization. The consolidated assets, liabilities, and results of operations prior to the merger are those of Legacy Banzai.

The aggregate consideration payable to securityholders of Banzai at the Closing Date was equal to \$100,000,000. Holders of 64,149 shares of 7GC's Class A common stock, par value \$0.0001 per share ("7GC Class A Common Stock"), exercised their right to redeem their shares for cash at a redemption price of approximately \$538.00 per share, for an aggregate redemption amount of \$34,524,065. Immediately prior to the Closing Date, each share of Banzai's Preferred Stock that was issued and outstanding was automatically converted into one share of Banzai's Class A Common Stock, par value \$0.0001 per share. Each share of Banzai's Class B Common Stock that was not held by the Chief Executive Officer of the Company converted to one share of Banzai's Class A Common Stock, while the Chief Executive Officer received Class B Common Stock.

On the terms and subject to the conditions set forth in the Merger Agreement, at the Second Effective Time, each share of common stock of the Surviving Corporation issued and outstanding immediately prior to the Second Effective Time was cancelled and no consideration was delivered therefore.

Upon the closing of the merger, the Company's certificate of incorporation was amended and restated to, among other things, increase the total number of authorized shares of all classes of capital stock to 350,000,000 shares, consisting of 250,000,000 shares of Class A Common Stock, 25,000,000 shares of Class B Common Stock, and 75,000,000 shares of Preferred Stock, all having a par value of \$0.0001 per share. As of September 30, 2024, there were 4,303,443 shares of Common Stock and no shares of Preferred Stock outstanding.

#### *Effect of Merger on Class A and Class B Common Stock*

Upon the Close of the Merger, holders of Legacy Banzai common stock and Series A preferred stock were converted into shares of common stock in an amount determined by application of the Exchange Ratio. As noted above, the equity structure has been restated in all comparable periods, prior to the Merger, up to December 14, 2023, to reflect the number of shares of the Company's common stock, \$0.0001 par value per share, issued to Legacy Banzai's stockholders in connection with the Merger.

## **5. Related Party Transactions**

### **7GC Related Party Promissory Notes**

On December 21, 2022, 7GC issued an unsecured promissory note (the "December 2022 7GC Note") to the Sponsor, 7GC & Co. Holdings LLC, which provides for borrowings from time to time of up to an aggregate of \$2,300,000. The December 2022 7GC Note does not bear interest. Upon the consummation of a Business Combination, the Sponsor shall have the option, but not the obligation, to convert the principal balance of the December 2022 7GC Note, in whole or in part, into that number of shares of Class A common stock, \$0.0001 par value per share, of 7GC (the "Converted Shares") equal to the principal amount of the December 2022 7GC Note so converted divided by \$10.00.

On October 3, 2023, 7GC issued an additional unsecured promissory note (the "October 2023 7GC Note", together with the December 2022 7GC Note, the "7GC Promissory Notes") to the Sponsor, which provides for borrowings from time to time of up to an aggregate of \$500,000 for working capital purposes. The October 2023 7GC Note does not bear interest. Upon the consummation of a Business Combination, the Sponsor shall have the option, but not the obligation, to convert the principal balance of the October 2023 7GC Note, in whole or in part, into that number of the Converted Shares, equal to the principal amount of the October 2023 7GC Note so converted divided by \$10.00.

Upon Closing of the Merger, Banzai assumed the 7GC Promissory Notes which subsequently converted on February 2, 2024. At the date of conversion, the total balance of the Notes converted was \$2,540,092.

### **Due to Related Party of 7GC**

During the year ended December 31, 2023, the Sponsor paid certain expenses on behalf of 7GC. Upon Closing of the Merger, Banzai assumed the \$67,118 liability. As of September 30, 2024, the entire balance remained outstanding and is included within due to related party under current liabilities on the accompanying unaudited condensed consolidated balance sheet.

### **Legacy Banzai Related Party Transactions**

During 2023, Legacy Banzai issued Promissory Notes and Convertible Notes to related parties. See *Note 11 - Debt* for further details related to these transactions and associated balances.

### **Debt Conversion Agreement with Alco**

On September 19, 2024, the Company and Alco agreed to convert the entire outstanding balance of all debt owing to Alco, into equity in the form of common stock, common stock warrants and prefunded warrants. See *Note 11 - Debt* and *Note 15 - Equity*, for further details related to the transaction and associated balances.

### **Debt Restructuring Agreement with CPBF**

On September 5, 2024, the Company and CP BF agreed to amend the entire outstanding balance of all debt previously in the form of one term note and two convertible notes into one new consolidated convertible note. The newly issued consolidated convertible note was issued on September 23, 2024. Additionally on September 23, 2024, the Company and CP BF entered into a share purchase

agreement where the Company issued equity in the form of common stock, common stock warrants and prefunded warrants to CP BF for the reduction of \$2 million of debt under the newly issued consolidated convertible note. See *Note 11 - Debt* and *Note 15 - Equity*, for further details related to the transaction and associated balances.

#### **Due to Related Party of Company CEO**

On September 12, 2024, the CEO of the Company loaned the Company an advance of \$100,000. The advance is non-interest bearing, and matures one year from issuance. As of September 30, 2024, the entire balance remained outstanding and is included within due to related party under current liabilities on the accompanying unaudited condensed consolidated balance sheet.

#### **6. Revenue**

Under ASC 606, revenue is recognized throughout the life of the executed agreement. The Company measures revenue based on considerations specified in terms and conditions agreed to by a customer. Furthermore, the Company recognizes revenue when a performance obligation is satisfied by transferring control of the service to the customer, which occurs over time.

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

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

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

#### **Nature of Products and Services**

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

##### *Demio*

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

##### *Reach*

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

#### **Disaggregation of Revenue**

The following table summarizes revenue by region based on the billing address of customers for the three months ended September 30, 2024 and 2023:

	Three Months Ended September 30,			
	2024		2023	
	Amount	Percentage of Revenue	Amount	Percentage of Revenue
Americas	\$ 626,768	58%	\$ 666,992	60%
Europe, Middle East and Africa (EMEA)	333,960	31%	360,484	33%
Asia Pacific	119,879	11%	80,936	7%
Total	<u>\$ 1,080,607</u>	<u>100 %</u>	<u>\$ 1,108,412</u>	<u>100 %</u>

The following table summarizes revenue by region based on the billing address of customers for the nine months ended September 30, 2024 and 2023:

	Nine Months Ended September 30,			
	2024		2023	
	Amount	Percentage of Revenue	Amount	Percentage of Revenue
Americas	\$ 1,797,307	56%	\$ 2,041,393	59%
Europe, Middle East and Africa (EMEA)	1,080,876	33%	1,157,712	33%
Asia Pacific	350,093	11%	279,689	8%
Total	<u>\$ 3,228,276</u>	<u>100 %</u>	<u>\$ 3,478,794</u>	<u>100 %</u>

#### Contract Balances

##### Accounts Receivable, Net

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

	Opening Balance 1/1/2024	Closing Balance 9/30/2024	Opening Balance 1/1/2023	Closing Balance 9/30/2023
Accounts receivable, net	\$ 105,049	\$ 37,386	\$ 68,416	\$ 94,398

##### Costs to Obtain a Contract

Sales commissions, the principal costs incurred to obtain a contract, are earned when the contract is executed. Management has capitalized these costs and amortized the commission expense over time in accordance with the related contract's term. For the three and nine months ended September 30, 2024, commission expenses were \$50,707 and \$193,995, respectively. For the three and nine months ended September 30, 2023, commission expenses were \$91,929 and \$282,548, respectively.

Capitalized commissions at September 30, 2024 and December 31, 2023 were \$37,118 and \$51,472, respectively, and are included within prepaid expenses and other current assets on the condensed consolidated balance sheets.

The following summarizes the Costs to obtain a contract activity during the three and nine months ended September 30, 2024:

Balance - December 31, 2023	\$ 51,472
Commissions Incurred	31,610
Deferred Commissions Recognized	(44,620)
Balance - March 31, 2024	38,462
Commissions Incurred	48,316
Deferred Commissions Recognized	(47,634)
Balance - June 30, 2024	39,144
Commissions Incurred	42,739
Deferred Commissions Recognized	(44,765)
Balance - September 30, 2024	<u>\$ 37,118</u>

The following summarizes the Costs to obtain a contract activity during the three and nine months ended September 30, 2023:

Balance - December 31, 2022	\$	69,737
Commissions Incurred		88,928
Deferred Commissions Recognized		(104,289)
Balance - March 31, 2023		54,376
Commissions Incurred		60,777
Deferred Commissions Recognized		(75,001)
Balance - June 30, 2023		40,152
Commissions Incurred		50,845
Deferred Commissions Recognized		(69,451)
Balance - September 30, 2023	\$	<u>21,546</u>

## 7. Fair Value Measurements

The fair value measurements discussed herein are based upon certain market assumptions and pertinent information available to management as of and during the periods ended September 30, 2024 and the year ended December 31, 2023. The carrying amount of accounts payable approximated fair value as they are short term in nature.

### ***Fair Value on a Recurring Basis***

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

The following table presents information about the Company's financial instruments that are measured at fair value on a recurring basis at September 30, 2024 and December 31, 2023, and indicates the fair value hierarchy of the valuation inputs the Company utilized to determine such fair value:

Description	Level	September 30, 2024	December 31, 2023
<b>Liabilities:</b>			
Warrant liabilities - public	1	\$115,000	\$575,000
GEM warrant liabilities	3	\$47,000	\$641,000
Yorkville convertible note	3	\$—	\$1,766,000
Agile term notes	3	\$1,085,000	\$—
Bifurcated embedded derivative - related party	3	\$44,000	\$—
1800 Diagonal convertible notes	3	\$333,000	\$—

### ***Warrant Liability - Public Warrants***

The Company assumed 230,000 Public Warrants in the Merger which were outstanding as of September 30, 2024 and December 31, 2023. The fair values of the Public Warrants are measured based on the listed market price of such warrants through September 30, 2024. See Note 12 - *Warrant Liabilities* for further details.

As of September 30, 2024, the Company recognized a benefit of approximately \$460,000 resulting from changes in the fair value of the derivative warrant liabilities, presented as change in fair value of warrant liabilities - related party in the accompanying condensed consolidated statements of operations.

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

	Fair Value
Balance at December 31, 2023	\$ 575,000
Change in fair value	(115,000)
Balance at March 31, 2024	460,000
Change in fair value	(230,000)
Balance at June 30, 2024	230,000
Change in fair value	(115,000)
Balance at September 30, 2024	<u><u>\$ 115,000</u></u>

***Warrant Liability - GEM Warrants***

The measurement of fair value of the GEM Warrants were determined utilizing a Monte Carlo simulation considering all relevant assumptions current at the date of issuance (i.e., share price, exercise price, term, volatility, risk-free rate, probability of dilutive term of three years, and expected time to conversion). Refer to *Note 12 - Warrant Liabilities* for further details.

As of September 30, 2024, the Company recognized a benefit of approximately \$594,000, resulting from changes in the fair value of the derivative warrant liabilities, presented as change in fair value of warrant liabilities in the accompanying condensed consolidated statements of operations.

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

	Fair Value
Balance at December 31, 2023	\$ 641,000
Change in fair value	(408,000)
Balance at March 31, 2024	233,000
Change in fair value	(154,000)
Balance at June 30, 2024	79,000
Change in fair value	(32,000)
Balance at September 30, 2024	<u><u>\$ 47,000</u></u>

***Yorkville Convertible Notes***

The measurement of fair value of the Yorkville convertible notes were determined utilizing a Monte Carlo simulation considering all relevant assumptions current at the date of issuance (i.e., share price, term, volatility, risk-free rate, and probability of optional redemption). Refer to *Note 11 - Debt* for further details.

As of September 30, 2024, the Company recognized a loss of approximately \$693,000 resulting from changes in the fair value of the Yorkville convertible notes, presented as change in fair value of convertible promissory notes in the accompanying condensed consolidated statements of operations.

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

	<b>Fair Value</b>
Balance at December 31, 2023	\$ 1,766,000
Issuance of Yorkville convertible note	2,250,000
Loss on debt issuance	171,000
Payment in shares to settle Yorkville convertible notes	(1,667,000)
Change in fair value	544,000
Balance at March 31, 2024	3,064,000
Payment in shares to settle Yorkville convertible notes	(335,000)
Repayment in cash of Yorkville convertible notes	(750,000)
Change in fair value	34,000
Balance at June 30, 2024	2,013,000
Payment in shares to settle Yorkville convertible notes	(2,128,000)
Change in fair value	115,000
Balance at September 30, 2024	<u>\$ —</u>

#### ***Bifurcated Embedded Derivative Liabilities***

The fair value of the embedded put options, relating to the Convertible Notes - Related Party, Convertible Notes, and Term and Convertible Notes (CP BF), was determined using a Black Scholes option pricing model. Estimating fair values of embedded conversion features requires the development of significant and subjective estimates that may, and are likely to, change over the duration of the instrument with related changes in internal and external market factors. Because the embedded conversion features are initially and subsequently carried at fair values, the Company's consolidated statements of operations will reflect the volatility in these estimate and assumption changes. On December 14, 2023, all outstanding principal and accrued interest, including the carrying value of any related embedded derivative, related to the Related Party Convertible Notes and Third Party Convertible Notes converted into the Company's Class A Common Stock pursuant to the close of the Merger Agreement. Upon the conversion described above, the bifurcated embedded derivative liabilities were \$0 as of September 30, 2024 and December 31, 2023, respectively. Refer to Note 11 - *Debt* for further details.

The following table sets forth a summary of the changes in the fair value of the bifurcated embedded derivative liabilities for the nine months ended September 30, 2023, related to the Related Party and Third Party Convertible Debt, respectively, which are Level 3 financial liabilities that are measured at fair value on a recurring basis:

	<b>Fair Value</b>	
	<i>Related Party</i>	<i>Third Party</i>
Balance at December 31, 2022	\$ 1,936,827	\$ 845,473
Issuance of convertible notes with bifurcated embedded derivative	707,000	—
Change in fair value	137,285	32,415
Balance at March 31, 2023	2,781,112	877,888
Issuance of convertible notes with bifurcated embedded derivative	419,451	330,390
Change in fair value	(478,198)	(194,643)
Balance at June 30, 2023	2,722,365	1,013,635
Issuance of convertible notes with bifurcated embedded derivative	—	229,000
Change in fair value	413,272	198,728
Balance at September 30, 2023	<u>\$ 3,135,637</u>	<u>\$ 1,441,363</u>

The fair value of the embedded put options, relating to the Convertible Note to CP BF issued on September 23, 2024, was determined using a Black Scholes option pricing model. Estimating fair values of embedded conversion features requires the development of significant and subjective estimates that may, and are likely to, change over the duration of the instrument with related changes in internal and external market factors. Because the embedded conversion features are initially and subsequently carried at fair values, the Company's consolidated statements of operations will reflect the volatility in these estimate and assumption changes. The bifurcated embedded derivative net asset was \$44,000 as of September 30, 2024. Refer to Note 11 - *Debt* for further details.

The following table sets forth a summary of the changes in the fair value of the bifurcated embedded derivative liabilities for the nine months ended September 30, 2023, relating to the Convertible Note to CP BF issued on September 23, 2024, which are Level 3 financial liabilities that are measured at fair value on a recurring basis:

	<b>Fair Value</b>
	<i>CP BF Convertible</i>
Issuance of convertible notes with bifurcated embedded derivative net asset	\$ 12,000
Change in fair value	32,000
<b>Balance at September 30, 2024</b>	<b>\$ 44,000</b>

#### **Simple Agreements for Future Equity (SAFE)**

During 2021, the Company entered into Simple Agreements for Future Equity (SAFE) arrangements (the "SAFES"). In the event of an Equity Financing (as defined in the SAFEs agreements), the SAFEs will automatically convert into shares of the Company's common or preferred stock at a discount of 15% of the per share price of the shares offered in the Equity Financing (the "Discount Price"). In the event of a Liquidity Event, SPAC Transaction or Dissolution Event (all terms as defined in the SAFEs agreements), the holders of the SAFEs will be entitled to receive cash or shares of the Company's common or preferred stock. The number of shares required to be issued to settle the SAFEs at the equity financing is variable, because that number will be determined by the discounted fair value of the Company's equity shares on the date of settlement (i.e., Discount Price). Regardless of the fair value of the shares on the date of settlement, the holder will receive a fixed monetary value based on the Purchase Amount of the SAFE. If there is a Liquidity Event or SPAC Transaction before the settlement or termination of the SAFEs, the SAFEs will automatically be entitled to receive a portion of Proceeds, due and payable immediately prior to, or concurrent with, the consummation of such Liquidity Event or SPAC Transaction, equal to the greater of (i) two times (2x) the Purchase Amount (the "Cash-Out Amount") or (ii) the amount payable on the number of shares of Common Stock equal to the Purchase Amount divided by the Liquidity Price (as defined in the SAFEs agreements). Refer to *Note 13 - Simple Agreements for Future Equity* for additional information related to the Company's SAFEs.

The fair value of the SAFEs was determined using a scenario-based method for the pre-modification SAFE's and a Monte Carlo simulation method for the post-modification SAFEs. The value of the SAFE liability as of December 31, 2023 is based on significant inputs not observable in the market, which represents a Level 3 measurement within the fair value hierarchy. The fair value of the SAFEs on the date of issuance was determined to be \$3,836,000. On December 14, 2023, all outstanding principal related to the Third Party SAFEs and Related Party SAFEs converted into the Company's Class A Common Stock pursuant to the close of the Merger Agreement. Upon the conversion described above, the SAFEs were \$0 as of September 30, 2024 and December 31, 2023, respectively. Refer to *Note 13 - Simple Agreements for Future Equity* for further details.

The following tables set forth a summary of the activity of the Related Party and Third Party SAFE liabilities, respectively (See *Note 13 - Simple Agreements for Future Equity* for further detail), which represents a recurring fair value measurement at the end of the relevant reporting period:

	<b>Fair Value</b>	
	<i>Related Party</i>	<i>Third Party</i>
Balance at December 31, 2022	\$ 8,802,196	\$ 663,804
Change in fair value	303,139	22,861
<b>Balance at March 31, 2023</b>	<b>9,105,335</b>	<b>686,665</b>
Change in fair value	909,418	68,582
<b>Balance at June 30, 2023</b>	<b>10,014,753</b>	<b>755,247</b>
Change in fair value	(3,139,564)	(276,436)
<b>Balance at September 30, 2023</b>	<b>\$ 6,875,189</b>	<b>\$ 478,811</b>

#### **Term Notes (Agile)**

On July 22, 2024, and September 13, 2024, the Company entered into term loan promissory note agreements with Agile Lending, LLC, and Agile Capital Funding, LLC, as the collateral agent, as discussed further in Note 11 of the unaudited notes to the condensed consolidated financial statements.

Fair value measurements discussed herein are based upon certain market assumptions and pertinent information available to management as of September 30, 2024. We classified the Agile Term Notes as a Level 3 fair value measurement and used a discounted cash flow model to calculate the fair values as of July 22, 2024, and September 13, 2024, respectively and for each subsequent reporting period. Key inputs for the valuation are summarized below. The discounted cash flow model uses inputs such as the contractual term of the note and a market participant interest rate.

The range of key inputs at issuance of the Agile term notes and for the period ended September 30, 2024, were as follows:

Key Inputs	July Agile Note		September Agile Note	
	July 22, 2024	September 30, 2024	September 13, 2024	September 30, 2024
Contractual term (years)	0.55	0.36	0.48	0.43
Interest rate	18.92%	14.75%	14.37%	14.75%

Refer to *Note 11 - Debt*, for a summary of the changes in the fair value of the Agile term notes which is a Level 3 financial liability measured at fair value on a recurring basis.

#### **Convertible Notes (1800 Diagonal)**

On August 16, 2024, and September 24, 2024, the Company entered into convertible promissory notes with 1800 Diagonal Lending, LLC, as discussed further in Note 11 of the unaudited notes to the condensed consolidated financial statements.

Fair value measurements discussed herein are based upon certain market assumptions and pertinent information available to management as of September 30, 2024. We classified the Notes as a Level 3 fair value measurement and used the Black-Scholes option pricing model to calculate the fair values as of August 16, 2024, and September 24, 2024, respectively and for each subsequent reporting period. Key inputs for the simulation are summarized below. The Black-Scholes simulation uses inputs such as the stock price, volatility, the contractual term of the note, risk free interest rates and dividend yields.

The range of key inputs for the Black-Scholes simulations at issuance of the 1800 Diagonal convertible notes and for the period ended September 30, 2024, were as follows:

Key Inputs	August 1800 Diagonal Note		September 1800 Diagonal Note	
	August 16, 2024	September 30, 2024	September 24, 2024	September 30, 2024
Stock price	\$ 5.58	\$ 4.97	\$ 8.24	\$ 4.97
Contractual term (years)	0.84	0.72	0.86	0.84
Risk-free rate	5.00%	4.46%	4.34%	4.39%
Volatility	114%	214%	192%	201%
Dividend yield	0.00%	0.00%	0.00%	0.00%

Refer to *Note 11 - Debt*, for a summary of the changes in the fair value of the 1800 Diagonal convertible notes which is a Level 3 financial liability measured at fair value on a recurring basis.

#### **8. Prepaid Expenses and Other Current Assets**

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

	September 30, 2024	December 31, 2023
Prepaid expenses and other current assets:		
Service Trade	\$ 270,548	\$ 364,384
Prepaid insurance costs	135,457	17,661
Prepaid consulting costs	116,407	120,332
Prepaid software costs	74,158	29,887
Prepaid advertising and marketing costs	64,092	11,074
Prepaid commissions	37,118	51,472
Prepaid merchant fees	26,497	26,224
Prepaid data license and subscription costs	18,750	53,124
Other current assets	10,719	66,997
Total prepaid expenses and other current assets	\$ 753,746	\$ 741,155

## 9. Accrued Expenses and Other Current Liabilities

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

	September 30, 2024	December 31, 2023
Accrued expenses and other current liabilities:		
Accrued accounting and professional services costs	\$ 2,776,213	\$ 1,511,889
Sales tax payable	388,777	314,873
Excise tax payable	223,717	223,717
Accrued legal costs	153,977	2,694,439
Accrued payroll and benefit costs	111,264	185,504
Accrued streaming service costs	47,147	37,765
Accrued subscription costs	29,552	22,110
Deposits	—	54,102
Other current liabilities	73,268	149,841
<b>Total accrued expenses and other current liabilities</b>	<b>\$ 3,803,915</b>	<b>\$ 5,194,240</b>

## 10. Deferred Revenue

Deferred revenue represents amounts that have been collected in advance of revenue recognition and is recognized as revenue when transfer of control to customers has occurred or services have been provided. The deferred revenue balance does not represent the total contract value of annual or multi-year, non-cancelable revenue agreements. Differences between the revenue recognized per the below schedule, and the revenue recognized per the consolidated statement of operations, reflect amounts not recognized through the deferred revenue process, and which have been determined to be insignificant. For the nine months ended September 30, 2024 and 2023, the Company recognized \$874,119 and \$919,764 in revenue that was included in the prior year deferred revenue balance, respectively.

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

	Nine Months Ended September 30, 2024	Year Ended December 31, 2023
Deferred revenue, beginning of period	\$ 1,214,096	\$ 930,436
Billings	3,234,752	4,781,924
Revenue recognized (prior year deferred revenue)	(874,119)	(930,436)
Revenue recognized (current year deferred revenue)	(2,354,157)	(3,567,828)
<b>Deferred revenue, end of period</b>	<b>\$ 1,220,572</b>	<b>\$ 1,214,096</b>

The deferred revenue balance is short-term and included under current liabilities on the accompanying unaudited condensed consolidated balance sheet.

## 11. Debt

### Convertible Notes

#### Convertible Notes - Related Party

During 2022 and 2023, the Company issued subordinated convertible promissory notes to related parties Alco Investment Company ("Alco"), Mason Ward, and DNX. Alco held its ownership of over 10% of the issued equity of the Company, through its ownership of Series A preferred stock. DNX held in excess of 5% of the issued equity of the Company, through its ownership of Series A preferred stock. The Related Party Convertible Notes bear interest at a rate of 8% per annum, and are convertible into the same series of capital stock of the Company to be issued to other investors upon a Qualified Financing (as defined in the agreement).

For the three and nine months ended September 30, 2023, the Company recorded a \$0 and \$1,126,451, respectively, debt discount upon issuance of additional Related Party Convertible Notes. For the three months ended September 30, 2023, interest expense on the Related Party Convertible Notes totaled \$710,918, comprised of \$136,786 of contractual interest and \$574,132 for the amortization of the discount. For the nine months ended September 30, 2023, interest expense on the Related Party Convertible Notes totaled \$1,646,605, comprised of \$352,560 of contractual interest and \$1,294,045 for the amortization of the discount.

*March 2023 Amendment*

In March 2023, the Related Party Convertible Notes were amended to extend the maturity to December 31, 2023. The Company evaluated the terms of the First Amendment in accordance with ASC 470-60, Troubled Debt Restructurings, and ASC 470-50, Debt Modifications and Extinguishments. The Company determined that the Company was granted a concession by the lender based on the decrease of the effective borrowing rate on the First Amendment. Accordingly, the Company accounted for the First Amendment as a troubled debt restructuring. As a result, the Company accounted for the troubled debt restructuring by calculating a new effective interest rate for the First Amendment based on the carrying amount of the debt and the present value of the revised future cash flow payment stream. The troubled debt restructuring did not result in recognition of a gain or loss in the consolidated statement of operations but does impact interest expense recognized in the future.

*Convertible Notes - Third Party*

During 2022 and 2023, the Company issued additional subordinated convertible notes (the "Third Party Convertible Notes"). The Third Party Convertible Notes bear interest at a rate of 8% per annum, and are convertible into the same series of capital stock of the Company to be issued to other investors upon a Qualified Financing (as defined in the agreement).

For the three and nine months ended September 30, 2023, the Company recorded a \$229,000 and \$559,390, respectively, debt discount upon issuance of additional Third Party Convertible Notes. For the three months ended September 30, 2023, interest expense on the Third Party Convertible Notes totaled \$384,553, comprised of \$62,977 of contractual interest and \$321,576 for the amortization of the discount. For the nine months ended September 30, 2023, interest expense on the Third Party Convertible Notes totaled \$678,530, comprised of \$135,539 of contractual interest and \$542,991 for the amortization of the discount.

*March 2023 Amendment*

In March 2023, the Third Party Convertible Notes were amended to extend the maturity to December 31, 2023. The Company evaluated the terms of the First Amendment in accordance with ASC 470-60, Troubled Debt Restructurings, and ASC 470-50, Debt Modifications and Extinguishments. The Company determined that the Company was granted a concession by the lender based on the decrease of the effective borrowing rate on the First Amendment. Accordingly, the Company accounted for the First Amendment as a troubled debt restructuring. As a result, the Company accounted for the troubled debt restructuring by calculating a new effective interest rate for the First Amendment based on the carrying amount of the debt and the present value of the revised future cash flow payment stream. The troubled debt restructuring did not result in recognition of a gain or loss in the consolidated statement of operations but does impact interest expense recognized in the future.

The following table presents the Related Party and Third Party Convertible Notes, respectively, as of December 31, 2023:

	<i>Related Party</i>	<i>Third Party</i>
Face value of the convertible notes	\$ 6,783,538	\$ 3,196,206
Debt discount, net	(131,867)	(83,688)
Carrying value of the convertible notes	6,651,671	3,112,518
Accrued interest	619,697	233,714
Conversion of convertible notes	(7,271,368)	(3,346,232)
Total convertible notes and accrued interest	\$ —	\$ —

*Promissory Notes*

*Promissory Notes - Related Party*

On August 30, 2023, the Company issued a subordinate promissory note ("Alco August Promissory Note") in the aggregate principal amount of \$150,000 to Alco Investment Company, a related party. Alco held its ownership of over 10% of the issued equity of the Company, through its ownership of Series A preferred stock. The Alco August Promissory Note bears interest at a rate of 8% per annum. The outstanding principal and accrued interest are due and payable on April 29, 2024. The Company recorded a \$3,711 debt discount upon issuance of the Alco August Promissory Note. For the three months ended September 30, 2024, interest expense on the Alco August Promissory Note totaled \$2,926, comprised of \$2,039 of contractual accrued interest and \$887 for the amortization of the discount. For the nine months ended September 30, 2024, interest expense on the Alco August Promissory Note totaled \$11,284, comprised of \$8,022 of contractual accrued interest and \$3,261 for the amortization of the discount. As of September 19, 2024, and December 31, 2023, \$150,000 of principal and \$12,066 and \$4,044, respectively, of accrued interest was outstanding under the Alco August Promissory Note recorded in note payable - related party, net of discount on the consolidated balance sheets.

On September 13, 2023, the Company issued a subordinate promissory note ("Alco September Promissory Note") in the aggregate principal amount of up to \$1,500,000 to Alco Investment Company, a related party. The Alco September Promissory Note bears interest

at a rate of 8% per annum. The outstanding principal and accrued interest were due and payable on September 30, 2024, however the due date was extended and the debt subsequently settled (see below). The Company recorded \$8,588 of debt issuance costs and a \$638,808 debt discount upon issuance of the Alco September Promissory Note, relating to the share transfer agreements, see below. For the three months ended September 30, 2024, interest expense on the Alco September Promissory Note totaled \$95,690, comprised of \$32,986 of contractual accrued interest and \$62,704 for the amortization of the discount. For the nine months ended September 30, 2024, interest expense on the Alco September Promissory Note totaled \$283,188, comprised of \$92,822 of contractual accrued interest and \$190,366 for the amortization of the discount. As of September 19, 2024 and December 31, 2023, \$1,500,000 of principal and \$123,397 and \$30,575, respectively, of accrued interest was outstanding under the Alco September Promissory Note recorded in note payable - related party, net of discount on the consolidated balance sheets.

On November 16, 2023, the Company issued a subordinate promissory note ("Alco November Promissory Note") in the aggregate principal amount of up to \$750,000 to Alco Investment Company, a related party. The Alco November Promissory Note bears interest at a rate of 8% per annum. The outstanding principal and accrued interest were due and payable on April 13, 2024, however the due date was extended and the debt subsequently settled (see below). The Company recorded a \$363,905 debt discount upon issuance of the Alco November Promissory Note relating to the share transfer agreements, see below. For the three months ended September 30, 2024, interest expense on the Alco November Promissory Note totaled \$103,940, comprised of \$13,973 of contractual accrued interest and \$89,967 for the amortization of the discount. For the nine months ended September 30, 2024, interest expense on the Alco November Promissory Note totaled \$321,189, comprised of \$43,891 of contractual accrued interest and \$277,298 for the amortization of the discount. As of September 19, 2024 and December 31, 2023, \$750,000 of principal and \$51,288 and \$7,397, respectively, of accrued interest was outstanding under the Alco November Promissory Note recorded in note payable - related party, net of discount on the consolidated balance sheets.

On December 13, 2023, the Company issued a subordinate promissory note ("Alco December Promissory Note") in the aggregate principal amount of up to \$2,000,000 to Alco Investment Company, a related party. The Alco December Promissory Note bears interest at a rate of 8% per annum. The outstanding principal and accrued interest are due and payable on December 31, 2024. The Company recorded a \$1,496,252 debt discount upon issuance of the Alco December Promissory Note, relating to the share transfer agreements, see below. For the three months ended September 30, 2024, interest expense on the Alco December Promissory Note totaled \$387,058, comprised of \$37,260 of contractual accrued interest and \$349,798 for the amortization of the discount. For the nine months ended September 30, 2024, interest expense on the Alco December Promissory Note totaled \$936,941, comprised of \$117,040 of contractual accrued interest and \$819,901 for the amortization of the discount. As of September 19, 2024 and December 31, 2023, \$2,000,000 of principal and \$124,930 and \$7,890, respectively, of accrued interest was outstanding under the Alco December Promissory Note recorded in note payable – related party, net of discount on the consolidated balance sheets.

In connection with the issuances of the Alco September, November, and December Promissory Notes, the Company, 7GC and the Sponsor entered into share transfer agreements (the "Alco Share Transfer Agreements") with Alco Investment Company. Pursuant to which for each \$10.00 in principal borrowed under the Alco September and November Promissory Notes, the Sponsor agreed to forfeit one share of 7GC Class B Common Stock held by the Sponsor, in exchange for the right of Alco to receive one New Banzai Class A Share. For each \$10.00 in principal borrowed under the December Note, the Sponsor agreed to forfeit three shares of 7GC Class B Common Stock held by the Sponsor, in exchange for the right of Alco to receive three New Banzai Class A Shares. Such forfeited and issued shares under the Alco September, November, and December Promissory Notes are capped at an amount equal to 150,000, 75,000, and 600,000, respectively. Pursuant to the Alco Share Transfer Agreements, the shares are subject to an 180-day lock-up period upon issuance of the shares.

For the Alco Share Transfer Agreements, the Company considered the guidance under ASC 815, Derivatives and Hedging, and determined that the Investor Shares underlying each of the Share Transfer Agreements described above, met the definition of a freestanding financial instrument and are not precluded from being considered indexed to the Company's common stock. The Company determined that these shares represent a freestanding equity contract issued to the lender, resulting in a discount recorded on the notes when they are issued.

Equity-classified contracts are initially measured at fair value (or allocated value). Subsequent changes in fair value are not recognized if the contracts continue to be classified in equity. The measurement of fair value was determined utilizing various put option models in estimating the discount lack of marketability (the "DLOM") applied to the public share price as the shares underlying each of the Share Transfer Agreements are subject to a lock-up period pursuant to each agreement, to estimate the fair value of the shares transferred. Option pricing models assume that the cost to purchase a stock option relates directly to the measurement of the DLOM. The logic behind these models is that investors may be able to quantify this price risk, due to lack of marketability, over a particular holding period where price volatility is usually estimated as a proxy for risk. The inputs and assumptions utilized in the fair value estimation included the Company's stock price on the measurement date, a DLOM as described above, the number of shares pursuant to each Share Transfer Agreement, and a probability weighted factor for the Company's expected percentage of completing its Business Combination, at each Share Transfer Agreement date.

For the Alco September Promissory Note, of which \$1,000,000 was drawn on September 13, 2023, the DLOM was estimated using the put option models described above and the following assumptions: a holding period for the shares of 272 days (approximately 0.77 years) measured from the date of issuance of the \$1,000,000 of proceeds under the September Note through the issuance of the shares under the Alco October Share Transfer Agreement on December 14, 2023 at which time the 180-day lock-up period commenced; a re-levered equity volatility estimated using guideline public companies of 54.0%; and a risk-free rate commensurate with the term of 5.3%. The put option models provided a DLOM range of 10.7% to 16.0% and the concluded DLOM was estimated to be 12.5%. The Company's expected percentage of completing the Merger on this date was 80%.

For the remaining \$500,000 drawn on the Alco September Promissory Note on October 3, 2023, the DLOM was estimated using the put option models described above and the following assumptions: a holding period for the shares of 252 days (approximately 0.72 years) measured from the date of issuance of the remaining \$500,000 of proceeds under the September Note through the issuance of the shares under the Alco October Share Transfer Agreement on December 14, 2023 at which time the 180-day lock-up period commenced; a re-levered equity volatility estimated using guideline public companies of 52.0%; and a risk-free rate commensurate with the term of 5.4%. The put option models provided a DLOM range of 10.0% to 15.0% and the concluded DLOM was estimated to be 11.5%. The Company's expected percentage of completing the Merger on this date was 80%.

For the Alco November Promissory Note, the DLOM was estimated using the put option models described above and the following assumptions: a holding period for the shares of 208 days (approximately 0.60 years) measured from the issuance date of the November Note through the issuance of the shares under the November 2023 Share Transfer Agreement on December 14, 2023 at which time the 180-day lock-up period commenced; a re-levered equity volatility estimated using guideline public companies of 54.0%; and a risk-free rate commensurate with the term of 5.2%. The put option models provided a DLOM range of 9.5% to 15.0% and the concluded DLOM was estimated to be 11.5%. The Company's expected percentage of completing the Merger on this date was 100%.

For the Alco December Promissory Note, the DLOM was estimated using the put option models described above and the following assumptions: a holding period for the shares of 180 days (approximately 0.49 years) measured from the issuance date of the December Note through the issuance of the shares under the December 2023 Share Transfer Agreement on December 14, 2023 at which time the 180-day lock-up period commenced; a re-levered equity volatility estimated using guideline public companies of 47.0%; and a risk-free rate commensurate with the term of 5.2%. The put option models provided a DLOM range of 7.5% to 12.0% and the concluded DLOM was estimated to be 9.0%. The Company's expected percentage of completing its Business Combination on this date was 100%.

#### *April 2024 and May 2024 Amendment*

On April 18, 2024, the Company amended the Alco August Promissory Note and Alco November Promissory Note to extend the maturity dates of each note to May 31, 2024 (the "Alco April 2024 Amendment"). On May 30, 2024, both parties agreed to again amend the Alco August Promissory Note and Alco November Promissory Note to further amend the maturity date to the earlier of (a) August 29, 2024 or (b) the closing of the next transaction (an "Offering") in which the Company sells any of its Common Stock for cash with net proceeds of \$4,000,000 or greater or if the holder acquires Common Stock in an amount not less than the then outstanding balance of the Alco August Promissory Note and Alco November Promissory Note (the "Alco May 2024 Amendment"). The Company evaluated the terms of both the Alco April 2024 Amendment and Alco May 2024 Amendment (the "Alco 2024 Amendments") in accordance with ASC 470-60, Troubled Debt Restructurings, and ASC 470-50, Debt Modifications and Extinguishments. The Company determined that the Company was granted a concession by the lender based on the decrease of the effective borrowing rate on the Alco 2024 Amendments. Accordingly, the Company accounted for the Alco 2024 Amendments as troubled debt restructurings. As a result, the Company accounted for the troubled debt restructurings by calculating a new effective interest rate for the Alco 2024 Amendments based on the carrying amount of the debt and the present value of the revised future cash flows payment streams. The troubled debt restructurings did not result in recognition of a gain or loss in the consolidated statement of operations but does impact interest expense recognized in the future.

#### *September 2024 Alco Promissory Note Conversion and Settlement*

On September 19, 2024, the Company and Alco agreed to convert an aggregate balance of \$4,711,681 of debt inclusive of principal and accrued interest, representing the aggregate total balance outstanding to Alco as of that date (excluding the carrying value of debt discounts), into 282,420 shares of Class A Common Stock, Warrants to purchase up to 1,331,340 shares of Class A Common Stock and Pre-Funded Warrants to purchase up to 1,048,920 shares of Class A Common Stock (collectively, the "Alco Securities"), and in full settlement of the balance outstanding to Alco. The Company recognized the issuance of the Alco Securities, on September 19, 2024, in full settlement of all amounts owing to Alco. The grant date fair value of the Class A Common Stock, Warrants to purchase shares of Class A Common Stock and Pre-Funded Warrants to purchase shares of Class A Common Stock, were determined to be \$1,098,614, \$3,687,812, and \$4,080,194, respectively. As a result of this transaction, the Company recognized a loss on extinguishment of \$4,808,882, as of September 23, 2024, which was recognized as Loss on conversion and settlement of Alco promissory notes per the condensed consolidated statement of operations for the three months ended September 30, 2024.

#### Promissory Notes - 7GC

The Company assumed two promissory notes in connection with the Merger which remained outstanding as of December 31, 2023. On February 9, 2024, the \$2,540,091 balance was converted into 17,813 shares the Company's Class A Common Stock pursuant to the terms in the 7GC Promissory Notes.

#### Promissory Note - GEM

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

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

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

As of September 30, 2024, the Company has issued an aggregate of 40,001 shares of Class A Common Stock to GEM in lieu of monthly payment obligations and the remaining balance of the GEM Promissory Note as of September 30, 2024 is \$470,057 recorded in the convertible notes line on the unaudited consolidated balance sheet.

#### Convertible Promissory Notes (Yorkville)

On December 14, 2023, in connection with and pursuant to the terms of its Standby Equity Purchase Agreement ("SEPA") with YA II PN, LTD, a Cayman Islands exempt limited partnership managed by Yorkville Advisors Global, LP ("Yorkville"), (refer to Note 15 - *Equity* for further details), Yorkville agreed to advance to the Company, in exchange for convertible promissory notes, an aggregate principal amount of up to \$3,500,000, \$2,000,000 of which was funded at the Closing in exchange for the issuance by the Company of a Convertible Promissory Note (the "December Yorkville Convertible Note"). The Company received net proceeds of \$1,800,000 after a non-cash original issue discount of \$200,000.

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

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

On May 3, 2024, the Company and Yorkville entered into a Debt Repayment Agreement (the "Original Debt Repayment Agreement") with respect to the Yorkville Promissory Notes. Under the Original Debt Repayment Agreement, Yorkville agreed that, upon completion

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

On May 22, 2024, the Company and Yorkville entered into an Amended and Restated Debt Repayment Agreement (the "Amended Debt Repayment Agreement") with respect to the Yorkville Promissory Notes, which amends and restates the Original Debt Repayment Agreement. Under the Amended Debt Repayment Agreement, Yorkville has agreed that, upon completion of a registered offering and repayment of an aggregate \$750,000 outstanding under the Yorkville Promissory Notes (the "Amended Repayment Amount"), Yorkville will not deliver to the Company any Investor Notice (as defined in the SEPA) and will not exercise its right to convert the remainder of the amount outstanding under the Promissory Notes for a period commencing on the date of the closing of the offering and ending on the date that is 90 days thereafter (the "Stand-still Period"); provided that the Company will seek any consents necessary to allow Yorkville to issue Investor Notices or exercise its right to convert the remainder of the amount outstanding under the Promissory Notes after a period of 60 days following the closing of the offering. Under the Amended Debt Repayment Agreement, the Company and Yorkville also agreed to extend the maturity date of the Promissory Notes to the date that is 120 days after the closing of the offering and to satisfy the \$75,000 payment premium due in connection with an early redemption through the issuance of an Advance Notice for shares of Class A Common Stock (the "Q2 Prepayment Premium"). The Amended Debt Repayment Agreement was conditioned on the completion of the offering by May 29, 2024, which condition was satisfied upon the closing of the offering on May 28, 2024 (the "May 2024 Offering").

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

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

The Yorkville Promissory Notes have a maturity date (as modified by the Floor Price Reduction Agreement) of January 17, 2025, and accrue interest at 0% per annum, subject to an increase to 18% per annum upon events of default as defined in the agreement. As of September 30, 2024, no events of default have occurred.

Yorkville has the right to convert any portion of the outstanding principal into shares of Class A common stock at any time subsequent to the Stand-still Period through maturity. The number of shares issuable upon conversion is equal to the amount of principal to be converted (as specified by Yorkville) divided by the Conversion Price (as defined in the Standby Equity Purchase Agreement disclosure in Note 15). Yorkville will not have the right to convert any portion of the principal to the extent that after giving effect to such conversion, Yorkville would beneficially own in excess of 9.99% of the total number of shares of Class A common stock outstanding after giving effect to such conversion.

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

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

During January 2024, the Company's stock price per share fell below the then in effect Floor Price (as defined in the Standby Equity Purchase Agreement disclosure in Note 15) of \$2.00 for five trading days during a period of seven consecutive trading days (an Amortization Event under the terms of the December Yorkville Convertible Note agreement), thus triggering amortization payments under the terms of the December Yorkville Convertible Note. On January 24, 2024, Yorkville agreed to waive the Amortization Event trigger, prior to the date upon which any amortization payment would have been required. As discussed in the definitions below, the Floor Price was reset on February 14, 2024, in conjunction with the effective date of the Company's Registration Statement, at a price of \$0.294 per share of Common Stock, thus curing the Amortization Event condition.

During the three and nine months ended September 30, 2024, \$1,200,000 and \$2,000,000 of the full outstanding principal under the December Yorkville Convertible Note, respectively, was converted into 239,441 and 275,885 shares of Class A Common stock of the Company, respectively. During the three and nine months ended September 30, 2024, the full principal amount of \$1,000,000 under the February Yorkville Promissory Note was converted into 0 and 28,914, respectively, Class A Common stock of the Company. During the three and nine months ended September 30, 2024, the full outstanding principal amount of \$750,000 under the March Yorkville Promissory Note was converted into 149,863, Class A Common stock of the Company.

As of September 30, 2024 and December 31, 2023, the principal amount outstanding under the Yorkville Promissory Notes was \$0 and \$2,000,000, respectively. During the three and nine months ended September 30, 2024, the Company recorded interest expense of \$80,760 in connection with the Yorkville Promissory Notes, all of which was related to the Premium Advance.

The Yorkville Promissory Notes are required to be measured at fair value pursuant to ASC 480 *Distinguishing Liabilities from Equity* ("ASC 480") at the date of issuances and in subsequent reporting periods, due to the variable share-settled feature described above in which, if converted, the value to be received by Yorkville fluctuates based on something other than the fair value of the Company's common stock. The fair value of the Yorkville Promissory Notes as of September 30, 2024 and December 31, 2023 was \$— and \$1,766,000, respectively. The Company used a Monte Carlo simulation model in order to determine the Yorkville Promissory Note's fair value at December 31, 2023, with the following inputs: the fair value of the Company's common stock of \$1.88 on December 31, 2023, estimated equity volatility of 71%, the time to maturity of 0.46 years, a discounted market interest rate of 14%, a risk free rate of 5.28%, and probability of optional redemption 10.0%.

During the three and nine months ended September 30, 2024, the Company recorded a loss of \$115,000 and \$693,000, respectively, related to the change in fair value of the Yorkville Promissory Notes liability, respectively. As of September 30, 2024, the full outstanding balances of the Yorkville Promissory Notes have been converted into the Company's Class A Common stock and repaid.

#### **Term and Convertible Notes (CP BF) - related party**

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

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

The effective interest rate for the Term Note was 16% for three and nine months ended September 30, 2024 and 2023. For the three and nine months ended September 30, 2024, interest expense on the Term Note totaled \$264,235 and \$851,175, respectively, comprised of \$238,843 and \$772,550, respectively, of contractual interest and \$25,392 and \$78,625, respectively, for the amortization of the discount. For the three and nine months ended September 30, 2023, interest expense on the Term Note totaled \$287,116 and \$849,377, respectively, comprised of \$266,219 and \$789,982, respectively, of contractual interest and \$20,897 and \$59,395 respectively, for the amortization of the discount.

The effective interest rate for the CP BF Convertible Note and First Amendment Convertible Note was 16% for the three and nine months ended September 30, 2024 and 2023. For the three and nine months ended September 30, 2024, interest expense on the Convertible Notes totaled \$112,571 and \$350,430, respectively, comprised of \$104,314 and \$325,818, respectively, of contractual

interest and \$8,257 and \$24,612, respectively, for the amortization of the discount. For the three and nine months ended September 30, 2023, interest expense on the Convertible Notes totaled \$109,413 and \$309,564, respectively, comprised of \$102,498 and \$289,892, respectively, of contractual interest and \$6,915 and \$19,672, respectively, for the amortization of the discount.

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

#### *CP BF restructuring - related party*

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

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

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

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

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

The effective interest rate for the 2024 CP BF Convertible Note was approximately 15.8% for the three and nine months ended September 30, 2024. For the three and nine months ended September 30, 2024, interest expense on the 2024 CP BF Convertible Note totaled \$26,398 of contractual interest.

The following table presents the 2024 CP BF Convertible Note as of September 30, 2024:

Carrying value of the CB BF convertible notes	\$ 8,758,775
Accrued interest	26,398
<b>Total CB BF convertible notes and accrued interest</b>	<b>\$ 8,785,173</b>

The following table presents the Old CP BF convertible notes as of September 30, 2024:

Face value of the CB BF convertible notes	\$ 1,821,345
Debt discount, net	(17,370)
<b>Carrying value of the CB BF convertible notes</b>	<b>1,803,975</b>
Accrued interest	1,240,297
<b>Carrying value of the CB BF term note extinguished</b>	<b>(3,044,272)</b>
<b>Total CB BF convertible notes and accrued interest</b>	<b>\$ —</b>

The following table presents the Old CP BF convertible notes as of December 31, 2023:

Face value of the CB BF convertible notes	\$ 1,821,345
Debt discount, net	(41,983)
<b>Carrying value of the CB BF convertible notes</b>	<b>1,779,362</b>
Accrued interest	914,479
<b>Total CB BF convertible notes and accrued interest</b>	<b>\$ 2,693,841</b>

The following table presents the Old CP BF term note as of September 30, 2024:

Face value of the CB BF term note	\$ 6,500,000
Debt discount, net	(50,961)
<b>Carrying value of the CB BF term note</b>	<b>6,449,039</b>
Accrued interest	853,451
<b>Carrying value of the CB BF term note extinguished</b>	<b>(7,302,490)</b>
<b>Total CB BF term note and accrued interest</b>	<b>\$ —</b>

The following table presents the Old CP BF term note as of December 31, 2023:

Face value of the CB BF term note	\$ 6,500,000
Debt discount, net	(129,586)
<b>Carrying value of the CB BF term note</b>	<b>6,370,414</b>
Accrued interest	289,373
<b>Total CB BF term note and accrued interest</b>	<b>\$ 6,659,787</b>

#### **Term Notes (Agile)**

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

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

The July Agile Note and the September Agile Note are together referred to as the "Agile Notes".

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

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

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

Interest expense on the Agile Notes totaled \$127,936 for the three and nine months ended September 30, 2024 and is included in the fair value of the note.

The following presents the Agile Notes as of September 30, 2024:

	Fair Value
Balance at December 31, 2023	\$ —
Change in fair value	—
Balance at March 31, 2024	—
Change in fair value	—
Balance at June 30, 2024	—
Issuance of Agile term notes	1,050,000
Loss on debt issuance	390,000
Repayments in cash	(391,813)
Change in fair value	36,813
Balance at September 30, 2024	<u>\$ 1,085,000</u>
Outstanding principal balance as of September 30, 2024	\$ 786,124
Accrued interest as of September 30, 2024	\$ 127,936

#### **Convertible Notes (1800 Diagonal)**

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

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

The August 1800 Diagonal Note and the September 1800 Diagonal Note are together referred to as the "1800 Diagonal Notes".

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

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

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

Interest expense on the 1800 Diagonal Notes totaled approximately \$118,091 for the three and nine months ended September 30, 2024 and is included in the fair value of the note.

The following table presents the 1800 Diagonal Notes as of September 30, 2024

	Fair Value
Balance at December 31, 2023	\$ —
Change in fair value	—
Balance at March 31, 2024	—
Change in fair value	—
Balance at June 30, 2024	—
Issuance of 1800 Diagonal convertible notes	308,200
Loss on debt issuance	63,408
Repayments in cash	(20,608)
Change in fair value	(18,000)
Balance at September 30, 2024	<u>\$ 333,000</u>
Outstanding principal balance as of September 24, 2024	\$ 254,365
Accrued interest as of September 24, 2024	\$ 118,091

## 12. Warrant Liabilities

### Public Warrants

The Company assumed 230,000 Public Warrants in the Merger which remained outstanding as of September 30, 2024. The Public Warrants have an exercise price of \$575.00 per share, subject to adjustments, and will expire five years from the Merger Closing Date. The exercise price and number of shares of Class A common stock issuable upon exercise of the warrants may be adjusted in certain circumstances including in the event of a share dividend, or recapitalization, reorganization, merger or consolidation.

The Company will not be obligated to deliver any shares of Class A Common Stock pursuant to the exercise of a Public Warrant and will have no obligation to settle such Public Warrant exercise unless a registration statement under the Securities Act with respect to the shares of Class A Common Stock underlying the Public Warrants is then effective and a prospectus relating thereto is current, subject to the Company's satisfying its obligations described below with respect to registration, or a valid exemption from registration is

available. No Public Warrant will be exercisable and the Company will not be obligated to issue a share of Class A Common Stock upon exercise of a Public Warrant unless the shares of Class A Common Stock issuable upon such Public Warrant exercise has been registered, qualified, or deemed to be exempt under the securities laws of the state of the registered holder of the Public Warrants. In the event that the conditions in the two immediately preceding sentences are not satisfied with respect to a Public Warrant, the holder of such Public Warrant will not be entitled to exercise such Public Warrant and such Public Warrant may have no value and expire worthless. In no event will the Company be required to net cash settle any Public Warrant. The Resale Registration statement went effective on February 14, 2024. As the Resale Registration Statement was declared effective within the contractual 60-day term upon closing of the Merger, no "cashless basis" exercises were triggered during the period ended September 30, 2024.

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

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

- in whole and not in part;
- at a price of \$25.00 per Warrant;
- upon a minimum of 30 days' prior written notice of redemption (the "30-day redemption period"); and
- if, and only if, the closing price per share of Class A Common Stock equals or exceeds \$900.00 per share (as adjusted for adjustments to the number of shares issuable upon exercise or the exercise price of a Public Warrant as described under the heading "- Warrants—Public Stockholder Warrants—Anti-dilution Adjustments") for any 20 trading days within a 30-trading day period ending three trading days before the Company sends the notice of redemption to the warrant holders.

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

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

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

#### *GEM Financing Arrangement*

In association with the GEM Letter, see *Note 11 - Debt* for further details, at Closing, the GEM Warrant automatically became an obligation of the Company, and on December 15, 2023, the Company issued the GEM Warrant granting GEM the right to purchase 16,571 shares at an exercise price of \$324.50 per share. The exercise price will be adjusted to 105% of the then-current exercise price if on the one-year anniversary date of the Closing Date of the merger, the GEM Warrant has not been exercised in full and the average closing price per share of Class A Common Stock for the 10 days preceding the anniversary date is less than 90% of the initial exercise price. GEM may exercise the GEM Warrant at any time and from time to time until December 14, 2026. The terms of the GEM Warrant provide that the exercise price of the GEM Warrant, and the number of shares of Class A Common Stock for which the GEM Warrant may be exercised, are subject to adjustment to account for increases or decreases in the number of outstanding shares of New Banzai Common Stock resulting from stock splits, reverse stock splits, consolidations, combinations and reclassifications. Additionally, the GEM Warrant contains weighted average anti-dilution provisions that provide that if the Company issues shares of common stock, or securities convertible into or exercisable or exchange for, shares of common stock at a price per share that is less than 90% of the exercise price then in effect or without consideration, then the exercise price of the GEM Warrant upon each such issuance will be adjusted to the price equal to 105% of the consideration per share paid for such common stock or other securities. In the event of a Change of Control, if the Surviving Corporation does not have registered class of equity securities and common shares listed on a U.S. national securities exchange, then the Holder is entitled to receive one percent of the total consideration received by the Company's stockholders and the GEM Warrants will expire upon payment.

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

The measurement of fair value was determined utilizing a Monte Carlo simulation considering all relevant assumptions current at the date of issuance (i.e., share price, exercise price, term, volatility, risk-free rate, probability of dilutive term of three years, and expected time to conversion). As of September 30, 2024 and December 31, 2023, the fair value of the Warrants, as determined by the Monte Carlo simulation option pricing model, were \$47,000 and \$641,000, respectively.

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

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

### **13. Simple Agreements for Future Equity**

#### *Simple Agreements for Future Equity - Related Party*

During 2021, the Company entered into Simple Agreements for Future Equity (SAFE) arrangements with related parties Alco and DNX (See *Note 11 - Debt*, for a description of the related party relationship with these entities) (the "Related Party SAFEs") pursuant to which the Company received gross proceeds in the amount of \$3,567,000. In the event of an Equity Financing (as defined in the SAFEs agreements), the Related Party SAFEs will automatically convert into shares of the Company's common or preferred stock at a discount of 15% of the per share price of the shares offered in the Equity Financing (the "Discount Price"). In the event of a Liquidity Event, SPAC Transaction or Dissolution Event (all terms as defined in the SAFEs agreements), the holders of the Related Party SAFEs will be entitled to receive cash or shares of the Company's common or preferred stock. The Related Party SAFEs were recorded as a liability in accordance with the applicable accounting guidance as they are redeemable for cash upon contingent events that are outside of the Company's control. The initial fair value of the Related Party SAFE liability was \$3,567,000. Subsequent changes in fair value at each reporting period are recognized in the consolidated statement of operations. For the three and nine months ended September 30, 2023, the Company recognized a gain of \$3,139,564 and a loss of \$1,927,007, respectively, for the change in fair value of the Related Party SAFE liability, respectively.

The Company utilizes a combination of scenario-based methods and Monte Carlo simulation to determine the fair value of the Related Party SAFE liability as of the valuation dates. Key inputs into these models included the timing and probability of the identified scenarios, and for Black-Scholes option pricing models used for notes that included a valuation cap, equity values, risk-free rate and volatility.

On December 14, 2023, all outstanding principal related to the Related Party SAFEs at a carrying value of \$6,049,766 converted into 11,040 shares the Company's Class A Common Stock pursuant to the close of the Merger Agreement and application of the exchange ratio.

#### *Simple Agreements for Future Equity - Third Party*

During 2021, the Company entered into Simple Agreements for Future Equity (SAFE) arrangements with third party investors (the "Third Party SAFEs") pursuant to which the Company received gross proceeds in the amount of \$269,000. In the event of an Equity Financing (as defined in the SAFEs agreements), the Third Party SAFEs will automatically convert into shares of the Company's common or preferred stock at a discount of 15% of the per share price of the shares offered in the Equity Financing (the "Discount Price"). In the event of a Liquidity Event, SPAC Transaction or Dissolution Event (all terms as defined in the SAFEs agreements), the holders of the Third Party SAFEs will be entitled to receive cash or shares of the Company's common or preferred stock. The Third Party SAFEs were recorded as a liability in accordance with the applicable accounting guidance as they are redeemable for cash upon contingent events that are outside of the Company's control. The initial fair value of the Third Party SAFE liability was \$269,000. Subsequent changes in fair value at each reporting period are recognized in the Consolidated Statement of Operations. For the three and

nine months ended September 30, 2023, the Company recognized a gain of \$276,436 and a loss of \$184,993, respectively, for the change in fair value of the Third Party SAFE liability.

The Company utilizes a combination of scenario-based methods and Monte Carlo simulation to determine the fair value of the Third Party SAFE liability as of the valuation dates. Key inputs into these models included the timing and probability of the identified scenarios, and for Black-Scholes option pricing models used for notes that included a valuation cap, equity values, risk-free rate and volatility.

On December 14, 2023, all outstanding principal related to the Third Party SAFEs at a carrying value of \$456,234 converted into 833 shares the Company's Class A Common Stock pursuant to the close of the Merger Agreement and application of the exchange ratio.

#### 14. Commitments and Contingencies

##### Leases

The Company has operating leases for its real estate across multiple states. The operating leases have remaining lease terms of approximately 0.08 years as of September 30, 2024 and consist primarily of office space.

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

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

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

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

The components of lease expense for the three months ended September 30, 2024 and 2023, are as follows:

Components of lease expense:	For the Three Months Ended September 30,	
	2024	2023
Operating lease cost	\$ 44,999	\$ 49,394
Sublease income	(12,000)	(51,083)
Total lease (income) cost	\$ 32,999	\$ (1,689)

The components of lease expense for the nine months ended September 30, 2024 and 2023, are as follows:

Components of lease expense:	For the Nine Months Ended September 30,	
	2024	2023
Operating lease cost	\$ 138,383	\$ 151,282
Sublease income	(117,084)	(153,248)
Total lease (income) cost	\$ 21,299	\$ (1,966)

Supplemental cash flow information related to leases are as follows:

<b>Supplemental cash flow information:</b>	<b>For the Nine Months Ended September 30,</b>	
	<b>2024</b>	<b>2023</b>
Cash paid for amounts included in the measurement of lease liabilities:		
Non-cash lease expense (operating cash flow)	\$ 131,627	\$ 129,705
Change in lease liabilities (operating cash flow)	(231,691)	(211,204)

Supplemental balance sheet information related to leases was as follows:

<b>Operating leases:</b>	<b>September 30, 2024</b>	<b>December 31, 2023</b>
Operating lease right-of-use assets	\$ 2,386	\$ 134,013
Operating lease liability, current	2,352	234,043
Total operating lease liabilities	<u>\$ 2,352</u>	<u>\$ 234,043</u>

  

<b>Weighted-average remaining lease term:</b>	<b>September 30, 2024</b>	<b>December 31, 2023</b>
Operating leases (in years)	0.08	0.76

  

<b>Weighted-average discount rate:</b>	<b>September 30, 2024</b>	<b>December 31, 2023</b>
Operating leases	10.16%	6.76%

Future minimum lease payments under non-cancellable lease as of September 30, 2024, are as follows:

<b>Maturities of lease liabilities:</b>	
Year Ending December 31,	
Remainder of 2024	\$ 2,372
Total undiscounted cash flows	2,372
Less discounting	(20)
Present value of lease liabilities	<u>\$ 2,352</u>

#### **Cantor Fee Agreement**

In connection with the Merger, 7GC previously agreed to pay Cantor Fitzgerald & Co. ("Cantor" or "CF&CO") an Original Deferred Fee of \$8,050,000 as deferred underwriting commissions. On November 8, 2023, Cantor and 7GC entered into a Fee Reduction Agreement, pursuant to which Cantor agreed to forfeit \$4,050,000 of the \$8,050,000 Original Deferred Fee, with the remaining \$4,000,000 Reduced Deferred Fee payable by Banzai to Cantor following the Closing of the Merger.

Pursuant to the Fee Reduction Agreement, the Company agreed to use its reasonable best efforts to have the registration statement declared effective by the SEC by the 120th calendar day after December 29, 2023, the date of the initial filing thereof, and to maintain the effectiveness of such registration statement until the earliest to occur of (i) the second anniversary of the date of the effectiveness thereof, (ii) the Cantor Fee Shares shall have been sold, transferred, disposed of or exchanged by Cantor, and (iii) the Cantor Fee Shares issued to Cantor may be sold without registration pursuant to Rule 144 under the Securities Act (such obligations, the "Cantor Registration Rights Obligations").

Although the Company issued the Cantor Fee Shares, as of September 30, 2024, the Company has not satisfied its Cantor Registration Rights Obligations. As such, the Company cannot conclude that it has settled its outstanding obligations to Cantor. Therefore, neither criteria under ASC 405 for extinguishment and derecognition of the liability were satisfied and the \$4,000,000 Reduced Deferred Fee remained outstanding as a current liability on the Company's September 30, 2024 condensed consolidated balance sheet.

At each interim and annual period after December 31, 2023, the Company will monitor its compliance with the Cantor Registration Rights Obligations to determine whether the entire amount of the Reduced Deferred Fee has become due and payable in cash, or the Company's obligations have been satisfied and the remaining liability should be derecognized. At such time as the Company's obligations under the Fee Reduction Agreement have been satisfied the relief of the liability will be recorded through equity.

### ***Roth Addendum to Letter Agreements***

On October 5, 2022, the Company engaged Roth Capital Partners, LLC ("Roth") to act as financial advisor to the Company in its then proposed business combination with 7GC & Co. Holdings, Inc. ("7GC"), pursuant to an agreement (the "Roth Agreement"). On October 14, 2022, 7GC entered into a similar agreement where MKM Partners, LLC, later acquired by Roth, would act as financial advisor to 7GC in its then proposed business combination with the Company (the "7GC Agreement", together with the Roth Agreement, the "Letter Agreements"). On February 2, 2024, the Company entered into an Addendum to the Letter Agreements with Roth (the "Addendum"), where the Company agreed to pay the fees owed under the Roth Agreement and 7GC Agreement by (1) issuing to Roth 175,000 Shares and amending the Company's registration statement on Form S-1 filed with the SEC on December 29, 2023 to include the initial 175,000 Shares to be issued, and 600,000 Shares that may be issued as additional shares, as defined in the Addendum, to Roth, and (2) on or before June 30, 2024, the Company shall pay to Roth an amount in cash equal to \$300,000 (the "Cash Fee"); provided that, if, as a result of the Company's cash position at such time, the Company determines in its reasonable discretion that the cash payment should not be made in cash, then the Company may elect to satisfy the cash payment by issuing to Roth, within three business days of such date, additional Shares. The number of Shares to be issued pursuant to the Addendum shall be determined by dividing the amount of the cash payment by the VWAP for the trading day immediately preceding the cash payment date. On September 6, 2024, the Company issued 35,294 Shares to Roth in lieu of the Cash Fee. The Shares are exempt from registration pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended, and are to be issued as restricted stock with an appropriate restrictive legend. As of September 30, 2024, the Company has issued 35,294 Shares to Roth to satisfy the Cash Fee. No gain or loss was recognized upon the settlement of the outstanding debt and all obligations to Roth have been relieved as of September 30, 2024.

### ***Investor Relations Consulting Agreement with MZHCI, LLC***

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

### ***Repayment Plans***

From August 23, 2024 to September 23, 2024 the Company entered into various agreements (the "Settlement Agreements") to reorganize outstanding debt from certain creditors (collectively, the "Creditors") into shares of the Company's Class A Common Stock (the "Shares") (collectively, the "Debt Reorganization"). The Shares issued as part of the Debt Reorganization are a mix of Shares that are to be registered with the Securities and Exchange Commission (the "SEC") in a registration statement on Form S-1 and Shares that are exempt from registration. The Company's registration statement on Form S-1 was filed with the SEC on October 16, 2024 and has not yet become effective as of the date these financial statements were issued. As of September 30, 2024, the Company has issued an aggregate of 346,791 Shares of Common Stock and an aggregate 2,380,260 Warrants to the Creditors in exchange for the cancellation of an aggregate of \$4,472,738 of debt.

### ***Amended and Restated Repayment Agreement with J.V.B Financial Group, LLC***

On September 9, 2024, the Company entered into a Repayment Agreement (the "Original J.V.B Agreement") with J.V.B Financial Group, LLC ("J.V.B") acting through Cohen & Company Capital Markets Division ("Cohen"), pursuant to which the parties agreed that for services previously rendered valued at \$115,000.00 (the "Outstanding Debt"), the Company shall issue J.V.B. unrestricted, freely-trading, registered shares of Common Stock pursuant to a resale registration statement on Form S-1 or S-3. On September 9, 2024, the Company and J.V.B. entered into an Amended and Restated Repayment Agreement (the "Amended J.V.B Agreement") that allowed for the Outstanding Debt to be paid through the issuance of 29,077 Shares to J.V.B. Under the Amended J.V.B. Agreement, the Company agreed to file a Registration Statement on Form S-1 with the SEC for the public resale of the Shares. The Company shall use reasonable best efforts to cause the Registration Statement (the "Resale Registration Statement") to be filed within 90 days after the signing of the Amended J.V.B. Agreement. If the minimum price, as defined in the Amended J.V.B. Agreement, on the date the Resale Registration Statement is declared effective is less than \$0.0791, the Company will issue additional Shares to J.V.B. within one business day to ensure the total value of the Shares is equal the debt owed. Additionally, in the event the Company enters into any side agreements with another service provider that contains more favorable terms than the rights established under the Amended J.V.B. Agreement, J.V.B. is entitled to elect to receive the same rights granted in any such side agreement. As of September 30, 2024, the Company has issued 29,077 Shares to J.V.B. in exchange for the cancellation of the Outstanding Debt. No gain or loss was recognized upon the settlement of the outstanding debt and all obligations to J.V.B. have been relieved as of September 30, 2024.

#### *Agreement with Alco*

On September 19, 2024, the Company and Alco agreed to convert an aggregate balance of \$4,711,681 of debt, representing the aggregate total balance outstanding to Alco as of that date (excl. the carrying value of debt discounts), into 282,420 shares of Class A Common Stock, Warrants to purchase up to 1,331,340 shares of Class A Common Stock and Pre-Funded Warrants to purchase up to 1,048,920 shares of Class A Common Stock (collectively, the "Alco Securities"), and in full settlement of the balance outstanding to Alco. The Company recognized the issuance of the Alco Securities, on September 19, 2024, in full settlement of all amounts owing to Alco. The grant date fair value of the Class A Common Stock, Warrants to purchase shares of Class A Common Stock and Pre-Funded Warrants to purchase shares of Class A Common Stock, were determined to be \$1,098,614, \$3,687,812, and \$4,080,194, respectively. As a result of this transaction, the Company recognized a loss on extinguishment of \$4,808,882, as of September 23, 2024, which was recognized as Loss on conversion and settlement of Alco promissory notes per the condensed consolidated statement of operations for the three months ended September 30, 2024.

#### *Repayment Agreement with Perkins Coie LLP*

On September 9, 2024, the Company entered into a Repayment Agreement (the "Perkins Repayment Agreement") where the Company agreed to issue \$1,385,000.00 worth of Shares, which the Company shall register in a registration statement on Form S-1 within 60 days of entering into the Perkins Repayment Agreement. Under the Perkins Repayment Agreement, the Company agrees to include no fewer than 460,000 Shares, subject to adjustment, in its next registration statement on Form S-1 for public resale and will use reasonable best efforts to ensure the Registration Statement becomes effective promptly and remains effective until all Shares issued under the Perkins Repayment Agreement are sold. The Company's registration statement on Form S-1 was filed with the SEC on October 16, 2024 and has not yet become effective as of the date these financial statements were issued. As of September 30, 2024, the Company has not issued any Shares to Perkins and as such the liability balance of \$1,385,000 remains.

#### *Activate Agreement*

The Company owed Activate, Inc. \$261,200 for past services rendered. The parties agreed to write off 50% of that balance and for the remaining balance to be paid at the close of the Company's next capital raise. During the three months ended September 30, 2024, the Company recorded a gain on settlement of \$130,500.

#### *Repayment Agreement with Cooley LLP*

On September 19, 2024 the Company entered into a Repayment Agreement with Cooley LLP ("Cooley") for previously provided legal services (the "Cooley Repayment Agreement"). Under the Cooley Repayment Agreement, the Company's outstanding fees have been lowered from \$1,523,029.39 to \$400,000.00 (the "Cooley Unpaid Fee") in exchange for 11 monthly installments of \$36,300.00, with the first payment to be made on October 1, 2024. If payments are not made in accordance with the Repayment Agreement, Cooley retains the right to seek to collect the entire original outstanding fee balance. As such, in accordance with ASC 470-60, no gain on settlement will be recorded until all payments have been made as required and the potential obligation to pay the amounts written off are eliminated.

#### *Settlement Letter with CohnReznick LLP*

On September 19, 2024, the Company entered into a Settlement Letter with CohnReznick LLP ("CohnReznick") regarding the Company's unpaid balance totaling \$817,400 for services rendered in connection with the 7GC business combination with the Company (the "Settlement Letter"). Under the Settlement Letter, the Company and CohnReznick agreed to settle the total unpaid balance due, upon CohnReznick's receipt of \$450,000 (the "Settlement Amount"), which will be paid in 15 equal monthly installments of \$30,000.00. In consideration of the Settlement Letter, CohnReznick has agreed to not to pursue collection efforts now or at any time in the future, except as otherwise provided in the Settlement Letter. If payments are not made in accordance with the Settlement Letter, the unpaid portion of the total unpaid balance will immediately become due and payable. As such, in accordance with ASC 470-60, no gain on settlement will be recorded until all payments have been made as required and the potential obligation to pay the amounts written off are eliminated.

#### *Repayment Agreement with Sidley Austin LLP*

On September 19, 2024, the Company entered into a Repayment Agreement with Sidley Austin LLP ("Sidley") for previously provided legal services (the "Sidley Repayment Agreement"). Under the Sidley Repayment Agreement, the Company's outstanding fees have been lowered from \$4,815,979.37 to \$1,605,326.00 (the "Sidley Unpaid Fee"). Under the Sidley Repayment Agreement, the Company agrees to 12 monthly payments that Sidley applies to the balance of the Sidley Unpaid Fee on a 2 for 1 basis, such that for every one dollar (\$1.00) paid by Company, Sidley shall reduce the Sidley Unpaid Fee Amount by an additional two dollars (\$2.00). If payments

are not made in accordance with the Sidley Repayment Agreement, the shortfall shall accrue interest at a rate of 12% per annum, compounded daily, until such payment is made. As such, in accordance with ASC 470-60, no gain on settlement will be recorded until all payments have been made as required and the potential obligation to pay the amounts written off are eliminated.

#### *Repayment Agreement with Donnelley Financial LLC*

On September 13, 2024, the Company entered into a Repayment Agreement with Donnelley Financial LLC ("Donnelley") for previously provided services (the "Donnelley Repayment Agreement"). Under the Donnelley Repayment Agreement, the Company's outstanding fees have been lowered from \$1,072,147.75 to \$357,025.20 (the "Donnelley Unpaid Fee"). The Donnelley Unpaid Fee will be paid in 12 monthly installments, with the first monthly payment of \$45,000.00 due on October 1, 2024; the remaining 11 payments shall each be in the amount of \$28,365.93. Under the Donnelley Repayment Agreement, the original outstanding fee balance shall become immediately due and payable upon the occurrence of certain events, including failure to make a payment of the Donnelley Unpaid Fee when due and failure to pay for any additional services. As such, in accordance with ASC 470-60, no gain on settlement will be recorded until all payments have been made as required and the potential obligation to pay the amounts written off are eliminated.

#### *Repayment Agreement with Verista Partners, Inc.*

On August 26, 2024, the Company entered into a Repayment Agreement with Verista Partners, Inc. aka Winterberry Group, ("Verista" or "Winterberry") for previously provided services (the "Verista Repayment Agreement"). Under the Verista Repayment Agreement, the Company's outstanding fees are \$196,666.00 (the "Verista Unpaid Fee"). The Company and Verista have agreed that the Verista Unpaid Fee will be repaid with \$66,666.00 worth of Shares of the Company, and \$130,000.00 in 16 equal cash installment payments of \$8,125.00, beginning on October 1, 2024, and on the first day of each month thereafter through January 1, 2026. As of September 30, 2024, the Company has not issued any Shares or installment payments to Verista.

#### **Legal Matters**

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

### **15. Equity**

#### **Class A and B Common Stock**

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

As discussed in Note 4 - Reverse Merger Capitalization with 7GC & Co. Holdings Inc., the Company has retroactively adjusted the shares issued and outstanding prior to December 14, 2023 to give effect to the Exchange Ratio to determine the number of shares of Company Common Stock into which they were converted.

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

There were 4,303,443 shares (1,992,309 Class A common stock and 2,311,134 Class B common stock) issued and outstanding at September 30, 2024 and 2,585,297 shares (274,163 Class A common stock and 2,311,134 Class B common stock) issued and outstanding at December 31, 2023.

#### *May 22, 2024 Equity Financing*

On May 22, 2024, Banzai entered into a securities purchase agreement with accredited investors, providing for the issuance and sale of 104,556 shares of the Company's Class A common stock ("Common Stock") 173,223 pre-funded warrants (the "Pre-Funded Warrants"), and 277,778 common warrants (the "Common Warrants") in a registered direct offering priced at-the-market under Nasdaq rules for a purchase price of \$9.00 per share (the "May 2024 Offering"). The Common Warrants have an exercise price of \$9.00 per share and the Pre-Funded Warrants have an exercise price of \$0.005 per share, are initially exercisable immediately on the

date of issuance (the "Initial Exercise Date"). The Common Warrants expire five years from the Initial Exercise Date while the Pre-Funded Warrants do not expire. The aggregate gross proceeds to the Company from the May 2024 Offering were approximately \$2.5 million. The Company used the net proceeds from the May 2024 Offering for working capital and general corporate purposes. The closing of the sale of these securities occurred on May 28, 2024. The securities were issued pursuant to the Company's registration statement on Form S-1/A filed with the SEC on May 16, 2024 (File No. 333-278871) and became effective on May 21, 2024. As of September 30, 2024 all Pre-Funded warrants were exercised.

A.G.P./Alliance Global Partners ("AGP") acted as placement agent for the May 2024 Offering, pursuant to a placement agency agreement, dated May 22, 2024, between the Company and AGP (the "Placement Agency Agreement"). Under the Placement Agency Agreement, AGP received a fee in the form of (a) a cash fee equal to 7.0% of the aggregate purchase price paid by each purchaser of securities that were sold in the May 2024 Offering (the "Cash Fee"); provided, however, that the Cash Fee was reduced by an amount equal to \$25,000 to be paid to the Company's financial advisor, and (b) warrants (the "Placement Agent Warrants") to purchase Class A Common Stock equal to 6% of the aggregate number of shares of Class A Common Stock sold in the May 2024 Offering at an exercise price per share equal to 110% of the price per share of Class A Common Stock sold in the May 2024 Offering. The Company recognized the Placement Agent Warrants as a stock issuance cost as they are issued for services in connection with an offering.

The Company additionally incurred approximately \$409,000 of legal fees associated with the May 2024 Offering which is recognized as a stock issuance cost and reflected as a reduction within additional paid-in capital.

#### *May 22, 2024 Common Warrants*

As discussed above, on May 22, 2024, in conjunction with the issuance and sale of 104,556 shares of the Company's Class A common stock, the Company issued 277,778 Common Warrants which did not meet the definition of a liability pursuant to ASC 480 and met all of the requirements for equity classification under ASC 815 as such were classified in stockholder's equity. The measurement of fair value of the Common Warrants were determined utilizing a Black-Scholes model considering all relevant assumptions current at the date of issuance (i.e., share price of \$9.00, exercise price of \$9.00, term of five years, volatility of 87%, risk-free rate of 4.6%, and expected dividend rate of 0%). The relative fair value of these Common Warrants, net of issuance costs, on date of issuance was estimated to be approximately \$722,000 and is reflected within additional paid-in capital.

#### *May 22, 2024 Pre-Funded Warrants*

As discussed above, on May 22, 2024, in conjunction with the issuance and sale of 104,556 shares of the Company's Class A common stock, the Company issued 173,223 Pre-Funded Warrants which did not meet the definition of a liability pursuant to ASC 480 and met all of the requirements for equity classification under ASC 815 as such were classified in stockholder's equity. The measurement of fair value of the Pre-Funded Warrants were determined as the intrinsic value calculated as the common stock price on the issuance date minus the exercise price. The relative fair value of these Pre-Funded Warrants, net of issuance costs, on date of issuance was estimated to be approximately \$660,000 and is reflected within additional paid-in capital. On May 28, 2024 the Pre-Funded warrants were exercised.

#### *May 22, 2024 Placement Agent Warrants*

As discussed above, on May 22, 2024, in conjunction with the issuance and sale of 104,556 shares of the Company's Class A common stock and Pre-Funded Warrants, the Company issued 16,667 Placement Agent Warrants. As the Placement Agent Warrants were issued for services provided in facilitating the May 2024 Offering, the Company recorded the fair value of such Placement Agent Warrants of approximately \$100,000 as a cost of capital on the issuance date. The measurement of fair value was determined utilizing a Black-Scholes model considering all relevant assumptions current at the date of issuance (i.e., share price of \$9.00, exercise price of \$9.00, term of five years, volatility of 87%, risk-free rate of 4.6%, and expected dividend rate of 0%).

#### *September 24, 2024 Equity Financing*

On September 24, 2024, Banzai entered into a securities purchase agreement with an institutional investor for the issuance and sale in a private placement (the "Private Placement") of (i) pre-funded warrants ("Q3 2024 Pre-Funded Warrants") to purchase up to 1,176,471 shares of Common Stock, at an exercise price of \$0.001 per share, (ii) Series A warrants (the "Series A Warrants") to purchase up to 1,176,471 shares of Common Stock, at an exercise price of \$4.00 per share, and (iii) Series B warrants (the "Series B Warrants") to purchase up to 1,176,471 shares of Common Stock at an exercise price of \$4.00 per share. The Series A Warrants are exercisable immediately upon issuance and have a term of exercise equal to five years from the date of issuance. The Series B Warrants are exercisable immediately upon issuance and have a term of exercise equal to eighteen (18) months from the date of issuance. The combined purchase price per Q3 2024 Pre-Funded Warrant and accompanying Series A Warrants and Series B Warrants was \$4.249. The Private Placement closed on September 26, 2024. On September 26, 2024, the securities were issued pursuant to the Company's registration statement on Form S-1 that was filed with the SEC on October 4, 2024 (File No. 333-282506) and became effective on October 10, 2024. The aggregate gross proceeds to the Company from the Private Placement were approximately \$5.0 million. The

Company incurred approximately \$0.6 million of transaction fees which are recognized as a stock issuance cost and reflected as a reduction within additional paid-in capital. The net proceeds to the Company from the Private Placement were approximately \$4.4 million.

H.C. Wainwright & Co., LLC ("Wainwright") acted as the Company's exclusive placement agent in connection with the Private Placement, pursuant to that certain engagement letter, dated as of September 12, 2024, as amended, between the Company and Wainwright (the "Engagement Letter"). Pursuant to the Engagement Letter, the Company shall not sell equity securities without prior consent from Wainwright. The Company paid Wainwright (i) a total cash fee equal to 7.5% of the aggregate gross proceeds of the Private Placement (inclusive of the gross proceeds to be received from the exercise of any Warrants), (ii) a management fee of 1.0% of the aggregate gross proceeds of the Private Placement (inclusive of the gross proceeds to be received from the exercise of any Q3 2024 Pre-Funded Warrants, Series A Warrants, or Series B Warrants), and (iii) a non-accountable expense allowance of \$50,000. In addition, the Company issued to Wainwright or its designees warrants (the "Q3 2024 Placement Agent Warrants") to purchase up to an aggregate of 88,235 shares of Common Stock at an exercise price equal to \$5.3125 per share and, if any Q3 2024 Pre-Funded Warrants, Series A Warrants, or Series B Warrants are exercised for cash will be obligated to issue to Wainwright additional Q3 2024 Placement Agent Warrants equal to 7.5% of the total Q3 2024 Pre-Funded Warrants, Series A Warrants, or Series B Warrants exercised, if any. The Q3 2024 Placement Agent Warrants have substantially the same terms as the Q3 2024 Pre-Funded Warrants, Series A Warrants, and Series B Warrants, are exercisable immediately upon issuance and have a term of exercise equal to five (5) years from the date of issuance. The Company will recognize the Q3 2024 Placement Agent Warrants as a stock issuance cost as they are issued for services in connection with an offering.

#### *September 26, 2024 Series A Warrants and Series B Warrants*

As discussed above, on September 26, 2024, the Company issued a total of 2,352,942 Series A and B Warrants which did not meet the definition of a liability pursuant to ASC 480 and met all of the requirements for equity classification under ASC 815 as such were classified in stockholder's equity. The measurement of fair value of the Series A and B Warrants were determined utilizing a Black-Scholes model considering all relevant assumptions current at the date of issuance (i.e., share price of \$6.08, exercise price of \$4.00, term of 5 years for the Series A Warrants and 1.5 years for the Series B Warrants, volatility of 90% for the Series A Warrants and 132% for the Series B Warrants, risk-free rate of 3.6% for the Series A Warrants and 3.8% for the Series B Warrants, and expected dividend rate of 0.0%). The relative fair value of these Series A and Series B Warrants, net of issuance costs, on date of issuance was estimated to be approximately \$2,372,000 and is reflected within additional paid-in capital.

#### *September 26, 2024 Pre-Funded Warrants*

As discussed above, on September 26, 2024, the Company issued 1,176,471 Q3 2024 Pre-Funded Warrants which did not meet the definition of a liability pursuant to ASC 480 and met all of the requirements for equity classification under ASC 815 as such were classified in stockholder's equity. The measurement of fair value of the Q3 2024 Pre-Funded Warrants were determined as the intrinsic value calculated as the common stock price on the issuance date minus the exercise price. The relative fair value of these Pre-Funded Warrants, net of issuance costs, on date of issuance was estimated to be approximately \$1,638,000 and is reflected within additional paid-in capital.

#### *September 26, 2024 Placement Agent Warrants*

As discussed above, on September 26, 2024, the Company issued 88,235 Q3 2024 Placement Agent Warrants. As the Q3 2024 Placement Agent Warrants were issued for services provided in facilitating the Private Placement, the Company recorded the fair value of such Q3 2024 Placement Agent Warrants of approximately \$393,000 as a cost of capital on the issuance date. The measurement of fair value was determined utilizing a Black-Scholes model considering all relevant assumptions current at the date of issuance (i.e., share price of \$6.08, exercise price of \$5.31, term of 5 years, volatility of 90%, risk-free rate of 3.6%, and expected dividend rate of 0.0%).

#### *September 2024 Alco Promissory Note Conversion and Settlement*

As discussed per *Note 11 - Debt*, on September 19, 2024, the Company issued 282,420 shares of Class A Common Stock, Warrants to purchase up to 1,331,340 shares of Class A Common Stock and Pre-Funded Warrants to purchase up to 1,048,920 shares of Class A Common Stock (collectively, the "Alco Securities") to Alco, in full settlement of all amounts outstanding to Alco. The grant date fair value of the Class A Common Stock, Warrants to purchase up shares of Class A Common Stock and Pre-Funded Warrants to purchase shares of Class A Common Stock, were determined to be \$1,098,614, \$3,687,812, and \$4,080,194, respectively. The measurement of fair value of the Class A Common Stock Warrants was determined utilizing a Black-Scholes model considering all relevant assumptions current at the date of issuance (i.e., share price of \$3.89 - Determined as the negotiated share price calculated using a 5 day average price preceding September 20, 2024, exercise price of \$4.02, term of 5 years, volatility of 87%, risk-free rate of 3.5%, and expected dividend rate of 0.0%).

## September 2024 CP BF Conversion and Settlement

As discussed per Note 11 - Debt, on September 23, 2024, the Company issued 260,849 shares of Class A Common Stock, Warrants to purchase up to 565,553 shares of Class A Common Stock and Pre-Funded Warrants to purchase up to 304,704 shares of Class A Common Stock to CP BF, in settlement of \$2,000,000 of the outstanding debt. The grant date fair value of the Class A Common Stock, CP BF Warrant and CP BF Pre-Funded Warrant to purchase shares of Class A Common Stock, were determined to be \$1,014,703, \$1,185,268, and \$1,577,893, respectively. The measurement of fair value of the Class A Common Stock Warrants was determined utilizing a Black-Scholes model considering all relevant assumptions current at the date of issuance (i.e., share price of \$3.89, exercise price of \$3.89, term of 5 years, volatility of 87%, risk-free rate of 3.5%, and expected dividend rate of 0.0%). The measurement of fair value of the CP BF Pre-Funded Warrants were determined as the intrinsic value calculated as the common stock VWAP used in negotiations on the issuance date minus the exercise price.

### Preferred Stock

The Company is authorized to issue 75,000,000 shares of preferred stock with a par value of \$0.0001 per share. The board of directors of the Company (the "Board") has the authority to issue preferred stock and to determine the rights, privileges, preferences, restrictions, and voting rights of those shares. As of September 30, 2024 and December 31, 2023, no shares of preferred stock were outstanding.

### Yorkville Standby Equity Purchase Agreement ("SEPA")

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

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

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

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

The SEPA Option was determined to be a freestanding financial instrument which did not meet the criteria to be accounted for as a derivative instrument or to be recognized within equity. Pursuant to ASC 815 *Derivatives and Hedging* ("ASC 815"), the Company will therefore recognize the SEPA Option as an asset or liability, measured at fair value at the date of issuance, December 14, 2023, and in subsequent reporting periods, with changes in fair value recognized in earnings. The SEPA Option was determined to have a fair value of \$0 on the date of issuance as well as at December 31, 2023 and September 30, 2024.

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

Pursuant to the terms of the SEPA, at any time that there is a balance outstanding under the Yorkville Promissory Notes, Yorkville has the right to receive shares to pay down the principal balance, and may select the timing and delivery of such shares (via an "Investor Notice"), in an amount up to the outstanding principal balance on the Yorkville Promissory Notes at a purchase price equal to the lower

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

There were no Advance Notices issued pursuant to the SEPA during the period ended September 30, 2024 or as of the date that these financial statements were issued, apart from the Premium Advance which was issued pursuant to the terms of the Amended Debt Agreement (see Note 11 - *Debt*).

## **16. Stock-Based Compensation**

During 2023, the Company adopted the 2023 Employee Stock Purchase Plan (the "Purchase Plan"). The Purchase Plan permits eligible employees of the Company and certain designated companies as determined by the Board of Directors, to purchase shares of the Company's Common Stock. The aggregate number of shares of common stock that may be purchased pursuant to the Purchase Plan is equal to 2% of the fully diluted common stock determined at the Close of the Merger Agreement, determined to be 11,444. In addition, the aggregate number of shares of common stock that remain available to be awarded under the Purchase Plan, will automatically increase on January 1 of each year for a period of 10 years commencing on January 1, 2024 and ending on January 1, 2033, in an amount equal to the lesser of one percent (1%) of the total number of shares of the fully diluted common stock determined as of December 31 of the preceding year, or a number of shares of common stock equal to two hundred percent (200%) of the initial share reserve of 11,444. As of September 30, 2024 and December 31, 2023, 40,964 and 11,444 shares of common stock remain available to be purchased under the Purchase Plan, respectively.

During 2023, the Company adopted the 2023 Equity Incentive Plan (the "Plan"). The Plan permits the granting of incentive stock options, nonstatutory stock options, SARs, restricted stock awards, RSU awards, performance awards, and other awards, to employees, directors, and consultants. The aggregate number of shares of common stock that may be issued will not exceed approximately 12.5% of the fully diluted common stock determined at the Close of the Merger, determined to be 71,522. In addition, the aggregate number of shares of common stock that remain available to be awarded under the Plan, will automatically increase on January 1 of each year for a period of ten years commencing on January 1, 2024 and ending on January 1, 2033, in an amount equal to 5% of the total number of shares of the fully diluted common stock determined as of the day prior to such increase. The aggregate maximum number of shares of common stock that may be issued pursuant to the exercise of incentive stock options is approximately three times the total number of shares of common stock initially reserved for issuance, which were 71,522. As of September 30, 2024 and December 31, 2023, 40,964 and 71,522 stock options remain available to be awarded under the Plan, respectively.

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

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

	September 30, 2024	September 30, 2023
Stock price	\$14.65 - 30.55	\$352.00
Exercise price	\$14.65 - 250.00	\$368.00
Expected volatility	61.00 - 62.12%	80.00 - 99.03%
Expected term (in years)	5.61 - 6.08	5.25 - 6.08
Risk-free interest rate	4.20 - 4.45%	3.46 - 4.31%

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

	Shares Underlying Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Intrinsic Value
Outstanding at December 31, 2023	16,445	\$ 313.22	8.43	\$ —
Granted	27,970	145.70	9.62	\$ —
Exercised	—	—		
Expired	(826)	363.53		
Forfeited	(16,643)	261.12		
Outstanding at September 30, 2024	26,946	\$ 169.19	8.33	\$ —
Exercisable at September 30, 2024	<u>7,238</u>	<u>\$ 187.60</u>	<u>5.19</u>	<u>\$ —</u>

In connection with issuances under the Plan, the Company recorded stock-based compensation expense of \$182,496 and \$830,791, which is included in general and administrative expense for the nine months ended September 30, 2024 and 2023, respectively. The weighted-average grant-date fair value per option granted during the nine months ended September 30, 2024 and 2023 was \$187.44 and \$248.00, respectively. As of September 30, 2024 and 2023, \$591,887 and \$2,190,563 of unrecognized compensation expense related to non-vested awards is expected to be recognized over the weighted average period of 3.55 and 2.71 years, respectively. The aggregate intrinsic value is calculated as the difference between the fair value of the Company's stock price and the exercise price of the options.

#### RSUs

During the three and nine months ended September 30, 2024, the Company began issuing RSUs to employees and to non-employee directors. Each RSU entitles the recipient to one share of Class A Common Stock upon vesting. We measure the fair value of RSUs using the stock price on the date of grant. Stock-based compensation expense for employee-granted RSUs is recorded ratably over their vesting period of four years. 25% of the RSUs will vest on each anniversary of the vesting commencement date until the RSU is fully vested. Stock-based compensation expense for non-employee director-granted RSUs is recorded ratably over their vesting period which is the earlier to occur of the one (1) year anniversary of the respective grant date, or the next annual meeting of stockholders following the respective grant date.

A summary of the activity with respect to, and status of, RSUs during the nine months ended September 30, 2024 is presented below:

	Units	Weighted Average Grant Date Fair Value
Outstanding at December 31, 2023	—	\$ —
Granted	17,851	26.64
Vested	—	—
Forfeited	(1,350)	14.65
Outstanding at September 30, 2024	<u>16,501</u>	<u>\$ 27.63</u>

For the nine months ended September 30, 2024, the Company recorded stock-based compensation expense of \$313,841 which is included in general and administrative expense for the nine months ended September 30, 2024. As of September 30, 2024, unrecognized compensation cost related to the grant of RSUs was \$158,032. Unvested outstanding RSUs as of September 30, 2024 had a weighted average remaining vesting period of 1.2 years.

## **17. Income Taxes**

The Company estimates an annual effective tax rate of 0% for the year ended December 31, 2024 as the Company incurred losses for the three and nine month period ended September 30, 2024 and is forecasting an estimated net loss for both financial statement and tax purposes for the year ended December 31, 2024. Therefore, no federal or state income taxes are expected and none have been recorded at this time. Income taxes have been accounted for using the liability method in accordance with FASB ASC 740.

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

At September 30, 2024, the Company had no unrecognized tax benefits that would reduce the Company's effective tax rate if recognized.

## **18. Subsequent Events**

### *Exercise of Pre-Funded Warrants*

In October and November, 2024, CP BF Lending, LLC and Armistice Capital Master Fund Ltd., exercised pre-funded warrants for the issuance of 304,704 and 1,176,471 shares of common stock of the Company, respectively.

### *Conversion of Convertible Notes*

In October, 2024, CP BF Lending, LLC submitted conversion notices to convert approximately \$216,000 of its outstanding convertible note, into 55,600 shares of common stock of the Company.

### *Hudson Global Ventures Shares*

On October 15, 2024, the Company issued 45,000 shares of Class A Common Stock to Hudson Global Ventures, LLC ("Hudson"), pursuant to a consulting agreement entered into with this entity, as consideration for advisory services provided by Hudson. Such shares were issued in a transaction exempt from registration in reliance on Section 4(a)(2) of the Securities Act.

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

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

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

### **Overview**

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

Banzai was founded in 2015. The first product Banzai launched was Reach, a SaaS and managed services offering designed to increase registration and attendance of marketing events, followed by the acquisition of Demio, a SaaS solution for webinars designed for marketing, sales, and customer success teams, in 2021 and the launch of Boost, a SaaS solution for social sharing designed to increase attendance for Demio-hosted events by enabling easy social sharing by event registrants, in 2023. Our customer base included over 3,900 customers as of September 30, 2024 and comes from a variety of industries, including (among others) healthcare, financial services, e-commerce, technology and media, in over 90 countries. Our customers range in size from solo entrepreneurs and small businesses to Fortune 500 companies. No single customer represents more than 10% of our revenue. Since 2021, we have focused on increasing mid-market and enterprise customers for Demio. Progress towards this is reflected in our increase in multi-host Demio customers from 14 on January 1, 2021 to 110 on September 30, 2024.

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

Banzai generated revenue of approximately \$1.1 million and \$1.1 million during the three months ended September 30, 2024 and 2023 and approximately \$3.2 million and \$3.5 million during the nine months ended September 30, 2024 and 2023, respectively. Banzai has incurred significant net losses since inception, including net losses of approximately \$15.4 million and \$0.8 million for the three months ended September 30, 2024 and 2023 and approximately \$23.7 million and \$8.0 million for the nine months ended September 30, 2024 and 2023, respectively. Banzai had an accumulated deficit of \$70.4 million and of \$46.8 million as of September 30, 2024 and December 31, 2023, respectively.

### **Summary of our Merger**

On December 14, 2023, we consummated the Business Combination with Legacy Banzai. Pursuant to the terms of the Merger Agreement, the Business Combination was effected through (a) the merger of First Merger Sub with and into Legacy Banzai, with Legacy Banzai surviving as a wholly-owned subsidiary of 7GC and (b) the subsequent merger of Legacy Banzai with and into Second Merger Sub, with the Second Merger Sub being the surviving entity of the Second Merger, which ultimately resulted in Legacy Banzai becoming a wholly-owned direct subsidiary of 7GC. Upon closing the Business Combination, we changed our name from 7GC & Co. Holdings Inc. to Banzai International, Inc.

### **Reverse Stock Split**

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

reverse stock split at a ratio of 1-for-50, effective as of September 19, 2024 and filed an amendment with the Secretary of State of the State of Delaware.

#### **Nasdaq Listing**

On April 3, 2024, we received a letter from the staff at Nasdaq notifying the Company that, for the 30 consecutive business days prior to the date of the letter, the Company's Class A common stock did not meet the minimum bid price of \$1.00 per share required for continued listing on The Nasdaq Global Market pursuant to Nasdaq Listing Rule 5450(a)(1). The letter is only a notification of deficiency, not of imminent delisting, and has no current effect on the listing or trading of the Company's securities on Nasdaq.

In accordance with Nasdaq listing rule 5810(c)(3)(A), the Company had 180 calendar days, or until September 30, 2024 (the "Bid Price Compliance Period"), to regain compliance. The letter notes that to regain compliance, the Company's Common Stock must maintain a minimum closing bid price of \$1.00 for at least ten consecutive business days at any time during the Bid Price Compliance Period. In the event the Company does not regain compliance by the end of the Bid Price Compliance Period, the Company may be eligible for additional time to regain compliance. To qualify for additional time, the Company must (i) submit a transfer application to transfer to the Nasdaq Capital Market, (ii) meet the continued listing requirement for the market value of its publicly held shares and all other initial listing standards for the Nasdaq Capital Market, with the exception of the bid price requirement and (iii) provide written notice of its intention to cure the deficiency during the second compliance period by effecting a reverse stock split, if necessary. If the Company meets these requirements, the Company may be granted an additional 180 calendar days to regain compliance. However, if it appears to Nasdaq that the Company will be unable to cure the deficiency, or if the Company is not otherwise eligible for the additional cure period, Nasdaq will provide written notice to the Company that its securities are subject to delisting. At that time, the Company may appeal any such delisting determination to a hearings panel.

On April 3, 2024, the Company also received a letter from the staff at Nasdaq notifying the Company that, for the 30 consecutive business days prior to the date of the Letter, the Company's Market Value of Publicly Held Shares ("MVPHS") was below the minimum of \$15 million required for continued listing on The Nasdaq Global Market pursuant to Nasdaq Listing Rule 5450(b)(2)(C). The letter is only a notification of deficiency, not of imminent delisting, and has no current effect on the listing or trading of the Company's securities on Nasdaq.

In accordance with Nasdaq listing rule 5810(c)(3)(D), the Company had 180 calendar days, or until September 30, 2024 (the "MVPHS Compliance Period"), to regain compliance. The letter notes that to regain compliance, the Company's MVPHS must close at or above \$15 million for a minimum of ten consecutive business days during the MVPHS Compliance Period. The letter further notes that if the Company is unable to satisfy the MVPHS requirement prior to such date, the Company may be eligible to transfer the listing of its securities to The Nasdaq Capital Market (provided that the Company then satisfies the requirements for continued listing on that market). If the Company does not regain compliance by the end of the MVPHS Compliance Period, Nasdaq staff will provide written notice to the Company that its securities are subject to delisting. At that time, the Company may appeal any such delisting determination to a hearings panel.

On February 5, 2024, the Company received another letter from the staff at Nasdaq notifying the Company that, for the 30 consecutive business days prior to the date thereof, the Company's Minimum Value of Listed Securities ("MVLs") was below the minimum of \$50 million required for continued listing on The Nasdaq Global Market pursuant to Nasdaq Listing Rule 5450(b)(2)(A). The staff at Nasdaq also noted in the letter that the Company is not in compliance with Nasdaq Listing Rule 5450(b)(3)(A), which requires listed companies to have total assets and total revenue of at least \$50,000,000 each for the most recently completed fiscal year or for two of the three most recently completed fiscal years. The letter was only a notification of deficiency, not of imminent delisting, and has no current effect on the listing or trading of the Company's securities on Nasdaq.

In accordance with Nasdaq listing rule 5810(c)(3)(C), the Company had 180 calendar days, or until August 5, 2024, to regain compliance. On August 6, 2024, the Company received a written notice (the "Notice") from the Listing Qualifications Department of Nasdaq indicating that it failed to comply with the MVLs requirement. Pursuant to the Notice, unless the Company timely requests a hearing before The Nasdaq Hearings Panel (the "Panel"), its securities will be subject to suspension and delisting from The Nasdaq Global Market; a hearing would automatically stay the suspension of trading on the Company's securities, and the Company's securities will continue to trade on The Nasdaq Global Market until the hearing process concludes and the Panel issues a written decision. There can be no assurance that the Panel will grant the Company an additional extension period or that the Company will ultimately regain compliance with all applicable requirements for continued listing on The Nasdaq Global Market.

On August 6, 2024, we received a written notice (the "Notice") from the Listing Qualifications Department of The Nasdaq Stock Market LLC ("Nasdaq") indicating that the Company has failed to comply with Nasdaq's \$50 million minimum "Market Value of Listed Securities" requirement set forth in Nasdaq Listing Rule 5450(b)(2)(A). Pursuant to the Notice, the Company requested a hearing before The Nasdaq Hearings Panel (the "Panel"), which automatically stayed the suspension of trading on the Company's securities, and the

Company's securities will continue to trade on The Nasdaq Global Market until the hearing process concludes and the Panel issues a written decision.

On September 16, 2024, the Company received a letter from Nasdaq regarding the Bid Price Deficiency, noting that as of September 12, 2024, the Company's Common Stock had a closing bid price of \$0.10 or less for ten consecutive trading days and therefore the Company is subject to provisions contemplated under Listing Rule 5810(c)(3)(A)(iii) and that this serves as an additional basis for delisting.

The Company had a hearing before The Nasdaq Hearings Panel (the "Panel"), on September 19, 2024 (the "Hearing"), at which the Panel would decide whether to suspend and delist the Company's securities or provide additional time for the Company to satisfy the various Nasdaq listing rules in which the Company was deficient.

On September 26, 2024, Nasdaq provided the Company with its determination. The Panel determined to phase the Company down from The Nasdaq Global Market to The Nasdaq Capital Market and grant the Company an extension until January 31, 2025 to demonstrate compliance with Nasdaq's listing rules, so long as the Company applies to list on The Nasdaq Capital Market on or before October 7, 2024 and demonstrates compliance with Listing Rules 5550(a)(2), 5550(a)(5) and 5550(b)(1) on or before January 31, 2024. The Panel reserved the right to reconsider the terms of the extension based on any event, condition or circumstance that exists or develops that would, in the opinion of the Panel, make continued listing of the Company's securities on the Nasdaq Capital Market inadvisable or unwarranted. Following the Hearing, the Panel determined to phase the Company's Class A Common Stock down from The Nasdaq Global Market to The Nasdaq Capital Market; the Company's Class A Common Stock shall trade The Nasdaq Capital Market as of October 31, 2024, under the same symbol, BNZI.

On October 18, 2024, the Company received another letter from Nasdaq stating that the Company has regained compliance with Nasdaq Listing Rule 5450(a)(1) (the "Minimum Bid Price Requirement") by maintaining a minimum closing bid price of the Company's common stock (the "Common Stock") of \$1.00 or greater per share for the 10 consecutive business days, from September 19, 2024 through October 18, 2024, and that the Minimum Bid Price Requirement matter is now closed. The Company must still regain compliance with Listing Rule 5450(b)(2)(A) (the ("Market Value of Listed Securities").

On October 31, 2024, the Company transferred to the Capital Market and on November 7, 2024, the Company also received a letter from the staff at Nasdaq in relation to the prior April 3, 2024 letter described above, notifying the Company that, for the 10 consecutive trading days, from October 24, 2024 to November 6, 2024, the Company's MVPHS had been \$1,000,000 or greater, and as such the staff determined that the Company had regained compliance with Listing Rule 5550(a)(5) and the matter was closed.

On November 7, 2024, Nasdaq determined that for the 10 consecutive trading days, from October 24, 2024 to November 6, 2024, the Company's MVPHS has been \$1,000,000 or greater and therefore the Company regained compliance with Listing Rule 5550(a)(5) (the equivalent of Listing Rule 5450(b)(2)(A) for the Capital Markets) and the matter is closed.

## Recent Financings

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

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

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

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

equal to five years from the date of issuance. The Series B Warrants are exercisable immediately upon issuance and have a term of exercise equal to eighteen (18) months from the date of issuance. The combined purchase price per Pre-Funded Warrant and accompanying Warrants was \$4.249. The Private Placement closed on September 26, 2024.

A holder of the Pre-Funded Warrants and the Warrants may not exercise any portion of such holder's Pre-Funded Warrants or Warrants to the extent that the holder, together with its affiliates, would beneficially own more than 4.99% (or, at the election of the holder, 9.99%) of the Company's outstanding shares of Common Stock immediately after exercise, except that upon at least 61 days' prior notice from the holder to the Company, the holder may increase the beneficial ownership limitation to up to 9.99% of the number of shares of Common Stock outstanding immediately after giving effect to the exercise. In the event of certain fundamental transactions, holders of the Warrants will have the right to receive the Black Scholes Value of their Warrants calculated pursuant to a formula set forth in the Warrants, payable either in cash or in the same type or form of consideration that is being offered and being paid to the holders of Common Stock.

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

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

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

Pursuant to the Purchase Agreement, the Company agreed not to issue any shares of Common Stock or Common Stock equivalents or to file any other registration statement with the SEC (in each case, subject to certain exceptions) until sixty (60) days after the effective date of the Registration Statement. The Company has also agreed not to effect any Variable Rate Transaction (as defined in the Purchase Agreement) until one (1) year after the effective date of the Registration Statement (subject to certain exceptions).

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

Between January 1, 2024 and November 11, 2024, 111,024 shares of Class A Common Stock had been issued upon conversion of outstanding promissory notes issued to YA II PN, LTD, a Cayman Islands exempt limited partnership managed by Yorkville Advisors Global, LP and a cash payment of \$750,000.00 was made in May 2024. The aggregate principal amount was fully satisfied such that there is no remaining balance under the Yorkville Promissory Notes as of November 11, 2024.

#### **Debt Equitization Plan**

From August 23, 2024 to November 11, 2024 the Company entered into various agreements to reorganize outstanding debt from certain creditors (collectively, the "Creditors") into shares of the Company's Class A Common Stock (the "Shares") (collectively, the "Debt Reorganization"). The Shares issued as part of the Debt Reorganization are a mix of Shares that the Company agreed to register

in a registration statement on Form S-1 and Shares that are exempt from registration. As of November 12, 2024 the Company has issued an aggregate of 975,273 Shares to the Creditors in exchange for the cancellation of an aggregate of \$3,982,108 of debt.

## Operating Metrics

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

The following table presents the percentage of Banzai's revenue generated from Demio for the three and nine months ended September 30, 2024 and 2023 as compared to our other SaaS products.

<u>Revenue %</u>	<i>Three Months Ended September 30, 2024</i>	<i>Three Months Ended September 30, 2023</i>	<i>Nine Months Ended September 30, 2024</i>	<i>Nine Months Ended September 30, 2023</i>
Reach	8.1 %	4.1 %	4.1 %	5.1 %
Demio	91.9 %	95.0 %	95.5 %	94.4 %
Other	0.0 %	0.9 %	0.4 %	0.5 %
<b>Total</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>

### **Net Revenue Retention ("NRR")**

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

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

The following table presents average monthly NRR for Demio for the three and nine months ended September 30, 2024 and 2023.

<u>Product: Demio</u>	<i>Three Months Ended September 30, 2024</i>	<i>Three Months Ended September 30, 2023</i>	<i>Nine Months Ended September 30, 2024</i>	<i>Nine Months Ended September 30, 2023</i>
Average Monthly NRR	97.9 %	95.4 %	96.7 %	95.5 %

### **Average Customer Value ("ACV")**

ACV is a metric Banzai uses to calculate the total revenue that it can expect to generate from a customer in a year. ACV is commonly used in the SaaS industry to measure the value of a customer to a subscription-based company over a 12-month period.

Banzai uses ACV to segment its customers and to determine whether the value of new customers is growing or shrinking relative to the existing customer base. Banzai uses this information to make strategic decisions about pricing, marketing, and customer retention.

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

The following table presents new customer ACV and total average ACV for Demio for the three and nine months ended September 30, 2024 and 2023.

<u>Product: Demio</u>	<i>Three Months Ended</i>	<i>Three Months Ended</i>	<i>Nine Months Ended</i>	<i>Nine Months Ended</i>
	<i>September 30, 2024</i>	<i>September 30, 2023</i>	<i>September 30, 2024</i>	<i>September 30, 2023</i>
New Customer ACV	\$ 1,381	\$ 1,435	\$ 1,470	\$ 1,340
Total Average ACV	\$ 1,509	\$ 1,459	\$ 1,549	\$ 1,382

#### ***Customer Acquisition Cost ("CAC")***

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

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

The following table presents CAC for Demio for the three and nine months ended September 30, 2024 and 2023.

<u>Product: Demio</u>	<i>Three Months Ended</i>	<i>Three Months Ended</i>	<i>Nine Months Ended</i>	<i>Nine Months Ended</i>
	<i>September 30, 2024</i>	<i>September 30, 2023</i>	<i>September 30, 2024</i>	<i>September 30, 2023</i>
Customer Acquisition Cost (CAC)	\$ 1,569	\$ 1,295	\$ 1,508	\$ 972

#### ***Customer Churn %***

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

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

The following table presents revenue Churn and new customer (or logo) Churn for Demio for the three and nine months ended September 30, 2024 and 2023.

<u>Product: Demio</u>	<i>Three Months Ended</i>	<i>Three Months Ended</i>	<i>Nine Months Ended</i>	<i>Nine Months Ended</i>
	<i>September 30, 2024</i>	<i>September 30, 2023</i>	<i>September 30, 2024</i>	<i>September 30, 2023</i>
Average Monthly Churn - Revenue	4.4 %	7.0 %	5.3 %	7.3 %
Average Monthly Churn - Customer (Logo)	5.3 %	7.6 %	6.6 %	8.3 %

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

#### ***Customer Lifetime Value ("LTV")***

LTV is a financial metric Banzai uses to estimate the total revenue it can expect to generate from a customer throughout their entire relationship. LTV helps Banzai understand the long-term value of each customer, enabling it to make informed decisions about

marketing, sales, customer support, and product development strategies. It also helps Banzai allocate resources more efficiently by identifying high-value customer segments to focus on growth and retention.

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

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

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

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

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

The following table presents MRR, Customer Life, and LTV for Demio for the three and nine months ended September 30, 2024 and 2023.

<u>Product: Demio</u>	<i>Three Months Ended September 30, 2024</i>	<i>Three Months Ended September 30, 2023</i>	<i>Nine Months Ended September 30, 2024</i>	<i>Nine Months Ended September 30, 2023</i>
	\$ 311	\$ 269	\$ 1,012	\$ 1,216
MRR (New Customers)				
Customer Life (months)	22.9	14.2	18.7	13.5
LTV (New Customers)	\$ 2,635	\$ 1,701	\$ 2,293	\$ 1,526

#### **LTV / CAC Ratio**

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

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

The following table presents the LTV / CAC ratio for Demio for the three and nine months ended September 30, 2024 and 2023.

<u>Product: Demio</u>	<i>Three Months Ended September 30, 2024</i>	<i>Three Months Ended September 30, 2023</i>	<i>Nine Months Ended September 30, 2024</i>	<i>Nine Months Ended September 30, 2023</i>
	1.8	1.3	1.5	1.6
LTV / CAC Ratio				

#### **Analysis of the Impact of Key Business Drivers on Financial Performance**

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

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

## **Identification of Operational Risk Factors**

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

Internal risks include, among others:

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

External risks include, among others:

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

## **Analysis of the Impact of Operational Risks on Financial Performance**

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

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

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

## **The Business Combination and Public Company Costs**

The Business Combination was accounted for as a reverse recapitalization. Under this method of accounting, 7GC was treated as the acquired company for financial statement reporting purposes. Accordingly, for accounting purposes, the financial statements of Banzai represent a continuation of the financial statements of Legacy Banzai with the Business Combination treated as the equivalent of Legacy Banzai issuing stock for the net assets of 7GC, accompanied by a recapitalization. The net assets of 7GC were stated at

historical cost, with no goodwill or other intangible assets recorded. Operations prior to the Business Combination are those of Legacy Banzai in this and future reports of Banzai.

Due to the Business Combination, we became the successor to an SEC-registered and Nasdaq-listed company, which required Banzai to hire additional personnel and implement procedures and processes to address public company regulatory requirements and customary practices. We incurred and expect to incur additional annual expenses as a public company for, among other things, directors' and officers' liability insurance, director fees and additional internal and external accounting, legal and administrative resources, including increased audit and legal fees. We are qualified as an "emerging growth company." As a result, we have been provided certain disclosure and regulatory relief. Our future results of operations and financial position may not be comparable to Legacy Banzai's historical results of operations and financial position as a result of the Business Combination.

**Results of operations for the nine months ended September 30, 2024 and 2023**

(\$ in Thousands)	<i>Nine Months Ended September 30, 2024</i>	<i>Nine Months Ended September 30, 2023</i>	<i>Period-over-Period \$</i>	<i>Period-over-Period %</i>
<b>Operating income:</b>				
Revenue	\$ 3,228	\$ 3,479	\$ (251)	-7.2%
Cost of revenue	1,049	1,133	(84)	-7.4%
Gross profit	2,179	2,346	(167)	-7.1%
<b>Operating expenses:</b>				
General and administrative expenses	11,721	8,937	2,784	31.2%
Depreciation expense	4	6	(2)	-33.3%
Total operating expenses	11,725	8,943	2,782	31.1%
Operating loss	(9,546)	(6,597)	(2,949)	44.7%
<b>Other expenses (income):</b>				
GEM settlement fee expense	260	—	260	nm
Other expense (income), net	(3)	(71)	68	-95.8%
Interest income	—	—	—	nm
Interest expense	—	679	(679)	-100.0%
Interest expense - related party	2,861	2,815	46	1.6%
Gain on extinguishment of liability	(681)	—	(681)	nm
Loss on debt issuance	171	—	171	nm
Loss on issuance of term notes	390	—	390	nm
Loss on issuance of convertible bridge notes	63	—	63	nm
Loss on conversion and settlement of Alco promissory notes	4,809	—	4,809	nm
Loss on conversion and settlement of CP BF notes	6,529	—		
Change in fair value of warrant liability	(594)	—	(594)	nm
Change in fair value of warrant liability - related party	(460)	—	(460)	nm
Change in fair value of simple agreement for future equity	—	(185)	185	-100.0%
Change in fair value of simple agreement for future equity - related party	—	(1,928)	1,928	-100.0%
Change in fair value of bifurcated embedded derivative liabilities	—	37	(37)	-100.0%
Change in fair value of bifurcated embedded derivative liabilities - related party	(32)	72	(104)	-144.4%
Change in fair value of convertible notes	679	—	679	nm
Change in fair value of term notes	37	—	37	nm
Change in fair value of convertible bridge notes	(18)	—	(18)	nm
Yorkville prepayment premium expense	95	—	95	nm
Total other expenses (income)	14,106	1,419	12,687	894.1%
Loss before income taxes	(23,652)	(8,016)	(15,636)	195.1%
Income tax expense	7	17	(10)	-58.8%
<b>Net loss</b>	<b>\$ (23,659)</b>	<b>\$ (8,033)</b>	<b>\$ (15,626)</b>	<b>194.5%</b>

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

**Components of results of operations for the nine months ended September 30, 2024 and 2023**

**Revenue Analysis**

(\$ in Thousands)	Nine Months Ended September 30, 2024		Nine Months Ended September 30, 2023		Period-over-Period \$	Period-over-Period %
	\$	3,228	\$	3,479	\$	(251)
Revenue						

For the nine months ended September 30, 2024, Banzai reported total revenue of approximately \$3,228 thousand, representing a decrease of approximately \$251 thousand, or approximately 7.2%, compared to the nine months for the same period ended September 30, 2023. This decrease is primarily attributable to lower Reach revenue which declined by approximately \$44 thousand due to a shift in Banzai's focus to its Demio product and decision, which decision was reversed in the later part of Q1 2024, to begin phasing out the Reach product. In 2024 Banzai is revitalizing its focus on the Reach product through re-engineering and expanded sales efforts. Demio revenue was lower by approximately \$203 thousand for the nine months ended September 30, 2024 as compared to the nine months ended September 30, 2023 due to churn and lower new sales period-over-period.

**Cost of Revenue Analysis**

(\$ in Thousands)	Nine Months Ended September 30, 2024		Nine Months Ended September 30, 2023		Period-over-Period \$	Period-over-Period %
	\$	1,049	\$	1,133	\$	(84)
Cost of revenue						

For the nine months ended September 30, 2024 and 2023, Banzai's cost of revenue totaled approximately \$1,049 thousand and approximately \$1,133 thousand, respectively. This represents a decrease of approximately \$84 thousand, or approximately 7.4%, for the nine months ended September 30, 2024 as compared to the nine months ended September 30, 2023. This decrease is due primarily to lower customer base that led to an approximately 12% higher average cost per customer, driven by the increase of the streaming services costs of approximately \$150 thousand that were offset by lower infrastructure costs / data licenses of approximately \$117 thousand, payroll and contracted services of approximately \$98 thousand, and merchant fee costs of approximately \$12 thousand.

**Gross Profit Analysis**

(\$ in Thousands)	Nine Months Ended September 30, 2024		Nine Months Ended September 30, 2023		Period-over-Period \$	Period-over-Period %
	\$	2,179	\$	2,346	\$	(167)
Gross profit						

For the nine months ended September 30, 2024 and 2023, Banzai's gross profit was approximately \$2,179 thousand and approximately \$2,346 thousand, respectively. This represents a decrease of approximately \$167 thousand, or approximately 7.1% due to the decreases in revenue of approximately \$251 thousand and decreases in cost of revenue of approximately \$84 thousand described above.

**Operating Expense Analysis**

(\$ in Thousands)	Nine Months Ended September 30, 2024		Nine Months Ended September 30, 2023		Period-over-Period \$	Period-over-Period %
	\$	11,725	\$	8,943	\$	2,782
Total operating expenses						

Total operating expenses for the nine months ended September 30, 2024 and 2023, were approximately \$11.7 million and approximately \$8.9 million, respectively, an increase of approximately \$2.8 million, or 31.1%. This increase was due primarily to an overall increase in salaries and related expenses by approximately \$0.2 million, marketing expenses by approximately \$0.6 million,

costs associated with audit, technical accounting, and legal and other professional services of approximately \$1.6 million. On September 16, 2024, the Company committed to a reduction in force (the "Reduction") intended to decrease expenses and maintain a streamlined organization to support key programs and customers, and that is expected to conserve cash. As part of the Reduction, the Company reduced its headcount by 24 employees, which represented approximately 34% of the Company's full-time employees as of September 15, 2024. The cost-saving measures from the Reduction are expected to reduce annual operating expenses by approximately an additional \$1.3 million beginning in the fourth quarter of 2024. The Company estimates that it will incur total restructuring charges of approximately \$0.1 million, including severance payments in connection with the Reduction. The Company completed the reduction in October, 2024.

***Other Expense Analysis***

(\$ in Thousands)	<b>Nine Months Ended September 30, 2024</b>	<b>Nine Months Ended September 30, 2023</b>	<b>Period-over- Period \$</b>	<b>Period-over- Period %</b>
	\$ 14,106	\$ 1,419	\$ 12,687	894.1%
Total other expenses (income)				

For the nine months ended September 30, 2024, Banzai reported total other expense of approximately \$14.1 million. This represents an increase in other expenses of approximately \$12.7 million from the nine months ended September 30, 2023, when the Company reported total other expenses of approximately \$1.4 million. The change in other expenses, net was primarily driven by the following:

- Loss on conversion and settlement of CP BF notes of approximately \$6.5 million.
- Loss on conversion and settlement of Alco promissory notes of approximately \$4.8 million.
- GEM settlement commitment fee expense of approximately \$0.3 million.
- Gain on extinguishment of debt of approximately \$0.7 million recognized during the nine months ended September 30, 2024.

•There were no changes in fair value of the simple agreement for future equity ("SAFEs") during the nine months ended September 30, 2024 relative to a gain of approximately \$2.1 million recognized during the nine months ended September 30,

2023, approximately \$1.9 million of which related to related party SAFEs. All SAFEs notes were converted at the close of the Merger in December 2023.

- Loss on issuance of debt of approximately \$0.2 million.
- Loss on issuance of term notes of approximately \$0.4 million.
- Loss on issuance of convertible bridge notes of approximately \$0.1 million.
- Change in fair value of warrant liability recorded as a gain (third party & related party) of approximately \$1.1 million.
- Interest expense (third party and related party) decreased by approximately \$0.6 million.
- There were nominal changes in fair value of bifurcated embedded derivative liabilities during the nine months ended September 30, 2024 relative to an overall expenses of approximately \$0.1 million during the nine months ended September 30, 2023.
- Change in fair value of convertible promissory notes recorded as a loss of approximately \$0.7 million.
- Yorkville prepayment premium expense of approximately \$0.1 million.

#### **Provision for Income Taxes**

(\$ in Thousands)	Nine Months Ended September 30, 2024		Nine Months Ended September 30, 2023		Period-over- Period \$	Period-over- Period %
	\$	7	\$	17	\$	(10)
Income tax expense						

For the nine months ended September 30, 2024 and 2023, Banzai's reported provision for income tax expense was \$7 thousand and \$17 thousand, respectively.

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

At September 30, 2024, Banzai had no unrecognized tax benefits that would reduce Banzai's effective tax rate if recognized.

#### **Net Loss Analysis**

(\$ in Thousands)	Nine Months Ended September 30, 2024		Nine Months Ended September 30, 2023		Period-over- Period \$	Period-over- Period %
	\$	(23,659)	\$	(8,033)	\$	(15,626)
Net loss						

For the nine months ended September 30, 2024 and 2023, Banzai reported net losses of approximately \$23.7 million and approximately \$8.0 million, respectively. The greater net loss is primarily due to an increase in total other expenses of approximately \$12.7 million during the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023, in addition to an increase in operating expenses of approximately \$2.8 million and a decrease in gross profit of approximately \$0.2 million.

#### **Critical Accounting Estimates**

Our condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States. The preparation of these condensed consolidated financial statements requires us to make judgments and estimates that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities in our financial statements. We base our estimates on historical experience, known trends and events and various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Our actual results may differ from these estimates under different

assumptions or conditions. On a recurring basis, we evaluate our judgments and estimates in light of changes in circumstances, facts, and experience. The effects of material revisions in an estimate, if any, will be reflected in the condensed consolidated financial statements prospectively from the date of the change in the estimate.

We believe that the following accounting policies are those most critical to the judgments and estimates used in the preparation of our financial statements.

*Recognition and measurement of convertible notes, including the associated embedded derivatives*

The Company accounts for certain debt agreements at fair value in accordance with ASC 480 *Distinguishing Liabilities from Equity*. These debt arrangements are subject to revaluation at the end of each reporting period, with changes in fair value recognized in the accompanying Consolidated Statement of Operations.

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

*Recognition and measurement of bridge notes, carried at fair value*

The Company determined the Agile Notes and 1800 diagonal Notes (The "Bridge Notes") were eligible for the *fair value option*, in accordance with ASC 825-10-50-28, and made such election to account for the Bridge Notes, respectively entirely at fair value. These debt arrangements are subject to revaluation at the end of each reporting period, with changes in fair value recognized in the accompanying Consolidated Statement of Operations.

**Non-GAAP Financial Measures**

**Adjusted EBITDA**

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

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

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

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

**Adjusted EBITDA Analysis for the nine months ended September 30, 2024 and 2023**

(\$ in Thousands)	<b>Nine Months Ended September 30, 2024</b>	<b>Nine Months Ended September 30, 2023</b>	<b>Period-over-Period \$</b>	<b>Period-over-Period %</b>
	\$ (5,069)	\$ (2,734)	\$ (2,334)	85.4%

For the nine months ended September 30, 2024, Banzai's Adjusted EBITDA was approximately \$5,069 thousand, reflecting a decrease in the earnings of approximately \$2,334 thousand compared to a loss of approximately \$2,734 thousand for the nine months ended September 30, 2023. This period-over-period decrease in earnings is primarily attributable to increased general and administrative expenses.

**Net Income/(Loss) to Adjusted EBITDA Reconciliation for the three months ended September 30, 2024 and the three months ended June 30, 2024**

(\$ in Thousands)	<b>Three Months Ended September 30, 2024</b>	<b>Three Months Ended June 30, 2024</b>	<b>Period-over-Period \$</b>	<b>Period-over-Period %</b>
	\$ (15,414)	\$ (4,165)	\$ (11,249)	270.1%
Net loss	\$ (15,414)	\$ (4,165)	\$ (11,249)	270.1%
Other expense (income), net	(63)	64	(127)	-198.4%
Depreciation expense	1	1	—	0.0%
Stock based compensation	251	203	48	23.6%
Interest expense	-	396	(396)	-100.0%
Interest expense - related party	1,050	385	665	172.7%
Income tax expense	1	7	(6)	-85.7%
GEM settlement fee expense	60	64	(4)	-6.3%
Gain on extinguishment of liability	(153)	—	(153)	nm
Loss on debt issuance	—	—	—	nm
Loss on issuance of term notes	390	—	390	nm
Loss on issuance of convertible bridge notes	63	—	63	nm
Loss on conversion and settlement of Alco promissory notes	4,809	—	4,809	nm
Loss on conversion and settlement of CP BF notes	6,529	—	6,529	nm
Change in fair value of warrant liability	(32)	(154)	122	-79.2%
Change in fair value of warrant liability - related party	(115)	(230)	115	-50.0%
Change in fair value of simple agreement for future equity	—	—	—	nm
Change in fair value of simple agreement for future equity - related party	—	—	—	nm
Change in fair value of bifurcated embedded derivative liabilities	—	—	—	nm
Change in fair value of bifurcated embedded derivative liabilities - related party	(32)	—	(32)	nm
Change in fair value of convertible notes	101	34	67	197.1%
Change in fair value of term notes	37	—	37	nm
Change in fair value of convertible bridge notes	(18)	—	(18)	nm
Yorkville prepayment premium expense	14	81	(67)	-82.7%
Transaction related expenses	1,054	1,333	(279)	-20.9%
Adjusted EBITDA (Loss)***	(1,467)	(1,981)	514	-25.9%
Non GAAP adjustment - potential estimated future gain on extinguishment of debt****	2,224	—	2,224	nm
Adjusted Net (Loss) Income*	(1,458)	(4,515)	3,057	-67.7%
Annualized Adjusted Net Loss (Income) Q324 vs Q224**	<u>\$ (5,832)</u>	<u>\$ (18,060)</u>	<u>\$ 12,228</u>	<u>-67.7%</u>

\* Adjusted Net Income (Loss) for the three months period quarter ended as of September 30, 2024 was (\$1.5) million, reflecting Net income of (\$15.4) million net, before Loss on conversion and settlement of Alco promissory notes and CP BF notes, other

bifurcated embedded derivative liabilities for the total of \$11.7 million, Loss on issuance of term notes of \$0.4 million, Loss on issuance of convertible bridge notes of \$0.1 million, Change in fair value of convertible notes of \$0.1 million, Change in fair value of term notes of \$0.05 million, offset by Non GAAP adjustment - potential estimated future gain on extinguishment of debt\*, Change in fair value of warrant liability - related party of \$0.1 million, Change in fair value of warrant liability of \$0.03 million, Change in fair value of bifurcated embedded derivative liabilities - related party of \$0.03 million and Change in fair value of convertible bridge notes of \$0.02 million.

\*\* Annualized increase in earnings in respect to Adjusted Net Income (loss) is approximately \$14.0 million between the three months period of the quarter ended as of September 30, 2024 when compared to the prior quarter of the three months periods ended June 30, 2024.

\*\*\* For the three months ended September 30, 2024, Banzai's Adjusted EBITDA was approximately (\$1.5) million, compared to Adjusted EBITDA of (\$1.8) million for the prior three-month period, representing an improvement of \$0.4 million. This period-over-period increase in earnings is primarily attributable to the company overall cost cutting effort made in general and administrative, marketing and technology expense. Annualized increase in earnings in respect to Adjusted EBITDA pertaining to cost saving efforts is approximately \$1.5 million.

\*\*\*\* The non-GAAP adjustment for potential estimated future gain on extinguishment of debt represents the potential gain that management expects will be recognized in the future, on meeting the conditions of certain settlement agreements entered into with certain counterparties, in terms of settlement agreements entered into in third quarter of 2024.

**Net Income/(Loss) to Adjusted EBITDA Reconciliation for the nine months ended September 30, 2024 and 2023**

(\$ in Thousands)	<b>Nine Months Ended September 30, 2024</b>	<b>Nine Months Ended September 30, 2023</b>	<b>Period-over-Period \$</b>	<b>Period-over-Period %</b>
Net loss	\$ (23,659)	\$ (8,033)	\$ (15,626)	194.5%
Other expense (income), net	(3)	(71)	68	-95.8%
Depreciation expense	4	6	(2)	-33.3%
Stock based compensation	245	621	(375)	-60.5%
Interest expense	-	679	(679)	-100.0%
Interest expense - related party	2,861	2,815	46	1.6%
Income tax expense	7	17	(10)	-58.8%
GEM settlement fee expense	260	—	260	nm
Gain on extinguishment of liability	(681)	—	(681)	nm
Loss on debt issuance	171	—	171	nm
Loss on issuance of term notes	390	—	390	nm
Loss on issuance of convertible bridge notes	63	—	63	nm
Loss on conversion and settlement of Alco promissory notes	4,809	—	4,809	nm
Loss on conversion and settlement of CP BF notes	6,529	—	6,529	nm
Change in fair value of warrant liability	(594)	—	(594)	nm
Change in fair value of warrant liability - related party	(460)	—	(460)	nm
Change in fair value of simple agreement for future equity	—	(185)	185	-100.0%
Change in fair value of simple agreement for future equity - related party	—	(1,928)	1,928	-100.0%
Change in fair value of bifurcated embedded derivative liabilities	—	37	(37)	-100.0%
Change in fair value of bifurcated embedded derivative liabilities - related party	(32)	72	(104)	-144.4%
Change in fair value of convertible notes	679	—	679	nm
Change in fair value of term notes	37	—	37	nm
Change in fair value of convertible bridge notes	(18)	—	(18)	nm
Yorkville prepayment premium expense	95	—	95	nm
Transaction related expenses*	4,228	3,236	992	30.7%
<b>Adjusted EBITDA (Loss)</b>	<b>\$ (5,069)</b>	<b>\$ (2,734)</b>	<b>\$ (2,334)</b>	<b>85.4%</b>

\* Transaction related expenses include

(\$ in Thousands)	<i>Nine Months Ended</i> <i>September 30, 2024</i>	<i>Nine Months Ended</i> <i>September 30, 2023</i>	<i>Period-over-Period \$</i>	<i>Period-over-Period %</i>
	<i>September 30, 2024</i>	<i>September 30, 2023</i>	<i>Period-over-Period \$</i>	<i>Period-over-Period %</i>
Professional fees - audit	\$ 370	\$ 427	\$ (57)	-13.3 %
Professional fees - legal	1,619	182	1,437	789.6 %
Incremental accounting	1,262	2,319	(1,057)	-45.6 %
Market study, M&A support	977	308	669	217.2 %
Transaction related expenses	<u>\$ 4,228</u>	<u>\$ 3,236</u>	<u>\$ 992</u>	<u>30.7%</u>

## Liquidity and Capital Resources

### *Going Concern*

Since inception, Banzai has financed its operations primarily from the sales of redeemable convertible preferred stock and convertible promissory notes, and proceeds from senior secured loans. As of September 30, 2024, Banzai had cash of approximately \$4.3 million.

Banzai has incurred losses since its inception, had a working capital deficit of approximately \$25.0 million as of September 30, 2024, and had an accumulated deficit at September 30, 2024 totaling approximately \$70.4 million. As of September 30, 2024, Banzai had approximately \$1.4 million and approximately \$9.3 million aggregate principal amount outstanding on term/promissory notes and convertible notes, respectively. During the nine months ended September 30, 2024, Banzai raised additional capital under the SEPA through the issuance of additional convertible notes for a total of approximately \$2.5 million to fund the Company's operations. Additionally, during the nine months ended September 30, 2024, the Company issued non-cash share payments of approximately \$3.9 million in partial settlement of the Yorkville Promissory Note financing, and made an approximately \$0.5 million non-cash share payment to settle the deferred fee liability payable to Yorkville in terms of the SEPA. In May 2024 the Company entered into the Amended Repayment Agreement which extended the maturity date on the convertible notes to September 25, 2024, and pursuant to which the Company made a cash payment of \$0.8 million in partial settlement of the Yorkville Promissory Notes. These stock issuances described herein do not represent sources of new capital, rather the issuances were made to settle existing liabilities in lieu of cash payments, as described above. Banzai has historically used debt financing proceeds principally to fund operations. On May 22, 2024 and September 24, 2024, Banzai entered into a securities purchase agreement with accredited investors, providing for the issuance and sale of Common Stock, Pre-Funded Warrants, and Common Warrants in a registered direct offering. The aggregate gross proceeds to the Company from the May 2024 and September 2024 Offerings were approximately \$2.5 million and \$5.0 million, respectively.

Banzai's intends to seek additional funding through the SEPA arrangement and other equity financings in 2024. If Banzai is unable to raise such funding, Banzai will have to pursue an alternative course of action to seek additional capital through other debt and equity financing.

On September 16, 2024, the Company committed to a reduction in force (the "Reduction") intended to decrease expenses and maintain a streamlined organization to support key programs and customers, and that is expected to conserve cash. As part of the Reduction, the Company reduced its headcount by 24 employees, which represented approximately 34% of the Company's full-time employees as of September 15, 2024. The cost-saving measures from the Reduction are expected to reduce annual operating expenses by approximately an additional \$1.3 million beginning in the fourth quarter of 2024. The Company estimates that it will incur total restructuring charges of approximately \$0.1 million, including severance payments in connection with the Reduction. The Company completed the reduction in October, 2024.

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

Banzai will continue as a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business.

**Cash flows for the nine months ended September 30, 2024 and 2023**

The following table sets forth Banzai's cash flows for the nine months ended September 30, 2024 and 2023:

(\$ in Thousands)	<i>Nine Months Ended</i>	<i>Nine Months Ended</i>	<i>Period-over-Period \$</i>	<i>Period-over-Period %</i>
	<i>September 30, 2024</i>	<i>September 30, 2023</i>		
Net loss	\$ (23,659)	\$ (8,033)	\$ (15,626)	194.5%
Adjustments to reconcile net loss to net cash used in operating activities:	18,296	2,225	16,071	722.3%
Net cash used in operating activities	(5,363)	(5,808)	445	-7.7%
Net cash provided by financing activities	7,533	5,181	2,352	45.4%
Net increase / (decrease) in cash	<u>\$ 2,170</u>	<u>\$ (627)</u>	<u>\$ 2,797</u>	<u>-446.1%</u>

**Cash Flows for the nine months ended September 30, 2024**

Net cash used in operating activities was approximately \$5.4 million for the nine months ended September 30, 2024. Net cash used in operating activities consists of net loss of approximately \$23.7 million, offset by total adjustments of approximately \$18.3 million for non-cash items and the effect of changes in working capital. Non-cash adjustments primarily included loss on conversion and settlement of Alco promissory notes of approximately \$4.8 million, loss on conversion and settlement of CP BF notes of approximately \$6.5 million, non-cash settlement of the GEM commitment fee of approximately \$0.2 million, non-cash share issuance for marketing expenses of approximately \$0.3 million, non-cash share issuance for Yorkville redemption premium of approximately \$0.1 million, stock-based compensation expense of approximately \$0.5 million, gain on extinguishment of liability of approximately \$0.7 million, loss on issuance of debt of approximately \$0.2 million, loss on issuance of term notes of approximately \$0.4 million, loss on issuance of convertible bridge notes of approximately \$0.1 million, non-cash interest expense of approximately \$1.3 million (approximately \$1.18 million for related party), amortization of debt discount and issuance costs of approximately \$1.4 million (approximately \$1.4 million for related party), amortization of operating lease ROU assets of approximately \$0.1 million, fair value adjustment for warrant liabilities gain of approximately \$1.1 million (gain of approximately \$0.5 million for related party), fair value adjustment of convertible promissory notes of approximately \$0.7 million, and net of change in operating assets and liabilities of approximately \$3.5 million.

There were no net cash investing activities for the nine months ended September 30, 2024.

Net cash provided by financing activities was approximately \$7.5 million for the nine months ended September 30, 2024, and was primarily related to proceeds from convertible debt financing of approximately \$2.5 million, net proceeds from issuance of common stock of approximately \$6.3 million, net proceeds from the issuance of term notes of approximately \$1.0 million, proceeds from related party advance of approximately \$0.1 million, repayment of notes payable, carried at fair value of approximately \$0.4 million, repayment of Yorkville convertible notes of approximately \$0.8 million, and payment of the GEM commitment fee of approximately \$1.2 million.

**Cash Flows for the nine months ended September 30, 2023**

Net cash used in operating activities was approximately \$5.8 million for the nine months ended September 30, 2023. Net cash used in operating activities consists of net loss of approximately \$8.0 million, total adjustments of approximately \$2.2 million for non-cash items and the effect of changes in working capital. Non-cash adjustments include stock-based compensation expense of approximately \$0.8 million, non-cash interest expense of approximately \$1.3 million (approximately \$1.11 million for related party), amortization of debt discount and issuance costs of approximately \$1.9 million (approximately \$1.3 million for related party), amortization of operating lease ROU assets of approximately \$0.13 million, fair value adjustments to simple agreement for future equity of approximately \$2.1 million (approximately \$1.9 million for related party), fair value adjustments to bifurcated embedded derivative liabilities of

approximately \$0.1 million (approximately \$0.1 million for related party), and net of change in operating assets and liabilities of approximately \$0.1 million.

There were no net cash investing activities for the nine months ended September 30, 2023.

Net cash provided by financing activities was approximately \$5.2 million for the nine months ended September 30, 2023, and was primarily related to proceeds from the issuance of convertible note, net of issuance costs of approximately \$4.0 million (approximately \$2.5 million for related party) and proceeds from the issuance of promissory notes of approximately \$1.2 million.

#### **Capital Expenditure Commitments and Financing Requirements**

<i>(\$ in Thousands)</i>	Total	Less than 1 year	1 - 3 Years
Debt principal - 15.5% CB PF convertible note	\$ 8,759	\$ —	\$ 8,759
Debt principal - GEM promissory note	470	470	—
Debt principal - Agile	788	788	—
Debt principal - 1800 Diagonal	254	254	—
Interest on debt	4,620	494	4,126
Operating leases	2	2	—
Total capital expenditure commitments and financing requirements at September 30, 2024	<u>\$ 14,893</u>	<u>\$ 2,008</u>	<u>\$ 12,885</u>

#### **Debt principal - 15.5% CB PF Convertible Note**

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

In conjunction with the side letter, the Company agreed to issue to CP BF, 70,000 shares of the Company's Class A Common Stock. On September 23, 2024 the transaction was finalized and the Company issued the 2024 CP BF Convertible Note with a principal amount of \$10,758,775. Pursuant to the CP BF SPA, CP BF agreed to convert \$2,000,000 in debt into 260,849 shares of Class A Common Stock, CP BF Warrants to purchase up to 565,553 shares of Class A Common Stock and CP BF Pre-Funded Warrants to purchase up to 304,704 shares of Class A Common Stock (all such securities and shares collectively referred to as the "CP BF Registrable Securities"). The outstanding principal balance of the 2024 CP BF Convertible Note together with accrued interest thereon, unpaid fees and expenses and any other Obligations then due, shall be paid on February 19, 2027 ("2024 Loan Maturity Date"). The 2024 CP BF Convertible Note accrues interest at a rate of 15.5% which interest shall be paid in kind monthly and is convertible at the holder's option at any time on or following the effectiveness of the first resale registration statement covering the applicable conversion shares at a fixed conversion price per share of \$3.89. Upon the occurrence, and during the continuance, of an Event of Default (as defined in the agreement), interest on the 2024 CP BF Convertible Note will bear PIK interest at a per annum rate of 20% ("2024 Default Rate").

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

#### **Debt principal - GEM Promissory Note**

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

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

As of September 30, 2024, the Company has issued an aggregate of 40,000 shares of Class A Common Stock to GEM in lieu of monthly payment obligations and the remaining balance of the GEM Promissory Note as of September 30, 2024 is \$470,057.

#### **Term Notes (Agile)**

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

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

The July Agile Note and the September Agile Note are together referred to as the "Agile Notes".

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

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

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

Interest expense on the Agile Notes totaled \$127,936 for the three and nine months ended September 30, 2024 and is included in the fair value of the note.

### **Convertible Notes (1800 Diagonal)**

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

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

The August 1800 Diagonal Note and the September 1800 Diagonal Note are together referred to as the "1800 Diagonal Notes".

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

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

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

Interest expense on the 1800 Diagonal Notes totaled approximately \$118,091 for the three and nine months ended September 30, 2024 and is included in the fair value of the note.

### **Interest on Debt**

Interest on debt totals \$4.6 million for the nine months ended September 30, 2024, representing the aggregate interest expenses / payments obligation to be paid and to be recognized during the rest of the terms of the Loan Agreements and Notes, described above.

### **Operating Leases**

Banzai has an operating lease for its real estate for office use. The lease term expires in October 2024. Banzai adopted ASC 842 Leases by applying the guidance at adoption date, January 1, 2022. The \$2,352 balance recognized as of September 30, 2024 represents the future minimum lease payments under non-cancellable leases as liabilities.

## Debt Structure and Maturity Profile

(\$ in Thousands)	Principal	Debt Premium (Discount) / Issuance Cost	Carrying Value	Accrued Interest	Carrying Value and Accrued Interest	
					As of September 30, 2024	8,785
Debt principal - 15.5% CB PF convertible note	\$ 8,759	\$ —	\$ 8,759	\$ 26	\$ —	470
Debt principal - GEM promissory note	470	—	470	—	—	470
Debt principal - Agile	788	169	957	128	—	1,085
Debt principal - 1800 Diagonal	254	(39)	215	118	—	333
Total debt carrying values at September 30, 2024	<u>\$ 10,271</u>	<u>\$ 130</u>	<u>\$ 10,401</u>	<u>\$ 272</u>	<u>\$ —</u>	<u>10,673</u>

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

## Contractual Obligations and Commitments

### Revenue

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

### Leases

Banzai's existing leases contain escalation clauses and renewal options. Banzai is not reasonably certain that renewal options will be exercised upon expiration of the initial terms of its existing leases. Prior to adoption of ASU 2016-02 effective January 1, 2022, Banzai accounted for operating lease transactions by recording lease expense on a straight-line basis over the expected term of the lease.

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

### Deferred underwriting fees

On December 28, 2023, the Company and Cantor amended the Fee Reduction Agreement to provide that the Reduced Deferred Fee was payable in the form of 22,279 shares of Class A Common Stock and to provide that Cantor is subject to a 12-month lock-up with respect to the Cantor Fee Shares. On December 28, 2023, the Company issued the Cantor Fee Shares to Cantor, covering the Reduced Deferred Fee in accordance with the Fee Reduction Agreement. The fair value of the 22,279 shares of Class A Common Stock was determined to be \$2,450,639 on December 28, 2023 based on the Company's opening stock price of \$110.00. Although the Company issued the Cantor Fee Shares, as of September 30, 2024, the Company has not satisfied its Cantor Registration Rights Obligations. As such, the Company cannot conclude that it has settled its outstanding obligations to Cantor. Therefore, neither criteria under ASC 405 for extinguishment and derecognition of the liability were satisfied and the \$4,000,000 Reduced Deferred Fee remained outstanding as a current liability on the Company's September 30, 2024 balance sheet.

### GEM commitment fee liability

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

and at an exercise price per share equal to the lesser of (i) the public offering price or closing bid price on the date of public listing or (ii) the quotient obtained by dividing \$650 million by the total number of equity interests.

On December 13, 2023, the Company and GEM entered into a binding term sheet (the "GEM Term Sheet") and, on December 14, 2023, a letter agreement (the "GEM Letter"), agreeing to terminate in its entirety the GEM Agreement by and between the Company and GEM, other than with respect to the Company's obligation (as the post-combination company in the Merger) to issue the GEM Warrant granting the right to purchase Class A Common Stock in an amount equal to 3% of the total number of equity interests outstanding as of the Closing, calculated on a fully diluted basis, at an exercise price on the terms and conditions set forth therein, in exchange for issuance of a \$2.0 million convertible debenture with a five-year maturity and 0% coupon. Due to the determination of the final terms of the planned \$2.0 million convertible debenture having not been finalized, nor the final agreement related to the convertible debenture having been executed, as of September 30, 2024, the Company recognized, concurrent with the close of the merger, a liability for the GEM commitment fee, along with a corresponding GEM commitment fee expense, in the amount of \$2.0 million.

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

The GEM Promissory Note provides that, in the event the Company fails to make a required monthly payment when due, the Company shall issue to GEM a number of shares of Class A Common Stock equal to the monthly payment amount divided by the VWAP of the Class A Common Stock for the trading day immediately preceding the applicable payment due date. In addition, the Company agreed to register on a registration statement 40,000 shares of Class A Common Stock that may be issuable under the terms of the GEM Promissory Note. The GEM Promissory Note contains customary events of default. If an event of default occurs, GEM may, at its option, demand from the Company immediate payment of any outstanding balance under the GEM Promissory Note. As of the date of these unaudited condensed consolidated interim financial statements, we have issued an aggregate of 40,001 shares of Class A Common Stock to GEM in lieu of monthly payment obligations.

#### **Off-Balance Sheet Arrangements**

Banzai had no off-balance sheet arrangements as of September 30, 2024.

#### **Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

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

#### **Item 4. Controls and Procedures.**

##### ***Evaluation of Disclosure Controls and Procedures***

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we have evaluated the effectiveness of the design and operation of our "disclosure controls and procedures," as such term is defined in Rule 13a-15(e) or Rule 15d-15(e) promulgated under the Exchange Act as of the end of the period covered by this report. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were not effective as of September 30, 2024 to provide reasonable assurance that material information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms due to the material weaknesses in our IT General Controls, adherence to the COSO Integrated Framework, and period end financial close and reporting process as described in our Annual Report on Form 10-K for the year ended December 31, 2023, as filed with the SEC on April 1, 2024 (the "2023 10-K").

We are committed to the remediation of the material weaknesses as well as the continued improvement of our internal control over financial reporting. We are in the process of taking steps to remediate the identified material weaknesses and continue to evaluate our internal controls over financial reporting, as disclosed in the 2023 10-K.

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

## **Changes in Internal Control over Financial Reporting**

Other than the changes noted above regarding our steps to remediate our material weaknesses, there were no changes in our internal control over financial reporting (as the term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the nine months ended September 30, 2024 that have materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

## **PART II—OTHER INFORMATION**

### **Item 1. Legal Proceedings.**

From time to time, we may be party to litigation and subject to claims incident to the ordinary course of our business. As our growth continues, we may become party to an increasing number of litigation matters and claims. The outcome of litigation and claims cannot be predicted with certainty, and the resolution of these matters could materially affect our future results of operations, cash flows or financial position. To the best of our knowledge, we are not presently party to any legal proceedings that, in the opinion of management, if determined adversely to us, would individually or taken together have a material adverse effect on our business, operating results, financial condition or cash flows.

### **Item 1A. Risk Factors.**

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and, as such, are not required to provide the information under this item. A description of risk factors can be found in our Annual Report on Form 10-K for the year ended December 31, 2023.

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

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

On September 9, 2024, the Company issued 24,000 restricted shares of its Class A Common Stock, partially in exchange for the various investor relations services outlined in the Consulting Agreement with MZHCI, LLC, an MZ Group Company.

### **Debt Equitization Issuances**

From August 23, 2024 to September 23, 2024 the Company entered into various agreements to reorganize outstanding debt from certain creditors (collectively, the "Creditors") into shares of the Company's Class A Common Stock (the "Shares") (collectively, the "Debt Reorganization"). The Shares issued as part of the Debt Reorganization are a mix of Shares that are to be registered with the Securities and Exchange Commission (the "SEC") in a registration statement on Form S-1 and Shares that are exempt from registration. As of November 14, 2024, the Company has issued an aggregate of 975,273 Shares to the Creditors in exchange for the cancellation of an aggregate of \$3,982,108 of debt; the Company agreed to issue an aggregate of 420,669 additional Shares pursuant to the Debt Reorganization.

### **CP BF/Alco Shares**

As of November 14, 2024, we issued an aggregate of 903,569 shares of Class A Common Stock to CP BF and Alco, pursuant to the agreements we entered into with them in September 2024 and are exempt from registration.

### **Hudson Global Ventures Shares**

On October 15, 2024, the Company issued 45,000 shares of Class A Common Stock to Hudson Global Ventures, LLC ("Hudson"), pursuant to a consulting agreement entered into with this entity, as consideration for advisory services provided by Hudson. Such shares were issued in a transaction exempt from registration in reliance on Section 4(a)(2) of the Securities Act.

**Item 3. Defaults Upon Senior Securities.**

None.

**Item 4. Mine Safety Disclosures.**

Not applicable.

**Item 5. Other Information.**

During the nine months ended September 30, 2024, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as these terms are defined in Item 408(a) of Regulation S-K.

**Item 6. Exhibits.**

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

<b>Exhibit Number</b>	<b>Description</b>
3.1	<a href="#">Amendment to the Company's Second Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 of the Current Report on Form 8-K filed on September 16, 2024).</a>
4.1	<a href="#">Unsecured Promissory Note, dated February 5, 2024, issued by Banzai International, Inc. to GEM Global Yield LLC SCS (incorporated by reference to Exhibit 10.4 of the Current Report on Form 8-K filed on February 8, 2024).</a>
4.2	<a href="#">Promissory Note, dated as of February 5, 2024, issued by Banzai International, Inc. to YA II PN, LTD (incorporated by reference to Exhibit 4.11 of Amendment No. 1 to the Registration Statement on Form S-1 filed on February 5, 2024).</a>
4.3	<a href="#">Promissory Note, dated as of March 26, 2024, issued by Banzai International, Inc. to YA II PN, LTD (incorporated by reference to Exhibit 4.10 to the Annual Report on Form 10-K filed on April 1, 2024).</a>
4.4	<a href="#">Form of Pre-Funded Warrant dated September 26, 2024 (incorporated by reference the Current Report on Form 8-K filed on September 27, 2024).</a>
4.5	<a href="#">Form of Series A Warrant dated September 26, 2024 (incorporated by reference the Current Report on Form 8-K filed on September 27, 2024).</a>
4.6	<a href="#">Form of Series B Warrant dated September 26, 2024 (incorporated by reference the Current Report on Form 8-K filed on September 27, 2024).</a>
4.7	<a href="#">Form of Placement Agent Warrant dated September 26, 2024 (incorporated by reference the Current Report on Form 8-K filed on September 27, 2024).</a>
4.8*	<a href="#">Promissory Note with 1800 Diagonal Lending, LLC dated August 16, 2024</a>
4.9*	<a href="#">Promissory Note with 1800 Diagonal Lending, LLC dated September 24, 2024</a>
10.1	<a href="#">Supplemental Agreement, dated February 5, 2024, by and between Banzai International, Inc. and YA II PN, LTD (incorporated by reference to Exhibit 10.29 of Amendment No. 1 to the Registration Statement on Form S-1 filed on February 5, 2024).</a>
10.2	<a href="#">Settlement Agreement, dated February 5, 2024, by and between Banzai International, Inc., GEM Global Yield LLC SCS and GEM Yield Bahamas Limited (incorporated by reference to Exhibit 10.27 of Amendment No. 1 to the Registration Statement on Form S-1 filed on February 5, 2024).</a>
10.3	<a href="#">Addendum to Letter Agreements, dated February 5, 2024, by and between Banzai International, Inc. and Roth Capital Partners, LLC (incorporated by reference to Exhibit 10.30 of Amendment No. 1 to the Registration Statement on Form S-1 filed on February 5, 2024).</a>
10.4#	<a href="#">Banzai International, Inc. 2023 Equity Incentive Plan (incorporated by reference to Exhibit 99.1 to the Registration Statement on Form S-8 filed on March 25, 2024).</a>
10.5#	<a href="#">Banzai International, Inc. 2023 Employee Stock Purchase Plan (incorporated by reference to Exhibit 99.2 to the Registration Statement on Form S-8 filed on March 25, 2024).</a>
10.6	<a href="#">Debt Repayment Agreement, dated as of May 3, 2024, by and among the Company and Yorkville (incorporated by reference to Exhibit 99.2 of the Current Report on Form 8-K filed on May 16, 2024).</a>
10.7	<a href="#">Form of Purchase Agreement, dated May 22, 2024 (incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed on May 28, 2024).</a>
10.8	<a href="#">Form of Common Warrant, dated May 22, 2024 (incorporated by reference to Exhibit 10.3 of the Current Report on Form 8-K filed on May 28, 2024).</a>
10.9	<a href="#">Form of Pre-Funded Warrant, dated May 22, 2024 (incorporated by reference to Exhibit 10.4 of the Current Report on Form 8-K filed on May 28, 2024).</a>
10.10	<a href="#">Placement Agent Warrant, dated May 22, 2024 (incorporated by reference to Exhibit 10.5 of the Current Report on Form 8-K filed on May 28, 2024).</a>
10.11	<a href="#">Amended and Restated Debt Repayment Agreement, dated as of May 22, 2024, by and between the Company and Yorkville (incorporated by reference to Exhibit 99.1 of the Current Report on Form 8-K filed on May 28, 2024).</a>
10.12	<a href="#">Amended and Restated Repayment Agreement with J.V.B Financial Group, LLC (incorporated by reference to the Registration Statement on Form S-1 (File No. 333-282680) filed with the SEC on October 16, 2024).</a>
10.13	<a href="#">Investor Relations Consulting Agreement with MZHCI, LLC (incorporated by reference to the Registration Statement on Form S-1 (File No. 333-282680) filed with the SEC on October 16, 2024).</a>
10.14	<a href="#">Side Letter to the Loan Agreement with CP BF Lending, LLC (incorporated by reference to the Registration Statement on Form S-1 (File No. 333-282680) filed with the SEC on October 16, 2024).</a>
10.15	<a href="#">Repayment Agreement with Perkins Coie LLP (incorporated by reference to the Registration Statement on Form S-1 (File No. 333-282680) filed with the SEC on October 16, 2024).</a>
10.16	<a href="#">Floor Price Adjustment Agreement with Yorkville Advisors (incorporated by reference to the Registration Statement on Form S-1 (File No. 333-282680) filed with the SEC on October 16, 2024).</a>

10.17	<a href="#">Repayment Agreement with Cooley LLP (incorporated by reference to the Registration Statement on Form S-1 (File No. 333-282680) filed with the SEC on October 16, 2024).</a>
10.18	<a href="#">Settlement Letter with CohnReznick LLP (incorporated by reference to the Registration Statement on Form S-1 (File No. 333-282680) filed with the SEC on October 16, 2024).</a>
10.19	<a href="#">Repayment Agreement with Sidley Austin LLP (incorporated by reference to the Registration Statement on Form S-1 (File No. 333-282680) filed with the SEC on October 16, 2024).</a>
10.20	<a href="#">Repayment Agreement with Donnelley Financial LLC (incorporated by reference to the Registration Statement on Form S-1 (File No. 333-282680) filed with the SEC on October 16, 2024).</a>
10.21	<a href="#">Securities Purchase Agreement with Alco Investment Company (incorporated by reference to the Registration Statement on Form S-1 (File No. 333-282680) filed with the SEC on October 16, 2024).</a>
10.22	<a href="#">Securities Purchase Agreement with CP BF Lending, LLC (incorporated by reference to the Registration Statement on Form S-1 (File No. 333-282680) filed with the SEC on October 16, 2024).</a>
10.23	<a href="#">Repayment Agreement with Verista Partners, Inc. (incorporated by reference to the Registration Statement on Form S-1 (File No. 333-282680) filed with the SEC on October 16, 2024).</a>
10.24	<a href="#">Second Amendment to Loan Agreement by and among the Company, Demio Holding Inc., Banzai Operating Co. LLC and CP BF Lending, LLC, as Lender dated as of September 23, 2024 (incorporated by reference to the Registration Statement on Form S-1 (File No. 333-282680) filed with the SEC on October 16, 2024).</a>
10.25	<a href="#">Form of Registration Rights Agreement between the Company and Alco (incorporated by reference to the Registration Statement on Form S-1 (File No. 333-282680) filed with the SEC on October 16, 2024).</a>
10.26	<a href="#">Form of Lock-Up Agreement dated September 23, 2024 (incorporated by reference to the Registration Statement on Form S-1 (File No. 333-282680) filed with the SEC on October 16, 2024).</a>
10.27	<a href="#">Form of Registration Rights Agreement between the Company and CP BF (incorporated by reference to the Registration Statement on Form S-1 (File No. 333-282680) filed with the SEC on October 16, 2024).</a>
10.28	<a href="#">Form of Securities Purchase Agreement dated September 26, 2024 (incorporated by reference to the Current Report on Form 8-K filed on September 27, 2024).</a>
10.29	<a href="#">Form of Registration Rights Agreement dated September 26, 2024 (incorporated by reference to the Current Report on Form 8-K filed on September 27, 2024).</a>
10.30*	<a href="#">Subordinated Business Loan and Security Agreement, Promissory Note with Agile Lending, LLC and Agile Capital Funding, LLC dated July 22, 2024</a>
10.31*	<a href="#">Subordinated Business Loan and Security Agreement, Promissory Note with Agile Lending, LLC and Agile Capital Funding, LLC dated September 13, 2024</a>
10.32*	<a href="#">Securities Purchase Agreement with 1800 Diagonal Lending LLC</a>
31.1*	<a href="#">Certification of Chief Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
31.2*	<a href="#">Certification of Chief Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
32.1*+	<a href="#">Certifications of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
32.2*+	<a href="#">Certifications of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
101.INS ***	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.
101.SCH ****	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents
104 ***	Cover Page Interactive Data File (embedded within the Inline XBRL document)

\* Filed herewith.

# Indicates management contract or compensatory plan or arrangement.

+ In accordance with SEC Release 33-8238, Exhibits 32.1 and 32.2 are being furnished and not filed.

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

\*\*\*\* Submitted electronically herewith.

**SIGNATURES**

Pursuant to the requirements of Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on November 14, 2024.

BANZAI INTERNATIONAL, INC.

Date: November 14, 2024

By:

*/s/ Joseph Davy*  
**Joseph Davy**  
**Chief Executive Officer**

Date: November 14, 2024

By:

*/s/ Alvin Yip*  
**Alvin Yip**  
**Interim Chief Financial Officer**

THE ISSUANCE AND SALE OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR (B) AN OPINION OF COUNSEL (WHICH COUNSEL SHALL BE SELECTED BY THE HOLDER), IN A GENERALLY ACCEPTABLE FORM, THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT.

THE ISSUE PRICE OF THIS NOTE IS \$184,000.00  
THE ORIGINAL ISSUE DISCOUNT IS \$24,000.00

Principal Amount: \$184,000.00 Issue Date: August 16, 2024  
Purchase Price: \$160,000.00

#### PROMISSORY NOTE

FOR VALUE RECEIVED, BANZAI INTERNATIONAL INC., a Delaware corporation (hereinafter called the "Borrower"), hereby promises to pay to the order of 1800 DIAGONAL LENDING LLC, a Virginia limited liability company, or registered assigns (the "Holder") the sum of \$184,000.00 together with any interest as set forth herein, on June 15, 2025 (the "Maturity Date"), and to pay interest on the unpaid principal balance hereof from the date hereof (the "Issue Date") as set forth herein. This Note may not be prepaid in whole or in part except as otherwise explicitly set forth herein. Any amount of principal or interest on this Note which is not paid when due shall bear interest at the rate of twenty two percent (22%) per annum from the due date thereof until the same is paid ("Default Interest"). All payments due hereunder (to the extent not converted into common stock, \$0.0001 par value per share (the "Common Stock") in accordance with the terms hereof) shall be made in lawful money of the United States of America. All payments shall be made at such address as the Holder shall hereafter give to the Borrower by written notice made in accordance with the provisions of this Note. Each capitalized term used herein, and not otherwise defined, shall have the meaning ascribed thereto in that certain Securities Purchase Agreement dated the date hereof, pursuant to which this Note was originally issued (the "Purchase Agreement").

This Note is free from all taxes, liens, claims and encumbrances with respect to the issue thereof and shall not be subject to preemptive rights or other similar rights of stockholders of the Borrower and will not impose personal liability upon the holder thereof.

The following terms shall apply to this Note:

#### 1. GENERAL TERMS

**1.1. Interest.** A one-time interest charge of twelve percent (12%) (the "Interest Rate") shall be applied on the Issuance Date to the principal amount (\$184,000.00 \* twelve percent (12%) = \$22,080.00). Interest hereunder shall be paid as set forth herein to the Holder or its assignee in whose name this Note is registered on the records of the Company regarding registration and transfers of Notes in cash or, in the Event of Default, at the Option of the Holder, converted into share of Common Stock as set forth herein.

**1.2. Mandatory Monthly Payments.** Accrued, unpaid Interest and outstanding principal, subject to adjustment, shall be paid in ten (10) payments; each in the amount of \$20,608.00 (a total payoff to the Holder of \$206,080.00). The first payment shall be due September 15, 2024 with nine (9) subsequent payments due on the 15<sup>th</sup> day of each month thereafter. The Company shall have a five (5) day grace period with respect to each payment. The Company has right to accelerate payments or prepay in full at any time with no prepayment penalty. All payments shall be made by bank wire transfer to the Holder's wire instructions, attached hereto as Exhibit A. For the avoidance of doubt, a missed payment shall be considered an Event of Default.

#### 2. CERTAIN COVENANTS

**2.1. Sale of Assets.** So long as the Borrower shall have any obligation under this Note, the Borrower shall not, without the Holder's written consent, sell, lease or otherwise dispose of any significant portion of its assets outside the ordinary course of business in one or a series of transactions which would render the Borrower a "shell company" as such term is defined in Rule 144 (as defined herein).

### 3. EVENTS OF DEFAULT

If any of the following events of default (each, an "Event of Default") shall occur:

**3.1. Failure to Pay Principal and Interest.** The Borrower fails to pay the principal hereof or interest thereon when due on this Note, whether at maturity, upon acceleration or otherwise and such breach continues for a period of five (5) business days after written notice from the Holder.

**3.2. Breach of Covenants.** The Borrower breaches any material covenant or other material term or condition contained in this Note and any collateral documents including but not limited to the Purchase Agreement and such breach continues for a period of twenty (20) days after written notice thereof to the Borrower from the Holder.

**3.3. Breach of Representations and Warranties.** Any representation or warranty of the Borrower made herein or in any agreement, statement or certificate given in writing pursuant hereto or in connection herewith (including, without limitation, the Purchase Agreement), shall be false or misleading in any material respect when made and the breach of which has (or with the passage of time will have) a material adverse effect on the rights of the Holder with respect to this Note or the Purchase Agreement.

**3.4. Receiver or Trustee.** The Borrower or any subsidiary of the Borrower shall make an assignment for the benefit of creditors, or apply for or consent to the appointment of a receiver or trustee for it or for a substantial part of its property or business, or such a receiver or trustee shall otherwise be appointed.

**3.5. Bankruptcy.** Bankruptcy, insolvency, reorganization or liquidation proceedings or other proceedings, voluntary or involuntary, for relief under any bankruptcy law or any law for the relief of debtors shall be instituted by or against the Borrower or any subsidiary of the Borrower on or after the Issue Date.

**3.6. [intentionally deleted].**

**3.7. Failure to Comply with the Exchange Act.** The Borrower shall fail to materially comply with the reporting requirements of the Exchange Act; and/or the Borrower shall cease to be subject to the reporting requirements of the Exchange Act; provided; however, that this Section 3.7 shall not be an Event of Default of this note, provided that the Company has made all payments required pursuant to Section 1.2 hereof timely.

**3.8. Liquidation.** Any dissolution, liquidation, or winding up of Borrower or any substantial portion of its business.

**3.9. Cessation of Operations.** Any cessation of operations by Borrower or Borrower admits it is otherwise generally unable to pay its debts as such debts become due, provided, however, that any disclosure of the Borrower's ability to continue as a "going concern" shall not be an admission that the Borrower cannot pay its debts as they become due.

**3.10. [intentionally deleted].**

**3.11. Replacement of Transfer Agent.** In the event that the Borrower proposes to replace its transfer agent, the Borrower fails to provide, prior to the effective date of such replacement, a fully executed Irrevocable Transfer Agent Instructions in a form as initially delivered pursuant to the Purchase Agreement (including but not limited to the provision to irrevocably reserve shares of Common Stock in the Reserved Amount) signed by the successor transfer agent to Borrower and the Borrower.

Upon the occurrence and during the continuation of any Event of Default, the Note shall become immediately due and payable and the Borrower shall pay to the Holder, in full satisfaction of its obligations hereunder, an amount equal to 150% times the sum of (w) the then outstanding principal amount of this Note plus (x) accrued and unpaid interest on the unpaid principal amount of this Note to the date of payment (the "Mandatory Prepayment Date") plus (y) Default Interest, if any, on the amounts referred to in clauses (w) and/or (x) plus (z) any amounts owed to the Holder pursuant to Article IV hereof (the then outstanding principal amount of this Note to the date of payment plus the amounts referred to in clauses (x), (y) and (z) shall collectively be known as the "Default Amount") and all other amounts payable hereunder shall immediately become due and payable, all without demand, presentment or notice, all of which hereby are expressly waived, together with all costs, including, without limitation, legal fees and expenses, of collection, and the Holder shall be entitled to exercise all other rights and remedies available at law or in equity.

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#### 4.CONVERSION RIGHTS

**4.1. Conversion Right.** After the occurrence of an Event of Default, at any time, the Holder shall have the right, to convert all or any part of the outstanding and unpaid amount of this Note into fully paid and non-assessable shares of Common Stock, as such Common Stock exists on the Issue Date, or any shares of capital stock or other securities of the Borrower into which such Common Stock shall hereafter be changed or reclassified at the conversion price determined as provided herein (a "Conversion"); provided, however, that in no event shall the Holder be entitled to convert any portion of this Note in excess of that portion of this Note upon conversion of which the sum of (1) the number of shares of Common Stock beneficially owned by the Holder and its affiliates (other than shares of Common Stock which may be deemed beneficially owned through the ownership of the unconverted portion of the Notes or the unexercised or unconverted portion of any other security of the Borrower subject to a limitation on conversion or exercise analogous to the limitations contained herein) and (2) the number of shares of Common Stock issuable upon the conversion of the portion of this Note with respect to which the determination of this proviso is being made, would result in beneficial ownership by the Holder and its affiliates of more than 4.99% of the outstanding shares of Common Stock. For purposes of the proviso to the immediately preceding sentence, beneficial ownership shall be determined in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Regulations 13D-G thereunder, except as otherwise provided in clause (1) of such proviso. The beneficial ownership limitations on conversion as set forth in the section may NOT be waived by the Holder. The number of shares of Common Stock to be issued upon each conversion of this Note shall be determined by dividing the Conversion Amount (as defined below) by the applicable Conversion Price then in effect on the date specified in the notice of conversion, in the form attached hereto as Exhibit B(the "Notice of Conversion"), delivered to the Borrower by the Holder in accordance with Section 4.4 below; provided that the Notice of Conversion is submitted by facsimile or e-mail (or by other means resulting in, or reasonably expected to result in, notice) to the Borrower before 6:00 p.m., New York, New York time on such conversion date (the "Conversion Date"); however, if the Notice of Conversion is sent after 6:00pm, New York, New York time the Conversion Date shall be the next business day. The term "Conversion Amount" means, with respect to any conversion of this Note, the sum of (1) the principal amount of this Note to be converted in such conversion plus (2) at the Holder's option, accrued and unpaid interest, if any, on such principal amount at the interest rates provided in this Note to the Conversion Date, plus (3) at the Holder's option, Default Interest, if any, on the amounts referred to in the immediately preceding clauses (1) and/or (2) plus (4) at the Holder's option, any amounts owed to the Holder pursuant to Sections 4.4 hereof. Notwithstanding anything in this Agreement to the contrary, and in addition to the limitations set forth herein, if the Borrower has not obtained Stockholder Approval, the Borrower shall not issue a number of shares of Common Stock under this Agreement, which when aggregated with all other securities that are required to be aggregated for purposes of Rule 5635(d), would exceed 19.99% of the shares of Common Stock outstanding as of the date of definitive agreement with respect to the first of such aggregated transactions (the "Conversion Limitation"). For purposes of this section, "Stockholder Approval" means such approval as may be required by the applicable rules and regulations of the Nasdaq Stock Market LLC (or any successor entity) from the stockholders of the Company with respect to the issuance of the shares under this Agreement that, when taken together with any other securities that are required to be aggregated with the issuance of the shares issued under this Agreement for purposes of Rule 5635(d) of the Nasdaq Stock Market LLC ("Rule 5635(d)"), would exceed 19.99% of the issued and outstanding common stock as of the date of definitive agreement with respect to the first of such aggregated transactions. If the Borrower shall fail to maintain the listing of the Common Stock on the Nasdaq National Market, the Nasdaq SmallCap Market, the New York Stock Exchange, or the NYSE American Stock Exchange (collectively, the "Exchanges"), the Conversion Limitation shall no longer apply to limit the issuance of shares in conversion of this Note. "Principal Market" means the Exchanges, the quotation platforms maintained by the OTC Markets Group or an equivalent replacement exchange, and all rules and regulations relating to such exchange. The Holder shall be entitled to deduct \$1,500.00 from the conversion amount in each Notice of Conversion to cover Holder's deposit fees associated with each Notice of Conversion. Any additional expenses incurred by Holder with respect to the Borrower's transfer agent, for the issuance of the Common Stock into which this Note is convertible into, shall immediately and automatically be added to the balance of the Note at such time as the expenses are incurred by Holder.

**4.2. Conversion Price.** The Conversion Price shall mean 75% multiplied by the Market Price (as defined herein) (representing a discount rate of 25%)(subject to equitable adjustments for stock splits, stock dividends or rights offerings by the Borrower relating to the Borrower's securities or the securities of any subsidiary of the Borrower, combinations, recapitalization, reclassifications, extraordinary distributions and similar events). "Market Price" means the lowest Trading Price (as defined below) for the Common Stock during the ten (10) Trading Day period ending on the latest complete Trading Day prior to the Conversion Date. "Trading Price" means, for any security as of any date, the closing bid price on the or applicable exchange or trading market (the "Trading Market") as reported by a reliable reporting service ("Reporting Service") designated by the Holder (i.e. Bloomberg) or, if the Trading Market is not the principal trading market for such security, the closing bid price of such security on the principal securities exchange or trading market where such security is listed or traded or, if no closing bid price of such security is available in any of the foregoing manners, the average of the closing bid prices of any market makers for such security that are listed in the "pink sheets". If the Trading Price cannot be calculated for such security on such date in the manner provided above, the Trading Price shall be the fair market value as mutually determined by the Borrower and the holders of a majority in interest of the Notes being converted for which the calculation of the Trading Price is required in order to determine the Conversion Price of such Notes. "Trading Day"

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shall mean any day on which the Common Stock is tradable for any period on the Trading Market, or on the principal securities exchange or other securities market on which the Common Stock is then being traded.

**4.3.Authorized Shares.** The Borrower covenants that during the period that the Note is outstanding, the Borrower will reserve from its authorized and unissued Common Stock a sufficient number of shares, free from preemptive rights, to provide for the issuance of Common Stock upon the full conversion of this Note issued pursuant to the Purchase Agreement. The Borrower is required at all times to have authorized and reserved four times the number of shares that is actually issuable upon full conversion of the Note (based on the Conversion Price of the Note in effect from time to time initially 8,840,840 shares) (the "Reserved Amount"). The Reserved Amount shall be increased (or decreased) from time to time (and in the case of each payment received by the Holder hereunder) in accordance with the Borrower's obligations hereunder. The Borrower represents that upon issuance, such shares will be duly and validly issued, fully paid and non-assessable. In addition, if the Borrower shall issue any securities or make any change to its capital structure which would change the number of shares of Common Stock into which the Notes shall be convertible at the then current Conversion Price, the Borrower shall at the same time make proper provision so that thereafter there shall be a sufficient number of shares of Common Stock authorized and reserved, free from preemptive rights, for conversion of the outstanding Note. The Borrower (i) acknowledges that it has irrevocably instructed its transfer agent to issue certificates for the Common Stock issuable upon conversion of this Note, and (ii) agrees that its issuance of this Note shall constitute full authority to its officers and agents who are charged with the duty of executing stock certificates to execute and issue the necessary certificates for shares of Common Stock in accordance with the terms and conditions of this Note. If, at any time the Borrower does not maintain the Reserved Amount it will be considered an Event of Default under this Note.

**4.4.Method of Conversion.**

**4.4.1.Mechanics of Conversion.** As set forth in Section 4.1 hereof, at any time following an Event of Default, and during the continuation thereof, the balance due pursuant to this Note may be converted by the Holder in whole or in part at any time from time to time after the Issue Date, by (A) submitting to the Borrower a Notice of Conversion (by facsimile, e-mail or other reasonable means of communication dispatched on the Conversion Date prior to 6:00 p.m., New York, New York time) and (B) subject to Section 4.4(b), surrendering this Note at the principal office of the Borrower (upon payment in full of any amounts owed hereunder).

**4.4.2.Surrender of Note Upon Conversion.** Notwithstanding anything to the contrary set forth herein, upon conversion of this Note in accordance with the terms hereof, the Holder shall not be required to physically surrender this Note to the Borrower unless the entire unpaid principal amount of this Note is so converted. The Holder and the Borrower shall maintain records showing the principal amount so converted and the dates of such conversions or shall use such other method, reasonably satisfactory to the Holder and the Borrower, so as not to require physical surrender of this Note upon each such conversion.

**4.4.3.Delivery of Common Stock Upon Conversion.** Upon receipt by the Borrower from the Holder of a facsimile transmission or e-mail (or other reasonable means of communication) of a Notice of Conversion meeting the requirements for conversion as provided in this Section 4.4, the Borrower shall issue and deliver or cause to be issued and delivered to or upon the order of the Holder certificates for the Common Stock issuable upon such conversion within three (3) business days after such receipt subject to the terms hereof and applicable rules of the Principal Market (as defined hereinbelow) (the "Deadline") (and, solely in the case of conversion of the entire unpaid principal amount hereof, surrender of this Note) in accordance with the terms hereof and the Purchase Agreement. Upon receipt by the Borrower of a Notice of Conversion, the Holder shall be deemed to be the holder of record of the Common Stock issuable upon such conversion, the outstanding principal amount and the amount of accrued and unpaid interest on this Note shall be reduced to reflect such conversion, and, unless the Borrower defaults on its obligations hereunder, all rights with respect to the portion of this Note being so converted shall forthwith terminate except the right to receive the Common Stock or other securities, cash or other assets, as herein provided, on such conversion. If the Holder shall have given a Notice of Conversion as provided herein, the Borrower's obligation to issue and deliver the certificates for Common Stock shall be absolute and unconditional, irrespective of the absence of any action by the Holder to enforce the same, any waiver or consent with respect to any provision thereof, the recovery of any judgment against any person or any action to enforce the same, any failure or delay in the enforcement of any other obligation of the Borrower to the holder of record, or any setoff, counterclaim, recoupment, limitation or termination, or any breach or alleged breach by the Holder of any obligation to the Borrower, and irrespective of any other circumstance which might otherwise limit such obligation of the Borrower to the Holder in connection with such conversion.

**4.4.4.Delivery of Common Stock by Electronic Transfer.** In lieu of delivering physical certificates representing the Common Stock issuable upon conversion, provided the Borrower is participating in the Depository Trust Company ("DTC") Fast Automated Securities Transfer ("FAST") program, upon request of the Holder and its compliance with the provisions set forth herein, the Borrower shall use its best efforts to cause its transfer agent to electronically transmit the Common Stock issuable upon conversion to the Holder by crediting the account of Holder's Prime Broker with DTC through its Deposit and Withdrawal at

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Custodian ("DWAC") system.

**4.4.5.Failure to Deliver Common Stock Prior to Deadline.** Without in any way limiting the Holder's right to pursue other remedies, including actual damages and/or equitable relief, the parties agree that if delivery of the Common Stock issuable upon conversion of this Note is not delivered by the Deadline due to willful and purposeful action and/or inaction of the Borrower, the Borrower shall pay to the Holder \$2,000 per day in cash, for each day beyond the Deadline that the Borrower fails to deliver such Common Stock (the "Fail to Deliver Fee"); provided; however that the Fail to Deliver Fee shall not be due if the failure is a result of a third party (i.e., transfer agent; and not the result of any failure to pay such transfer agent) despite the best efforts of the Borrower to effect delivery of such Common Stock. Such cash amount shall be paid to Holder by the fifth day of the month following the month in which it has accrued or, at the option of the Holder (by written notice to the Borrower by the first day of the month following the month in which it has accrued), shall be added to the principal amount of this Note, in which event interest shall accrue thereon in accordance with the terms of this Note and such additional principal amount shall be convertible into Common Stock in accordance with the terms of this Note. The Borrower agrees that the right to convert is a valuable right to the Holder. The damages resulting from a failure, attempt to frustrate, interference with such conversion right are difficult if not impossible to quantify. Accordingly, the parties acknowledge that the liquidated damages provision contained in this Section 4.4(e) are justified.

**4.5. Concerning the Shares.** The shares of Common Stock issuable upon conversion of this Note may not be sold or transferred unless: (i) such shares are sold pursuant to an effective registration statement under the Act or (ii) the Borrower or its transfer agent shall have been furnished with an opinion of counsel (which opinion shall be in form, substance and scope customary for opinions of counsel in comparable transactions) to the effect that the shares to be sold or transferred may be sold or transferred pursuant to an exemption from such registration (such as Rule 144 or a successor rule) ("Rule 144"); or (iii) such shares are transferred to an "affiliate" (as defined in Rule 144) of the Borrower who agrees to sell or otherwise transfer the shares only in accordance with this Section 4.5 and who is an Accredited Investor (as defined in the Purchase Agreement).

Any restrictive legend on certificates representing shares of Common Stock issuable upon conversion of this Note shall be removed and the Borrower shall issue to the Holder a new certificate therefore free of any transfer legend if the Borrower or its transfer agent shall have received an opinion of counsel from Holder's counsel, in form, substance and scope customary for opinions of counsel in comparable transactions, to the effect that (i) a public sale or transfer of such Common Stock may be made without registration under the Act, which opinion shall be accepted by the Company so that the sale or transfer is effected; or (ii) in the case of the Common Stock issuable upon conversion of this Note, such security is registered for sale by the Holder under an effective registration statement filed under the Act; or otherwise may be sold pursuant to an exemption from registration. In the event that the Company does not reasonably accept the opinion of counsel that properly conforms to applicable securities laws provided by the Holder with respect to the transfer of Securities pursuant to an exemption from registration (such as Rule 144), it will be considered an Event of Default pursuant to this Note.

#### 4.6.Effect of Certain Events.

**4.6.1.Effect of Merger, Consolidation, Etc.** At the option of the Holder, the sale, conveyance or disposition of all or substantially all of the assets of the Borrower, the effectuation by the Borrower of a transaction or series of related transactions in which more than 50% of the voting power of the Borrower is disposed of, or the consolidation, merger or other business combination of the Borrower with or into any other Person (as defined below) or Persons when the Borrower is not the survivor shall be deemed to be an Event of Default (as defined in Article III) pursuant to which the Borrower shall be required to pay to the Holder upon the consummation of and as a condition to such transaction an amount equal to the Default Amount (as defined in Article III). "Person" shall mean any individual, corporation, limited liability company, partnership, association, trust or other entity or organization.

**4.6.2.Adjustment Due to Merger, Consolidation, Etc.** If, at any time when this Note is issued and outstanding and prior to conversion of all of the Note, there shall be any merger, consolidation, exchange of shares, recapitalization, reorganization, or other similar event, as a result of which shares of Common Stock of the Borrower shall be changed into the same or a different number of shares of another class or classes of stock or securities of the Borrower or another entity, or in case of any sale or conveyance of all or substantially all of the assets of the Borrower other than in connection with a plan of complete liquidation of the Borrower, then the Holder of this Note shall thereafter have the right to receive upon conversion of this Note, upon the basis and upon the terms and conditions specified herein and in lieu of the shares of Common Stock immediately theretofore issuable upon conversion, such stock, securities or assets which the Holder would have been entitled to receive in such transaction had this Note been converted in full immediately prior to such transaction (without regard to any limitations on conversion set forth herein), and in any such case appropriate provisions shall be made with respect to the rights and interests of the Holder of this Note to the end that the provisions hereof (including, without limitation, provisions for adjustment of the Conversion Price and of the number of shares issuable upon conversion of the Note) shall thereafter be applicable, as nearly as may be practicable in relation to any securities or assets thereafter deliverable upon the conversion hereof. The Borrower shall not affect any transaction described in this Section 4.6(b) unless (a) it first gives, to the extent practicable, ten (10) days prior written notice (but in any event at least five (5) days prior written

notice) of the record date of the special meeting of stockholders to approve, or if there is no such record date, the consummation of, such merger, consolidation, exchange of shares, recapitalization, reorganization or other similar event or sale of assets (during which time the Holder shall be entitled to convert this Note) and (b) the resulting successor or acquiring entity (if not the Borrower) assumes by written instrument the obligations of this Note. The above provisions shall similarly apply to successive consolidations, mergers, sales, transfers or share exchanges.

**4.6.3 Adjustment Due to Distribution.** If the Borrower shall declare or make any distribution of its assets (or rights to acquire its assets) to holders of Common Stock as a dividend, stock repurchase, by way of return of capital or otherwise (including any dividend or distribution to the Borrower's stockholders in cash or shares (or rights to acquire shares) of capital stock of a subsidiary (i.e., a spin-off)) (a "Distribution"), then the Holder of this Note shall be entitled, upon any conversion of this Note after the date of record for determining stockholders entitled to such Distribution, to receive the amount of such assets which would have been payable to the Holder with respect to the shares of Common Stock issuable upon such conversion had such Holder been the holder of such shares of Common Stock on the record date for the determination of stockholders entitled to such Distribution.

## 5. MISCELLANEOUS

**5.1. Failure or Indulgence Not Waiver.** No failure or delay on the part of the Holder in the exercise of any power, right or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or privilege preclude other or further exercise thereof or of any other right, power or privileges. All rights and remedies existing hereunder are cumulative to, and not exclusive of, any rights or remedies otherwise available.

**5.2. Notices.** All notices, demands, requests, consents, approvals, and other communications required or permitted hereunder shall be in writing and, unless otherwise specified herein, shall be (i) personally served, (ii) deposited in the mail, registered or certified, return receipt requested, postage prepaid, (iii) delivered by reputable air courier service with charges prepaid, or (iv) transmitted by hand delivery, telegram, or electronic mail, addressed as set forth below or to such other address as such party shall have specified most recently by written notice. Any notice or other communication required or permitted to be given hereunder shall be deemed effective (a) upon hand delivery or delivery by electronic mail, at the address or number designated below (if delivered on a business day during normal business hours where such notice is to be received), or the first business day following such delivery (if delivered other than on a business day during normal business hours where such notice is to be received) or (b) on the second business day following the date of mailing by express courier service, fully prepaid, addressed to such address, or upon actual receipt of such mailing, whichever shall first occur. The addresses for such communications shall be:

If to the Borrower, to:

BANZAI INTERNATIONAL INC.  
435 Erickson Ave, Suite 250  
Bainbridge Island, Washington 98110  
Attn: Joseph Davy, Chief Executive Officer  
Email:joe@banzai.io

If to the Holder:

1800 DIAGONAL LENDING LLC  
1800 Diagonal Road, Suite 623  
Alexandria VA 22314  
Attn: Curt Kramer, President  
Email: ckramer6@bloomberg.net

**5.3. Amendments.** This Note and any provision hereof may only be amended by an instrument in writing signed by the Borrower and the Holder. The term "Note" and all reference thereto, as used throughout this instrument, shall mean this instrument (and the other Notes issued pursuant to the Purchase Agreement) as originally executed, or if later amended or supplemented, then as so amended or supplemented.

**5.4. Assignability.** This Note shall be binding upon the Borrower and its successors and assigns, and shall inure to be the benefit of the Holder and its successors and assigns. Each transferee of this Note must be an "accredited investor" (as defined in Rule 501(a) of the Securities and Exchange Commission). Notwithstanding anything in this Note to the contrary, this Note

may be pledged as collateral in connection with a bona fide margin account or other lending arrangement; and may be assigned by the Holder without the consent of the Borrower.

**5.5.Cost of Collection.** If default is made in the payment of this Note, the Borrower shall pay the Holder hereof costs of collection, including reasonable attorneys' fees.

**5.6.Governing Law.** This Note shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia without regard to principles of conflicts of laws. Any action brought by either party against the other concerning the transactions contemplated by this Note shall be brought only in the Circuit Court of Fairfax County, Virginia or in the Alexandria Division of the United States District Court for the Eastern District of Virginia. The parties to this Note hereby irrevocably waive any objection to jurisdiction and venue of any action instituted hereunder and shall not assert any objection or defense based on lack of jurisdiction or venue or based upon *forum non conveniens*. The Borrower and Holder waive trial by jury. The Holder shall be entitled to recover from the Borrower its reasonable attorney's fees and costs incurred in connection with or related to any Event of Default by the Company, as defined in Article III hereof. In the event that any provision of this Note or any other agreement delivered in connection herewith is invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform with such statute or rule of law. Any such provision which may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provision hereof or any agreement delivered in connection herewith. Each party hereby irrevocably waives personal service of process and consents to process being served in any suit, action or proceeding in connection with this Note, any agreement or any other document delivered in connection with this Note 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 Note 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 law.

**5.7.Purchase Agreement.** By its acceptance of this Note, each party agrees to be bound by the applicable terms of the Purchase Agreement.

**5.8.Remedies.** The Borrower acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the Holder, by vitiating the intent and purpose of the transaction contemplated hereby. Accordingly, the Borrower acknowledges that the remedy at law for a breach of its obligations under this Note will be inadequate and agrees, in the event of a breach or threatened breach by the Borrower of the provisions of this Note, that the Holder shall be entitled, in addition to all other available remedies at law or in equity, and in addition to the penalties assessable herein, to an injunction or injunctions restraining, preventing or curing any breach of this Note and to enforce specifically the terms and provisions thereof, without the necessity of showing economic loss and without any bond or other security being required.

IN WITNESS WHEREOF, Borrower has caused this Note to be signed in its name by its duly authorized officer this on August 16, 2024

**BANZAI INTERNATIONAL INC.**

By: \_\_\_\_\_  
Joseph Davy  
Chief Executive Officer

**EXHIBIT A – WIRE INSTRUCTIONS**

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Bank Name: United Bank Fairfax  
Bank Address: 11185 Fairfax Road, Fairfax, VA 22030  
Routing Number: 056004445  
Beneficiary Account Number: 86475980  
Beneficiary: 1800 Diagonal Lending LLC  
Mailing Address: 1800 Diagonal Road, Suite 623, Alexandria, VA 22314

#### **EXHIBIT B -- NOTICE OF CONVERSION**

The undersigned hereby elects to convert \$ \_\_\_\_\_ principal amount of the Note (defined below) into that number of shares of Common Stock to be issued pursuant to the conversion of the Note("Common Stock") as set forth below, of BANZAI INTERNATIONAL INC., a Delawarecorporation (the "Borrower") according to the conditions of the convertible note of the Borrower dated as of August 16, 2024(the "Note"), as of the date written below. No fee will be charged to the Holder for any conversion, except for transfer taxes, if any.

Box Checked as to applicable instructions:

The Borrower shall electronically transmit the Common Stock issuable pursuant to this Notice of Conversion to the account of the undersigned or its nominee with DTC through its Deposit Withdrawal Agent Commission system ("DWAC Transfer").

Name of DTC Prime Broker:

Account Number:

The undersigned hereby requests that the Borrower issue a certificate or certificates for the number of shares of Common Stock set forth below (which numbers are based on the Holder's calculation attached hereto) in the name(s) specified immediately below or, if additional space is necessary, on an attachment hereto:

Date of conversion: \_\_\_\_\_

Applicable Conversion Price: \$ \_\_\_\_\_

Number of shares of common stock to be issued  
pursuant to conversion of the Notes: \_\_\_\_\_

Amount of Principal Balance due remaining  
under the Note after this conversion: \_\_\_\_\_

1800 DIAGONAL LENDING LLC

By: \_\_\_\_\_

Name: Curt Kramer

Title: President

Date: \_\_\_\_\_

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THE ISSUANCE AND SALE OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR (B) AN OPINION OF COUNSEL (WHICH COUNSEL SHALL BE SELECTED BY THE HOLDER), IN A GENERALLY ACCEPTABLE FORM, THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT.

THE ISSUE PRICE OF THIS NOTE IS \$124,200.00  
THE ORIGINAL ISSUE DISCOUNT IS \$16,200.00

Principal Amount: \$124,200.00 Issue Date: September 24, 2024  
Purchase Price: \$108,000.00

#### PROMISSORY NOTE

FOR VALUE RECEIVED, BANZAI INTERNATIONAL INC., a Delaware corporation (hereinafter called the "Borrower"), hereby promises to pay to the order of 1800 DIAGONAL LENDING LLC, a Virginia limited liability company, or registered assigns (the "Holder") the sum of \$124,200.00 together with any interest as set forth herein, on July 30, 2025 (the "Maturity Date"), and to pay interest on the unpaid principal balance hereof from the date hereof (the "Issue Date") as set forth herein. This Note may not be prepaid in whole or in part except as otherwise explicitly set forth herein. Any amount of principal or interest on this Note which is not paid when due shall bear interest at the rate of twenty two percent (22%) per annum from the due date thereof until the same is paid ("Default Interest"). All payments due hereunder (to the extent not converted into common stock, \$0.0001 par value per share (the "Common Stock") in accordance with the terms hereof) shall be made in lawful money of the United States of America. All payments shall be made at such address as the Holder shall hereafter give to the Borrower by written notice made in accordance with the provisions of this Note. Each capitalized term used herein, and not otherwise defined, shall have the meaning ascribed thereto in that certain Securities Purchase Agreement dated the date hereof, pursuant to which this Note was originally issued (the "Purchase Agreement").

This Note is free from all taxes, liens, claims and encumbrances with respect to the issue thereof and shall not be subject to preemptive rights or other similar rights of stockholders of the Borrower and will not impose personal liability upon the holder thereof.

The following terms shall apply to this Note:

#### 1. GENERAL TERMS

1.1. Interest. A one-time interest charge of fourteen percent (14%) (the "Interest Rate") shall be applied on the Issuance Date to the principal amount (\$124,200.00 \* fourteen percent (14%) = \$14,904.00). Interest hereunder shall be paid as set forth herein to the Holder or its assignee in whose name this Note is registered on the records of the Company regarding registration and transfers of Notes in cash or, in the Event of Default, at the Option of the Holder, converted into share of Common Stock as set forth herein.

1.2. Mandatory Monthly Payments. Accrued, unpaid interest and outstanding principal, subject to adjustment, shall be paid in five (5) payments as follows:

Payment Date Amount of Payment

March 30, 2025 \$69,552.00

April 30, 2025 \$17,388.00

May 30, 2025 \$17,388.00

June 30, 2025 \$17,388.00

July 30, 2025 \$17,388.00

(a total payback to the Holder of \$139,104.00).

The Company shall have a five (5) day grace period with respect to each payment. The Company has right to prepay in full at any time with no prepayment penalty. All payments shall be made by bank wire transfer to the Holder's wire instructions, attached hereto as Exhibit A. For the avoidance of doubt, a missed payment shall be considered an Event of Default.

## 2.CERTAIN COVENANTS

2.1.Sale of Assets. So long as the Borrower shall have any obligation under this Note, the Borrower shall not, without the Holder's written consent, sell, lease or otherwise dispose of any significant portion of its assets outside the ordinary course of business in one or a series of transactions which would render the Borrower a "shell company" as such term is defined in Rule 144 (as defined herein).

## 3. EVENTS OF DEFAULT

If any of the following events of default (each, an "Event of Default") shall occur:

3.1.Failure to Pay Principal and Interest. The Borrower fails to pay the principal hereof or interest thereon when due on this Note, whether at maturity, upon acceleration or otherwise and such breach continues for a period of five (5) business days after written notice from the Holder.

3.2.Breach of Covenants. The Borrower breaches any material covenant or other material term or condition contained in this Note and any collateral documents including but not limited to the Purchase Agreement and such breach continues for a period of twenty (20) days after written notice thereof to the Borrower from the Holder.

3.3.Breach of Representations and Warranties. Any representation or warranty of the Borrower made herein or in any agreement, statement or certificate given in writing pursuant hereto or in connection herewith (including, without limitation, the Purchase Agreement), shall be false or misleading in any material respect when made and the breach of which has (or with the passage of time will have) a material adverse effect on the rights of the Holder with respect to this Note or the Purchase Agreement.

3.4.Receiver or Trustee. The Borrower or any subsidiary of the Borrower shall make an assignment for the benefit of creditors, or apply for or consent to the appointment of a receiver or trustee for it or for a substantial part of its property or business, or such a receiver or trustee shall otherwise be appointed.

3.5.Bankruptcy. Bankruptcy, insolvency, reorganization or liquidation proceedings or other proceedings, voluntary or involuntary, for relief under any bankruptcy law or any law for the relief of debtors shall be instituted by or against the Borrower or any subsidiary of the Borrower on or after the Issue Date.

3.6.[intentionally deleted].

3.7.Failure to Comply with the Exchange Act. The Borrower shall fail to materially comply with the reporting requirements of the Exchange Act; and/or the Borrower shall cease to be subject to the reporting requirements of the Exchange Act; provided; however, that this Section 3.7 shall not be an Event of Default of this note, provided that the Company has made all payments required pursuant to Section 1.2 hereof timely.

3.8.Liquidation. Any dissolution, liquidation, or winding up of Borrower or any substantial portion of its business.

3.9.Cessation of Operations. Any cessation of operations by Borrower or Borrower admits it is otherwise generally unable to pay its debts as such debts become due, provided, however, that any disclosure of the Borrower's ability to continue as a "going concern" shall not be an admission that the Borrower cannot pay its debts as they become due.

3.10.[intentionally deleted].

3.11. Replacement of Transfer Agent. In the event that the Borrower proposes to replace its transfer agent, the

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Borrower fails to provide, prior to the effective date of such replacement, a fully executed Irrevocable Transfer Agent Instructions in a form as initially delivered pursuant to the Purchase Agreement (including but not limited to the provision to irrevocably reserve shares of Common Stock in the Reserved Amount) signed by the successor transfer agent to Borrower and the Borrower.

Upon the occurrence and during the continuation of any Event of Default, the Note shall become immediately due and payable and the Borrower shall pay to the Holder, in full satisfaction of its obligations hereunder, an amount equal to 150% times the sum of (w) the then outstanding principal amount of this Note plus (x) accrued and unpaid interest on the unpaid principal amount of this Note to the date of payment (the "Mandatory Prepayment Date") plus (y) Default Interest, if any, on the amounts referred to in clauses (w) and/or (x) plus (z) any amounts owed to the Holder pursuant to Article IV hereof (the then outstanding principal amount of this Note to the date of payment plus the amounts referred to in clauses (x), (y) and (z) shall collectively be known as the "Default Amount") and all other amounts payable hereunder shall immediately become due and payable, all without demand, presentment or notice, all of which hereby are expressly waived, together with all costs, including, without limitation, legal fees and expenses, of collection, and the Holder shall be entitled to exercise all other rights and remedies available at law or in equity.

#### 4.CONVERSION RIGHTS

**4.1. Conversion Right.** After the occurrence of an Event of Default, at any time, the Holder shall have the right, to convert all or any part of the outstanding and unpaid amount of this Note into fully paid and non-assessable shares of Common Stock, as such Common Stock exists on the Issue Date, or any shares of capital stock or other securities of the Borrower into which such Common Stock shall hereafter be changed or reclassified at the conversion price determined as provided herein (a "Conversion"); provided, however, that in no event shall the Holder be entitled to convert any portion of this Note in excess of that portion of this Note upon conversion of which the sum of (1) the number of shares of Common Stock beneficially owned by the Holder and its affiliates (other than shares of Common Stock which may be deemed beneficially owned through the ownership of the unconverted portion of the Notes or the unexercised or unconverted portion of any other security of the Borrower subject to a limitation on conversion or exercise analogous to the limitations contained herein) and (2) the number of shares of Common Stock issuable upon the conversion of the portion of this Note with respect to which the determination of this proviso is being made, would result in beneficial ownership by the Holder and its affiliates of more than 4.99% of the outstanding shares of Common Stock. For purposes of the proviso to the immediately preceding sentence, beneficial ownership shall be determined in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Regulations 13D-G thereunder, except as otherwise provided in clause (1) of such proviso. The beneficial ownership limitations on conversion as set forth in the section may NOT be waived by the Holder. The number of shares of Common Stock to be issued upon each conversion of this Note shall be determined by dividing the Conversion Amount (as defined below) by the applicable Conversion Price then in effect on the date specified in the notice of conversion, in the form attached hereto as Exhibit B(the "Notice of Conversion"), delivered to the Borrower by the Holder in accordance with Section 4.4 below; provided that the Notice of Conversion is submitted by facsimile or e-mail (or by other means resulting in, or reasonably expected to result in, notice) to the Borrower before 6:00 p.m., New York, New York time on such conversion date (the "Conversion Date"); however, if the Notice of Conversion is sent after 6:00pm, New York, New York time the Conversion Date shall be the next business day. The term "Conversion Amount" means, with respect to any conversion of this Note, the sum of (1) the principal amount of this Note to be converted in such conversion plus (2) at the Holder's option, accrued and unpaid interest, if any, on such principal amount at the interest rates provided in this Note to the Conversion Date, plus (3) at the Holder's option, Default Interest, if any, on the amounts referred to in the immediately preceding clauses (1) and/or (2) plus (4) at the Holder's option, any amounts owed to the Holder pursuant to Sections 4.4 hereof. Notwithstanding anything in this Agreement to the contrary, and in addition to the limitations set forth herein, if the Borrower has not obtained Stockholder Approval, the Borrower shall not issue a number of shares of Common Stock under this Agreement, which when aggregated with all other securities that are required to be aggregated for purposes of Rule 5635(d), would exceed 19.99% of the shares of Common Stock outstanding as of the date of definitive agreement with respect to the first of such aggregated transactions (the "Conversion Limitation"). For purposes of this section, "Stockholder Approval" means such approval as may be required by the applicable rules and regulations of the Nasdaq Stock Market LLC (or any successor entity) from the stockholders of the Company with respect to the issuance of the shares under this Agreement that, when taken together with any other securities that are required to be aggregated with the issuance of the shares issued under this Agreement for purposes of Rule 5635(d) of the Nasdaq Stock Market LLC ("Rule 5635(d)"), would exceed 19.99% of the issued and outstanding common stock as of the date of definitive agreement with respect to the first of such aggregated transactions. If the Borrower shall fail to maintain the listing of the Common Stock on the Nasdaq National Market, the Nasdaq SmallCap Market, the New York Stock Exchange, or the NYSE American Stock Exchange (collectively, the "Exchanges"), the Conversion Limitation shall no longer apply to limit the issuance of shares in conversion of this Note. "Principal Market" means the Exchanges, the quotation platforms maintained by the OTC Markets Group or an equivalent replacement exchange, and all rules and regulations relating to such exchange. The Holder shall be entitled to deduct \$1,500.00 from the conversion amount in each Notice of Conversion to cover Holder's deposit fees associated with each Notice of Conversion. Any additional expenses incurred by Holder with respect to the Borrower's transfer agent, for the issuance of the Common Stock into which this Note is convertible into, shall immediately and automatically be added to the balance of the Note at such time as the expenses are incurred by Holder.

**4.2. Conversion Price.** The Conversion Price shall mean 75% multiplied by the Market Price (as defined herein) (representing a discount rate of 25%)(subject to equitable adjustments for stock splits, stock dividends or rights offerings by the Borrower relating to the Borrower's securities or the securities of any subsidiary of the Borrower, combinations, recapitalization, reclassifications, extraordinary distributions and similar events). "Market Price" means the lowest Trading Price (as defined below) for the Common Stock during the ten (10) Trading Day period ending on the latest complete Trading Day prior to the Conversion Date. "Trading Price" means, for any security as of any date, the closing bid price on the or applicable exchange or trading market (the "Trading Market") as reported by a reliable reporting service ("Reporting Service") designated by the Holder (i.e. Bloomberg) or, if the Trading Market is not the principal trading market for such security, the closing bid price of such security on the principal securities exchange or trading market where such security is listed or traded or, if no closing bid price of such security is available in any of the foregoing manners, the average of the closing bid prices of any market makers for such security that are listed in the "pink sheets". If the Trading Price cannot be calculated for such security on such date in the manner provided above, the Trading Price shall be the fair market value as mutually determined by the Borrower and the holders of a majority in interest of the Notes being converted for which the calculation of the Trading Price is required in order to determine the Conversion Price of such Notes. "Trading Day" shall mean any day on which the Common Stock is tradable for any period on the Trading Market, or on the principal securities exchange or other securities market on which the Common Stock is then being traded.

**4.3. Authorized Shares.** The Borrower covenants that during the period that the Note is outstanding, the Borrower will reserve from its authorized and unissued Common Stock a sufficient number of shares, free from preemptive rights, to provide for the issuance of Common Stock upon the full conversion of this Note issued pursuant to the Purchase Agreement. The Borrower is required at all times to have authorized and reserved four times the number of shares that is actually issuable upon full conversion of the Note (based on the Conversion Price of the Note in effect from time to time initially 230,801 shares) (the "Reserved Amount"). The Reserved Amount shall be increased (or decreased) from time to time (and in the case of each payment received by the Holder hereunder) in accordance with the Borrower's obligations hereunder. The Borrower represents that upon issuance, such shares will be duly and validly issued, fully paid and non-assessable. In addition, if the Borrower shall issue any securities or make any change to its capital structure which would change the number of shares of Common Stock into which the Notes shall be convertible at the then current Conversion Price, the Borrower shall at the same time make proper provision so that thereafter there shall be a sufficient number of shares of Common Stock authorized and reserved, free from preemptive rights, for conversion of the outstanding Note. The Borrower (i) acknowledges that it has irrevocably instructed its transfer agent to issue certificates for the Common Stock issuable upon conversion of this Note, and (ii) agrees that its issuance of this Note shall constitute full authority to its officers and agents who are charged with the duty of executing stock certificates to execute and issue the necessary certificates for shares of Common Stock in accordance with the terms and conditions of this Note. If, at any time the Borrower does not maintain the Reserved Amount it will be considered an Event of Default under this Note.

**4.4. Method of Conversion.**

**4.4.1. Mechanics of Conversion.** As set forth in Section 4.1 hereof, at any time following an Event of Default, and during the continuation thereof, the balance due pursuant to this Note may be converted by the Holder in whole or in part at any time from time to time after the Issue Date, by (A) submitting to the Borrower a Notice of Conversion (by facsimile, e-mail or other reasonable means of communication dispatched on the Conversion Date prior to 6:00 p.m., New York, New York time) and (B) subject to Section 4.4(b), surrendering this Note at the principal office of the Borrower (upon payment in full of any amounts owed hereunder).

**4.4.2. Surrender of Note Upon Conversion.** Notwithstanding anything to the contrary set forth herein, upon conversion of this Note in accordance with the terms hereof, the Holder shall not be required to physically surrender this Note to the Borrower unless the entire unpaid principal amount of this Note is so converted. The Holder and the Borrower shall maintain records showing the principal amount so converted and the dates of such conversions or shall use such other method, reasonably satisfactory to the Holder and the Borrower, so as not to require physical surrender of this Note upon each such conversion.

**4.4.3. Delivery of Common Stock Upon Conversion.** Upon receipt by the Borrower from the Holder of a facsimile transmission or e-mail (or other reasonable means of communication) of a Notice of Conversion meeting the requirements for conversion as provided in this Section 4.4, the Borrower shall issue and deliver or cause to be issued and delivered to or upon the order of the Holder certificates for the Common Stock issuable upon such conversion within three (3) business days after such receipt subject to the terms hereof and applicable rules of the Principal Market (as defined hereinbelow) (the "Deadline") (and, solely in the case of conversion of the entire unpaid principal amount hereof, surrender of this Note) in accordance with the terms hereof and the Purchase Agreement. Upon receipt by the Borrower of a Notice of Conversion, the Holder shall be deemed to be the holder of record of the Common Stock issuable upon such conversion, the outstanding principal amount and the amount of accrued and unpaid interest on this Note shall be reduced to reflect such conversion, and, unless the Borrower defaults on its obligations hereunder, all rights with respect to the portion of this Note being so converted shall forthwith terminate except the right to receive the Common Stock or other securities, cash or other assets, as herein provided, on such conversion. If the Holder shall have given a Notice of Conversion as

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provided herein, the Borrower's obligation to issue and deliver the certificates for Common Stock shall be absolute and unconditional, irrespective of the absence of any action by the Holder to enforce the same, any waiver or consent with respect to any provision thereof, the recovery of any judgment against any person or any action to enforce the same, any failure or delay in the enforcement of any other obligation of the Borrower to the holder of record, or any setoff, counterclaim, recoupment, limitation or termination, or any breach or alleged breach by the Holder of any obligation to the Borrower, and irrespective of any other circumstance which might otherwise limit such obligation of the Borrower to the Holder in connection with such conversion.

**4.4.4.Delivery of Common Stock by Electronic Transfer.** In lieu of delivering physical certificates representing the Common Stock issuable upon conversion, provided the Borrower is participating in the Depository Trust Company ("DTC") Fast Automated Securities Transfer ("FAST") program, upon request of the Holder and its compliance with the provisions set forth herein, the Borrower shall use its best efforts to cause its transfer agent to electronically transmit the Common Stock issuable upon conversion to the Holder by crediting the account of Holder's Prime Broker with DTC through its Deposit and Withdrawal at Custodian ("DWAC") system.

**4.4.5.Failure to Deliver Common Stock Prior to Deadline.** Without in any way limiting the Holder's right to pursue other remedies, including actual damages and/or equitable relief, the parties agree that if delivery of the Common Stock issuable upon conversion of this Note is not delivered by the Deadline due to willful and purposeful action and/or inaction of the Borrower, the Borrower shall pay to the Holder \$2,000 per day in cash, for each day beyond the Deadline that the Borrower fails to deliver such Common Stock (the "Fail to Deliver Fee"); provided; however that the Fail to Deliver Fee shall not be due if the failure is a result of a third party (i.e., transfer agent; and not the result of any failure to pay such transfer agent) despite the best efforts of the Borrower to effect delivery of such Common Stock. Such cash amount shall be paid to Holder by the fifth day of the month following the month in which it has accrued or, at the option of the Holder (by written notice to the Borrower by the first day of the month following the month in which it has accrued), shall be added to the principal amount of this Note, in which event interest shall accrue thereon in accordance with the terms of this Note and such additional principal amount shall be convertible into Common Stock in accordance with the terms of this Note. The Borrower agrees that the right to convert is a valuable right to the Holder. The damages resulting from a failure, attempt to frustrate, interference with such conversion right are difficult if not impossible to qualify. Accordingly, the parties acknowledge that the liquidated damages provision contained in this Section 4.4(e) are justified.

**4.5. Concerning the Shares.** The shares of Common Stock issuable upon conversion of this Note may not be sold or transferred unless: (i) such shares are sold pursuant to an effective registration statement under the Act or (ii) the Borrower or its transfer agent shall have been furnished with an opinion of counsel (which opinion shall be in form, substance and scope customary for opinions of counsel in comparable transactions) to the effect that the shares to be sold or transferred may be sold or transferred pursuant to an exemption from such registration (such as Rule 144 or a successor rule) ("Rule 144"); or (iii) such shares are transferred to an "affiliate" (as defined in Rule 144) of the Borrower who agrees to sell or otherwise transfer the shares only in accordance with this Section 4.5 and who is an Accredited Investor (as defined in the Purchase Agreement).

Any restrictive legend on certificates representing shares of Common Stock issuable upon conversion of this Note shall be removed and the Borrower shall issue to the Holder a new certificate therefore free of any transfer legend if the Borrower or its transfer agent shall have received an opinion of counsel from Holder's counsel, in form, substance and scope customary for opinions of counsel in comparable transactions, to the effect that (i) a public sale or transfer of such Common Stock may be made without registration under the Act, which opinion shall be accepted by the Company so that the sale or transfer is effected; or (ii) in the case of the Common Stock issuable upon conversion of this Note, such security is registered for sale by the Holder under an effective registration statement filed under the Act; or otherwise may be sold pursuant to an exemption from registration. In the event that the Company does not reasonably accept the opinion of counsel that properly conforms to applicable securities laws provided by the Holder with respect to the transfer of Securities pursuant to an exemption from registration (such as Rule 144), it will be considered an Event of Default pursuant to this Note.

#### **4.6.Effect of Certain Events.**

**4.6.1.Effect of Merger, Consolidation, Etc.** At the option of the Holder, the sale, conveyance or disposition of all or substantially all of the assets of the Borrower, the effectuation by the Borrower of a transaction or series of related transactions in which more than 50% of the voting power of the Borrower is disposed of, or the consolidation, merger or other business combination of the Borrower with or into any other Person (as defined below) or Persons when the Borrower is not the survivor shall be deemed to be an Event of Default (as defined in Article III) pursuant to which the Borrower shall be required to pay to the Holder upon the consummation of and as a condition to such transaction an amount equal to the Default Amount (as defined in Article III). "Person" shall mean any individual, corporation, limited liability company, partnership, association, trust or other entity or organization.

**4.6.2.Adjustment Due to Merger, Consolidation, Etc.** If, at any time when this Note is issued and

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outstanding and prior to conversion of all of the Note, there shall be any merger, consolidation, exchange of shares, recapitalization, reorganization, or other similar event, as a result of which shares of Common Stock of the Borrower shall be changed into the same or a different number of shares of another class or classes of stock or securities of the Borrower or another entity, or in case of any sale or conveyance of all or substantially all of the assets of the Borrower other than in connection with a plan of complete liquidation of the Borrower, then the Holder of this Note shall thereafter have the right to receive upon conversion of this Note, upon the basis and upon the terms and conditions specified herein and in lieu of the shares of Common Stock immediately theretofore issuable upon conversion, such stock, securities or assets which the Holder would have been entitled to receive in such transaction had this Note been converted in full immediately prior to such transaction (without regard to any limitations on conversion set forth herein), and in any such case appropriate provisions shall be made with respect to the rights and interests of the Holder of this Note to the end that the provisions hereof (including, without limitation, provisions for adjustment of the Conversion Price and of the number of shares issuable upon conversion of the Note) shall thereafter be applicable, as nearly as may be practicable in relation to any securities or assets thereafter deliverable upon the conversion hereof. The Borrower shall not affect any transaction described in this Section 4.6(b) unless (a) it first gives, to the extent practicable, ten (10) days prior written notice (but in any event at least five (5) days prior written notice) of the record date of the special meeting of stockholders to approve, or if there is no such record date, the consummation of, such merger, consolidation, exchange of shares, recapitalization, reorganization or other similar event or sale of assets (during which time the Holder shall be entitled to convert this Note) and (b) the resulting successor or acquiring entity (if not the Borrower) assumes by written instrument the obligations of this Note. The above provisions shall similarly apply to successive consolidations, mergers, sales, transfers or share exchanges.

**4.6.3. Adjustment Due to Distribution.** If the Borrower shall declare or make any distribution of its assets (or rights to acquire its assets) to holders of Common Stock as a dividend, stock repurchase, by way of return of capital or otherwise (including any dividend or distribution to the Borrower's stockholders in cash or shares (or rights to acquire shares) of capital stock of a subsidiary (i.e., a spin-off)) (a "Distribution"), then the Holder of this Note shall be entitled, upon any conversion of this Note after the date of record for determining stockholders entitled to such Distribution, to receive the amount of such assets which would have been payable to the Holder with respect to the shares of Common Stock issuable upon such conversion had such Holder been the holder of such shares of Common Stock on the record date for the determination of stockholders entitled to such Distribution.

## 5. MISCELLANEOUS

**5.1. Failure or Indulgence Not Waiver.** No failure or delay on the part of the Holder in the exercise of any power, right or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or privilege preclude other or further exercise thereof or of any other right, power or privileges. All rights and remedies existing hereunder are cumulative to, and not exclusive of, any rights or remedies otherwise available.

**5.2. Notices.** All notices, demands, requests, consents, approvals, and other communications required or permitted hereunder shall be in writing and, unless otherwise specified herein, shall be (i) personally served, (ii) deposited in the mail, registered or certified, return receipt requested, postage prepaid, (iii) delivered by reputable air courier service with charges prepaid, or (iv) transmitted by hand delivery, telegram, or electronic mail, addressed as set forth below or to such other address as such party shall have specified most recently by written notice. Any notice or other communication required or permitted to be given hereunder shall be deemed effective (a) upon hand delivery or delivery by electronic mail, at the address or number designated below (if delivered on a business day during normal business hours where such notice is to be received), or the first business day following such delivery (if delivered other than on a business day during normal business hours where such notice is to be received) or (b) on the second business day following the date of mailing by express courier service, fully prepaid, addressed to such address, or upon actual receipt of such mailing, whichever shall first occur. The addresses for such communications shall be:

If to the Borrower, to:

BANZAI INTERNATIONAL INC.  
435 Erickson Ave, Suite 250  
Bainbridge Island, Washington 98110  
Attn: Joseph Davy, Chief Executive Officer  
Email:joe@banzai.io

If to the Holder:

1800 DIAGONAL LENDING LLC  
1800 Diagonal Road, Suite 623

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Alexandria VA 22314  
Attn: Curt Kramer, President  
Email: ckramer6@bloomberg.net

**5.3. Amendments.** This Note and any provision hereof may only be amended by an instrument in writing signed by the Borrower and the Holder. The term "Note" and all reference thereto, as used throughout this instrument, shall mean this instrument (and the other Notes issued pursuant to the Purchase Agreement) as originally executed, or if later amended or supplemented, then as so amended or supplemented.

**5.4. Assignability.** This Note shall be binding upon the Borrower and its successors and assigns, and shall inure to the benefit of the Holder and its successors and assigns. Each transferee of this Note must be an "accredited investor" (as defined in Rule 501(a) of the Securities and Exchange Commission). Notwithstanding anything in this Note to the contrary, this Note may be pledged as collateral in connection with a bona fide margin account or other lending arrangement; and may be assigned by the Holder without the consent of the Borrower.

**5.5. Cost of Collection.** If default is made in the payment of this Note, the Borrower shall pay the Holder hereof costs of collection, including reasonable attorneys' fees.

**5.6. Governing Law.** This Note shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia without regard to principles of conflicts of laws. Any action brought by either party against the other concerning the transactions contemplated by this Note shall be brought only in the Circuit Court of Fairfax County, Virginia or in the Alexandria Division of the United States District Court for the Eastern District of Virginia. The parties to this Note hereby irrevocably waive any objection to jurisdiction and venue of any action instituted hereunder and shall not assert any objection or defense based on lack of jurisdiction or venue or based upon *forum non conveniens*. The Borrower and Holder waive trial by jury. The Holder shall be entitled to recover from the Borrower its reasonable attorney's fees and costs incurred in connection with or related to any Event of Default by the Company, as defined in Article III hereof. In the event that any provision of this Note or any other agreement delivered in connection herewith is invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform with such statute or rule of law. Any such provision which may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provision hereof or any agreement delivered in connection herewith. Each party hereby irrevocably waives personal service of process and consents to process being served in any suit, action or proceeding in connection with this Note, any agreement or any other document delivered in connection with this Note 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 Note 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 law.

**5.7. Purchase Agreement.** By its acceptance of this Note, each party agrees to be bound by the applicable terms of the Purchase Agreement.

**5.8. Remedies.** The Borrower acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the Holder, by vitiating the intent and purpose of the transaction contemplated hereby. Accordingly, the Borrower acknowledges that the remedy at law for a breach of its obligations under this Note will be inadequate and agrees, in the event of a breach or threatened breach by the Borrower of the provisions of this Note, that the Holder shall be entitled, in addition to all other available remedies at law or in equity, and in addition to the penalties assessable herein, to an injunction or injunctions restraining, preventing or curing any breach of this Note and to enforce specifically the terms and provisions thereof, without the necessity of showing economic loss and without any bond or other security being required.

IN WITNESS WHEREOF, Borrower has caused this Note to be signed in its name by its duly authorized officer this on September 24, 2024

**BANZAI INTERNATIONAL INC.**

By: \_\_\_\_\_  
Joseph Davy  
Chief Executive Officer

**EXHIBIT A – WIRE INSTRUCTIONS**

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Bank Name: United Bank Fairfax  
Bank Address: 11185 Fairfax Road, Fairfax, VA 22030  
Routing Number: 056004445  
Beneficiary Account Number: 86475980  
Beneficiary: 1800 Diagonal Lending LLC  
Mailing Address: 1800 Diagonal Road, Suite 623, Alexandria, VA 22314

#### EXHIBIT B -- NOTICE OF CONVERSION

The undersigned hereby elects to convert \$ \_\_\_\_\_ principal amount of the Note (defined below) into that number of shares of Common Stock to be issued pursuant to the conversion of the Note("Common Stock") as set forth below, of BANZAI INTERNATIONAL INC., a Delaware corporation (the "Borrower") according to the conditions of the convertible note of the Borrower dated as of September 24, 2024(the "Note"), as of the date written below. No fee will be charged to the Holder for any conversion, except for transfer taxes, if any.

Box Checked as to applicable instructions:

The Borrower shall electronically transmit the Common Stock issuable pursuant to this Notice of Conversion to the account of the undersigned or its nominee with DTC through its Deposit Withdrawal Agent Commission system ("DWAC Transfer").

Name of DTC Prime Broker:

Account Number:

The undersigned hereby requests that the Borrower issue a certificate or certificates for the number of shares of Common Stock set forth below (which numbers are based on the Holder's calculation attached hereto) in the name(s) specified immediately below or, if additional space is necessary, on an attachment hereto:

Date of conversion: \_\_\_\_\_

Applicable Conversion Price: \$ \_\_\_\_\_

Number of shares of common stock to be issued

pursuant to conversion of the Notes: \_\_\_\_\_

Amount of Principal Balance due remaining  
under the Note after this conversion: \_\_\_\_\_

1800 DIAGONAL LENDING LLC

By: \_\_\_\_\_

Name: Curt Kramer

Title: President

Date: \_\_\_\_\_

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## SUBORDINATED BUSINESS LOAN AND SECURITY AGREEMENT

**THIS SUBORDINATED BUSINESS LOAN AND SECURITY AGREEMENT** (as the same may be amended, restated, modified, or supplemented from time to time, this "Agreement") dated as of July 22, 2024 (the "Effective Date") among Agile Capital Funding, LLC as collateral agent (in such capacity, together with its successors and assigns in such capacity, "Collateral Agent"), and Agile Lending, LLC, a Virginia limited liability company ("Lead Lender") and each assignee that becomes a party to this Agreement pursuant to Section 12.1 (each individually with the Lead Lender, a "Lender" and collectively with the Lead Lender, the "Lenders"), and BANZAI INTERNATIONAL, INC., A Domestic Delaware Corporation ("Parent") and its subsidiaries, and together with Parent, and the other entities shown as signatories hereto or that are joined from time to time as a Borrower, individually and collectively, jointly and severally, ("Borrower"), and provides the terms on which the Lenders shall lend to Borrower and Borrower shall repay the Lenders the loans described herein. The Collateral Agent, Lenders, and Borrower, each a "Party" and collectively the "Parties", intending to be legally bound, hereby agree as follows:

## 1. DEFINITIONS, ACCOUNTING AND OTHER TERMS

**1.1** Capitalized terms used herein shall have the meanings set forth in Section 13 to the extent defined therein. All other capitalized terms used but not defined herein shall have the meaning given to such terms in the Code. Any accounting term used but not defined herein shall be construed in accordance with GAAP and all calculations shall be made in accordance with GAAP. The term "financial statements" shall include the accompanying notes and schedules thereto. Any section, subsection, schedule or exhibit references are to this Agreement unless otherwise specified.

## 2. LOANS AND TERMS OF PAYMENT

**2.1. Promise to Pay.** Borrower hereby unconditionally promises to pay each Lender the outstanding principal amount of the Term Loan advanced to Borrower by such Lender and accrued and unpaid interest thereon and any other amounts due hereunder as and when due in accordance with this Agreement.

### 2.2. Term Loans.

**2.2.1. Availability.** The Lenders, relying upon each of the representations and warranties set out in this Agreement, as well as each of the representations, covenants and warranties set out in the other Loan Documents, hereby severally and not jointly agree with the Borrower that, subject to and upon the terms and conditions of this Agreement, shall advance the Principal Loan to the Borrower on the Effective Date, but in any event no later than two (2) Business Days after the date hereof, by wiring the funds to the Borrower's Account.

**2.2.2. Repayment.** Borrower agrees to pay all amounts owing pursuant to the terms of this Agreement, including any financing charge, specified fees, interest and any other charges that may be assessed as provided in this Agreement or as documented in the Business Loan and Security Agreement Supplement (the "Supplement") or the Subordinated Secured Promissory Note (as defined below). The Term Loan shall be repaid by Borrower on the dates specified on Exhibit B-4 of this Agreement (each a "Scheduled Repayment Date") by the amount set out opposite each Scheduled Repayment Date (each a "Scheduled Repayment Amount") and in accordance with the Term Loan Amortization Schedule. If any payment on the Subordinated Secured Promissory Note is due on a day which is not a Business Day, such payment shall be due on the next succeeding Business Day, and such extension of time shall be taken into account in calculating the amount of interest payable under this Note. All unpaid principal and accrued and unpaid interest with respect to the Term Loan is due and payable in full on the Maturity Date. The Term Loan may only be prepaid in accordance with Sections 2.2(c) and 2.2(d). Once repaid, no portion of the Term Loan may be reborrowed.

**2.2.3. Mandatory Prepayments.** If an event described in Section 7.2 hereof occurs, or the Term Loan is accelerated following the occurrence of an Event of Default, Borrower shall immediately pay to Lenders, payable to each Lender in accordance with its respective Pro Rata Share, an amount equal to the sum of: (i) all outstanding principal of the Term Loans plus accrued and unpaid interest thereon accrued through the prepayment date, (ii) the

Prepayment Fee (as defined in Section 2.2(d) below), plus (iii) all other Obligations that are due and payable, including, without limitation, interest at the Default Rate with respect to any past due amounts.

**2.2.4. Permissive Prepayments and Make-Whole Premium.** Borrower shall have the right to make a full prepayment or partial prepayment of any or all of the Obligations in accordance with the prepayment amendment

in Exhibit E of this Agreement. The foregoing notwithstanding, upon the prepayment of any principal amount, Borrower shall be obligated to pay a make-whole premium payment on account of such principal so paid, which shall be equal to the aggregate and actual amount of interest (at the contract rate of interest) that would be paid through the Maturity Date ("Prepayment Fee").

### 2.3. Payment of Interest on the Term Loans.

**2.3.1. Interest Rate.** Borrower agrees to pay in full the interest as set forth in the Supplement found in Exhibit B-5 of this Agreement. Interest shall accrue on the Term Loan commencing on, and including, the Effective Date of such Term Loan, and shall accrue on the principal amount outstanding under the Term Loan through and including the day on which the Term Loan is paid in full.

**2.3.2. Default Rate.** Immediately upon the occurrence and during the continuance of an Event of Default, Obligations shall accrue interest at a fixed per annum rate equal to the rate that is otherwise applicable thereto plus five percentage points (5.00%) (the "Default Rate"). Payment or acceptance of the increased interest rate provided in this Section 2.3(b) is not a permitted alternative to timely payment and shall not constitute a waiver of any Event of Default or otherwise prejudice or limit any rights or remedies of Collateral Agent.

**2.3.3. 360 Day Year.** Interest shall be computed on the basis of a three hundred sixty (360) day year and the actual number of days elapsed.

**2.3.4. Debit of Accounts; Payments.** All payments on the Subordinated Secured Promissory Note shall be made via automated clearing house transfers of immediately available funds to be initiated by Lender in accordance with the authorization and direction of Borrower to Lead Lender provided in Exhibit B-6 of this Agreement.

**2.3.5. Usury Savings Clause.** This Agreement and the other Loan Documents are subject to the express condition that at no time shall Borrower be required to pay interest on the principal balance of the Term Loan at a rate which could subject Lenders to either civil or criminal liability as a result of being in excess of the Maximum Legal Rate. If by the terms of this Agreement or the other Loan Documents, Borrower is at any time required or obligated to pay interest on the principal balance due hereunder at a rate in excess of the Maximum Legal Rate, the Interest Rate or the Default Rate, as the case may be, shall be deemed to be immediately reduced to the Maximum Legal Rate and all previous payments in excess of the Maximum Legal Rate shall be deemed to have been payments in reduction of principal and not on account of the interest due hereunder. All sums paid or agreed to be paid to the Collateral Agent or Lenders for the use, forbearance, or detention of the sums due under the Loan, shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full stated term of the Loan until payment in full.

### 2.4. Fees.

Borrower shall pay to Collateral Agent and/or Lenders:

**2.4.1. Administrative Agent Fee.** The Administrative Agent Fee of THIRTY SEVEN THOUSAND FIVE HUNDRED DOLLARS (\$37,500.00, which shall be paid at closing out of proceeds of the Term Loan for the account of Collateral Agent.

**2.5. Subordinated Secured Promissory Notes.** The Term Loan shall be evidenced by a Subordinated Secured Promissory Note in the form attached as Exhibit D hereto ("Subordinated Secured Promissory Note") and shall be repayable as set forth in this Agreement.

## 3. CONDITIONS OF LOANS

**3.1 Conditions Precedent to Term Loan.** Each Lender's obligation to make the Term Loan is subject to the condition precedent that each Lender shall consent to or shall have received, in form and substance satisfactory to

each Lender, such documents, and completion of such other matters, as each Lender may reasonably deem necessary or appropriate.

## 4. CREATION OF SECURITY INTEREST

**4.1. Grant of Security Interest.** Effective from and after the Effective Date of the Term Loan, Borrower hereby grants Collateral Agent, for the ratable benefit of the Lenders, to secure the payment and performance in full of all of the Obligations, a continuing security interest in, and pledges to Collateral Agent, for the ratable benefit of the Lenders, the

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Collateral, wherever located, whether now owned or hereafter acquired or arising, and all proceeds and products thereof. If Borrower shall acquire a commercial tort claim (as defined in the Code), Borrower shall grant to Collateral Agent, for the ratable benefit of the Lenders, a security interest therein and in the proceeds thereof, all upon the terms of this Agreement, with such writing to be in form and substance reasonably satisfactory to Collateral Agent. If this Agreement is terminated, Collateral Agent's Lien in the Collateral shall continue until the Obligations (other than inchoate indemnity obligations) are repaid in full in cash. Upon payment in full in cash of the Obligations (other than inchoate indemnity obligations) and at such time as the Lenders' obligation to extend the Term Loan has terminated, Collateral Agent shall, at the sole cost and expense of Borrower, release its Liens in the Collateral and all rights therein shall revert to Borrower.

**4.2. Authorization to File Financing Statements.** Borrower hereby authorizes Collateral Agent to file such financing statements and/or take any other action required to perfect Collateral Agent's security interests in the Collateral, without notice to Borrower, with all appropriate jurisdictions to perfect or protect Collateral Agent's interest or rights in the Collateral and under the Loan Documents; provided, however, Collateral Agent shall only be permitted to file a financing statement upon an Event of Default.

**4.3. Guaranty.** (Intentionally omitted).

## **5. REPRESENTATIONS AND WARRANTIES**

Each Borrower, jointly and severally, represents and warrants to Collateral Agent and the Lenders as follows:

**5.1. Due Organization, Authorization: Power and Authority.** Each Borrower and each of its respective Subsidiaries is duly formed, validly existing and in good standing as under the laws of its jurisdiction of organization or formation and each Borrower and each of its respective Subsidiaries is qualified and licensed to do business and is in good standing in any jurisdiction in which the conduct of its businesses or its ownership of property requires that it be qualified except where the failure to do so could not reasonably be expected to result in a Material Adverse Change.

**5.2. Collateral.** Borrower and Subsidiaries have good title to, have rights in, and the power to transfer each item of the Collateral upon which it purports to grant a Lien under the Loan Documents, free and clear of any and all Liens except Permitted Liens, and neither Borrower nor any of its Subsidiaries have any deposit accounts, securities accounts, commodity accounts or other investment accounts other than the collateral accounts or other investment

accounts (the "Collateral Accounts"), if any, described in the Perfection Certificates delivered to Collateral Agent in connection herewith with respect to which Borrower has given Collateral Agent notice and taken, subject to Section 6.6 (a), such actions as are necessary to give Collateral Agent a perfected security interest therein. The security interests granted herein are and shall at all times continue to be a first priority perfected security interest in the Collateral, subject only to Permitted Liens that are permitted by the terms of this Agreement to have priority to Collateral Agent's Lien. All Inventory and Equipment that is part of the Collateral is in all material respects of good and marketable quality, free from material defects.

**5.3. Litigation.** Except as disclosed on the Perfection Certificate, there are no actions, suits, investigations, or proceedings pending or, to the knowledge of any of the Responsible Officers, threatened in writing by or against Borrower or any of its Subsidiaries involving more than Five Hundred Thousand Dollars (\$500,000.00).

**5.4 No Material Adverse Change; Financial Statements.** All consolidated financial statements for Parent and its Subsidiaries, delivered to Collateral Agent fairly present, in conformity with GAAP, in all material respects the consolidated financial condition of Parent and its Subsidiaries, and the consolidated results of operations of Parent and its Subsidiaries. Since the date of the most recent financial statements submitted to any Lender, there has not been a Material Adverse Change.

**5.4. Solvency.** Borrower and each of its Subsidiaries, when taken as a whole, is Solvent.

**5.5. Regulatory Compliance.** Neither Borrower nor any of its Subsidiaries has violated any laws, ordinances or rules, the violation of which could reasonably be expected to result in a Material Adverse Change. Borrower and each of its Subsidiaries has obtained all consents, approvals and authorizations of, made all declarations or filings with, and given all notices to, all governmental authorities that are necessary to continue their respective businesses as currently conducted.

**5.6.Investments.** Neither Borrower nor any of its Subsidiaries owns any stock, shares, partnership interests or other equity securities except for Permitted Investments.

**5.7.Tax Returns and Payments; Pension Contributions.** Each Borrower and each of its respective Subsidiaries has timely filed all required tax returns and reports, and, except as disclosed, each Borrower and each of its respective Subsidiaries, has timely paid all foreign, federal, state, and local taxes, assessments, deposits and contributions owed by such Borrower and such Subsidiaries, in all jurisdictions in which such Borrower or any such Subsidiary is subject to taxes, including the United States, unless such taxes are being contested in good faith.

**5.8.Use of Proceeds.** Borrower shall use the proceeds of the Term Loan solely to fund its general business requirements in accordance with the provisions of this Agreement, and not for personal, family, household or agricultural purposes.

**5.9.Full Disclosure.** No written representation, warranty or other statement of any Borrower or any of its Subsidiaries in any certificate or written statement given to Collateral Agent or any Lender, as of the date such representation, warranty, or other statement was made, taken together with all such written certificates and written statements given to Collateral Agent or any Lender, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements contained in the certificates or statements not misleading (it being recognized that projections and forecasts provided by Borrower in good faith and based upon reasonable assumptions are not viewed as facts and that actual results during the period or periods covered by such projections and forecasts may differ from the projected or forecasted results).

**5.10.Shares.** Each Borrower has full power and authority to create a first lien on its Shares and no disability or contractual obligation exists that would prohibit such Borrower from pledging the Shares pursuant to this

Agreement. To Borrower's knowledge, there are no subscriptions, warrants, rights of first refusal or other restrictions on transfer relative to, or options exercisable with respect to the Shares. With respect to each Subsidiary which is a corporation, the Shares have been and will be duly authorized and validly issued, and are fully paid and non-assessable. To Borrower's knowledge, the Shares are not the subject of any present or threatened suit, action, arbitration, administrative or other proceeding, and Borrower knows of no reasonable grounds for the institution of any such proceedings.

**5.11.Guarantee.** (Intentionally omitted)

## **6. AFFIRMATIVE COVENANTS**

Borrower shall, and shall cause each of its Subsidiaries to, do all of the following:

**6.1.Government Compliance.** Maintain its and all its Subsidiaries' legal existence and good standing in their respective jurisdictions of organization and maintain qualification in each jurisdiction in which the failure to so qualify could reasonably be expected to have a Material Adverse Change.

### 6.2 Financial Statements, Reports, Certificates, Notices.

6.1.1.Deliver to Collateral Agent and each Lender: (i) as soon as available, but no later than thirty (30) days after the last day of each month, a company prepared consolidated and consolidating balance sheet, income statement and cash flow statement covering the consolidated operations of Parent and its Subsidiaries for such month certified by a Responsible Officer and in a form reasonably acceptable to Collateral Agent; (ii) prompt notice of any material amendments of or other changes to the capitalization table of Borrower (other than Parent) and to the Operating Documents of Borrower or any of its Subsidiaries, together with any copies reflecting such amendments or changes with respect thereto; (iii) as soon as available, but no later than thirty (30) days after the last day of each month, copies of the month end account statements for each Collateral Account maintained by Borrower or its Subsidiaries, which statements may be provided to Collateral Agent and each Lender by Borrower or directly from the applicable institution(s); (iv) prompt notice of any event that (A) could reasonably be expected to materially and adversely affect the Borrower's Intellectual Property and (B) could reasonably be expected to result in a Material Adverse Change; (v) written notice at least (10) days' prior to Borrower's creation of a new Subsidiary in accordance with the terms of Section 6.10; (vi) written notice at least (30) days' prior to Borrower's (A) changing its jurisdiction of organization, (B) changing its organizational structure or type, (C) changing its legal name, (D) changing any organizational number (if any) assigned by its jurisdiction of organization, or (E) registering or filing any Intellectual Property; (vii) upon Borrower becoming aware of the existence of any Event of Default or event which, with the giving of notice or passage of time, or both, would constitute an Event of Default, prompt (and in any event

within three (3) Business Days) written notice of such occurrence, which such notice shall include a reasonably detailed description of such Event of Default or event which, with the giving of notice or passage of time, or both, would constitute an Event of Default; (viii) notice of any commercial tort claim of Borrower and of the general details thereof; (ix) other information as reasonably requested by Collateral Agent or any Lender. (x) written notice of any litigation or governmental proceedings pending or threatened (in writing) against Borrower or any of its Subsidiaries, which could reasonably be expected to result in damages or costs to Borrower or any of its Subsidiaries of more than Five Hundred Thousand Dollars (\$500,000.00); and (xi) written notice of all returns, recoveries, disputes and claims regarding Inventory that involve more than Five Hundred Thousand Dollars (\$500,000.00) individually or in the aggregate in any calendar year.

**6.1.2.Keep proper, complete and true books of record and account in accordance with GAAP and in all material respects.** Borrower shall, and shall cause each of its Subsidiaries to, allow, at the sole cost of Borrower, Collateral Agent or any Lender, during regular business hours upon reasonable prior notice (provided that no notice shall be required when an Event of Default has occurred and is continuing), to visit and inspect any of its properties, to examine and make abstracts or copies from any of its books and records, and to conduct a collateral audit and analysis of its operations and the Collateral. Such audits shall be conducted no more often than twice every year unless (and more frequently if) an Event of Default has occurred and is continuing. Notwithstanding the foregoing, upon request of any Lender, Borrower agrees to permit such Lender to communicate with Borrower's accounting firm, in the presence of a Responsible Officer of the Borrower or the Parent, with respect to the consolidated financial statements delivered pursuant to this Section 6.2.

**6.2.Inventory and Returns.** Keep all Inventory in good and marketable condition, free from material defects. Returns and allowances between Borrower, or any of its Subsidiaries, and their respective account debtors shall follow Borrower's, or such Subsidiary's, customary practices as they exist at the Effective Date.

**6.3.Taxes.** Timely file and require each of its Subsidiaries to timely file, all required tax returns and reports and timely pay, and require each of its Subsidiaries to timely pay, all foreign, federal, state, and local taxes, assessments, deposits and contributions owed by Borrower or its Subsidiaries, except as otherwise permitted pursuant to the terms of Section 5.8 hereof.

**6.4.Insurance.** Keep Borrower's and its Subsidiaries' business and the Collateral insured for risks and in amounts standard for companies in Borrower's and its Subsidiaries' industry and location and as Collateral Agent may reasonably request (including customary lender's loss payable endorsements and naming the Collateral Agent as an additional insured), and give the Collateral Agent thirty (30) days' prior written notice before any such policy or policies shall be materially altered or canceled (other than cancellation for non-payment of premiums, for which ten (10) days' prior written notice shall be required). At Collateral Agent's request, Borrower shall deliver certified copies of policies and evidence of all premium payments to Collateral Agent. If Borrower or any of its Subsidiaries

fails to obtain insurance as required under this Section 6.5 or to pay any amount or furnish any required proof of payment to third persons, Collateral Agent and/or any Lender may make (but has no obligation to do so), at Borrower's expense, all or part of such payment or obtain such insurance policies required in this Section 6.5, and take any action under the policies Collateral Agent or such Lender deems prudent.

**6.5.Litigation Cooperation.** Commencing on the Effective Date and continuing through the termination of this Agreement, make available to Collateral Agent and the Lenders, without expense to Collateral Agent or the Lenders, Borrower and each of Borrower's officers, employees and agents and Borrower's books and records, to the extent that Collateral Agent or any Lender may reasonably deem them necessary to prosecute or defend any third party suit or proceeding instituted by or against Collateral Agent or any Lender with respect to any Collateral or relating to Borrower.

**6.6.Landlord Waivers; Bailee Waivers.** In the event that Borrower, after the Effective Date, intends to add any new offices or business locations, including warehouses, or otherwise store any portion of the Collateral with, or deliver any portion of the Collateral to, a bailee, in each case pursuant to Section 7.2, then Borrower must first receive the written consent of Collateral Agent to do so.

**6.7.Further Assurances.** Execute any further instruments and take any and all further action as Collateral Agent or any Lender reasonably requests to perfect or continue Collateral Agent's Lien in the Collateral or to effect the purposes of this Agreement, including without limitation, permit Collateral Agent or any Lender to discuss Borrower's financial condition with Borrower's accountants in the presence of a Responsible Officer of the Borrower or the Parent.

## **7. NEGATIVE COVENANTS**

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Borrower shall not, and shall not permit any of its Subsidiaries to, do any of the following without the prior written consent of the Required Lenders:

**7.1. Dispositions.** Convey, sell, lease, transfer, assign, dispose of (collectively, "**Transfer**"), or permit any of its Subsidiaries to Transfer, all or any part of its business or property (including Intellectual Property), except for Transfers (a) of (i) Inventory in the ordinary course of business and (ii) Inventory, that, prior to the Effective Date, has been written down or written off, together with related tangible assets and non-material Intellectual Property;

(b) of worn out or obsolete Equipment; (c) in connection with Permitted Liens, Permitted Investments, Permitted Indebtedness and Permitted Licenses; (d) of any non-material Intellectual Property; (e) from (i) Borrower to another borrower, (ii) a non-Borrower Subsidiary to a Borrower, and (iii) a non-Borrower Subsidiary to another non-Borrower; or (f) permitted under Section 7.3 below.

**7.2. Changes in Business or Management, Ownership.** (a) Engage in or permit any of its Subsidiaries to engage in any business other than the businesses engaged in by Borrower as of the Effective Date or reasonably related thereto; (b) liquidate or dissolve or permit any of its Subsidiaries to liquidate or dissolve; or (c) cause or permit, voluntarily or involuntarily, any Key Person to cease to be actively engaged in the management of Borrower unless written notice thereof is provided to Collateral Agent and each Lender within ten (10) days of such Key Person ceasing to be actively engaged in the management of Borrower,

**7.3. Encumbrance.** Create, incur, allow, or suffer any Lien on any of its property, or assign or convey any right to receive income, including the sale of any Accounts, or permit any of its Subsidiaries to do so, except for Permitted Liens, or permit any Collateral not to be subject to the first priority security interest granted herein (except for Permitted Liens), or enter into any agreement, document, instrument or other arrangement (except with or in favor of Collateral Agent, for the ratable benefit of the Lenders) with any Person which directly or indirectly prohibits or has the effect of prohibiting Borrower, or any of its Subsidiaries, from assigning, mortgaging, pledging, granting a security interest in or upon, or encumbering any of Borrower's or such Subsidiary's Intellectual Property.

**7.4. Maintenance of Collateral Accounts.** Maintain any Collateral Account except pursuant to the terms of Section 6.6 hereof.

**7.5 Restricted Payments.** Following the occurrence and during the continuance of an Event of Default, pay any dividends (other than dividends payable solely in capital stock) or make any distribution or payment in respect of or redeem, retire or purchase any capital stock.

**7.5. Transactions with Affiliates.** Directly or indirectly enter into any material transaction with any Affiliate of Borrower or any of its Subsidiaries (other than among Borrower), except for (a) transactions that are in the ordinary course of Borrower's or such Subsidiary's business, upon fair and reasonable terms that are no less favorable to Borrower or such Subsidiary than would be obtained in an arm's length transaction with a non-affiliated Person, and (b) Subordinated Debt or equity investments by Borrower's investors in Borrower or its Subsidiaries.

**7.11. Material Agreements.** Waived.

**7.12. Financial Covenants.** Waived.

## **8. EVENTS OF DEFAULT**

Any one of the following shall constitute an event of default (an "**Event of Default**") under this Agreement:

**8.1. Payment Default.** Borrower fails to (a) make any payment of principal or interest on the Term Loan on its due date, or (b) pay any other Obligation within three (3) Business Days after such Obligation is due and payable (which three (3) Business Day grace period shall not apply to payments due on the Maturity Date or the date of acceleration pursuant to Section 9.1 (a) hereof).

**8.2. Covenant Default.** Borrower or any of its Subsidiaries fails or neglects to perform any obligation in Sections 6.2 (Financial Statements, Reports, Certificates), 6.4 (Taxes), 6.5 (Insurance), or Borrower violates any provision in Section 7 and such violation is not cured within thirty (30) days after Borrower becomes aware of failure.

**8.3. Material Adverse Change.** A Material Adverse Change has occurred and is continuing.

8.4. Attachment; Levy; Restraint on Business.

8.4.1.(i) The service of process seeking to attach, by trustee or similar process, any funds of Borrower or any of its Material Subsidiaries or of any entity under control of Borrower or its Material Subsidiaries on deposit with any institution at which Borrower or any of its Subsidiaries maintains a Collateral Account, or (ii) a notice of lien, levy, or assessment is filed against Borrower or any of its Material Subsidiaries or their respective assets by any government agency, and the same under subclauses (i) and (ii) hereof are not, within ten (10) days after the occurrence thereof, discharged or stayed (whether through the posting of a bond or otherwise); and

8.4.2.(i) any material portion of Borrower's or any of its Subsidiaries' assets is attached, seized, levied on, or comes into possession of a trustee or receiver, or (ii) any court order enjoins, restrains, or prevents Borrower or any of its Subsidiaries from conducting any part of its business;

**8.5. Insolvency.** (a) Parent is or becomes Insolvent; (b) Parent and its Subsidiaries, taken as a whole, are or become Insolvent; (c) Borrower or any Material Subsidiary begins an Insolvency Proceeding; or (d) an Insolvency Proceeding is begun against Borrower or any Material Subsidiary and is not dismissed or stayed within forty five

(45) days (but no Term Loan shall be extended while Parent or any Subsidiary is Insolvent and/or until any Insolvency Proceeding is dismissed);

**8.6. Judgments.** (a) One or more judgments, orders, or decrees for the payment of money in an amount, individually or in the aggregate, of at least Five Hundred Thousand Dollars (\$500,000.00) (not covered by independent third party insurance) shall be rendered against Borrower or any of its Subsidiaries and shall remain unsatisfied, unvacated, or unstayed for a period of twenty (20) days after the entry thereof or (b) any judgments, orders or decrees rendered against Borrower that could reasonably be expected to result in a Material Adverse Change;

**8.8. Misrepresentations.** Borrower or any of its Subsidiaries or any Person acting for Borrower or any of its Subsidiaries makes any representation, warranty, or other statement now or later in this Agreement, any Loan Document or in any writing delivered to Collateral Agent and/or Lenders or to induce Collateral Agent and/or the Lenders to enter this Agreement or any Loan Document, and such representation, warranty, or other statement, when taken as a whole, is incorrect in any material respect when made.

**8.9. Lien Priority.** Any Lien created hereunder or by any other Loan Document shall at any time fail to constitute a valid and perfected first Lien on any of the Collateral purported to be secured thereby, subject to no prior or equal Lien, other than Permitted Liens or liens arising as a matter of applicable law.

## **9. RIGHTS AND REMEDIES**

**9.1. Rights and Remedies.** Upon the occurrence of an Event of Default hereunder (unless all Events of Default have been cured by Borrower, as applicable, or waived by Lenders in writing), Lenders may, at their option:

(i) by written notice to Borrower, declare the entire unpaid principal balance of the Term Loan, together with all accrued interest thereon and any other charges or fees payable hereunder, immediately due and payable regardless of any prior forbearance and (ii) exercise any and all rights and remedies available to it hereunder, under the Subordinated Secured Promissory Note and/or under applicable law, including, without limitation, the right to collect from Borrower all sums due under this Agreement and the Subordinated Secured Promissory Note and repossess any Collateral at Borrower's expense. Borrower shall pay all reasonable costs and expenses incurred by or on behalf of Lenders or Collateral Agent in connection with Lenders' exercise of any or all of its rights and remedies under this Agreement or the Subordinated Secured Promissory Note, including, without limitation, reasonable attorneys' fees. Borrower waives the right to any stay of execution and the benefit of all exemption laws now or hereafter in effect.

**9.2. Power of Attorney.** Borrower hereby irrevocably appoints Collateral Agent as its lawful attorney in fact, exercisable upon the occurrence and during the continuance of an Event of Default, to: (a) endorse Borrower's or any of its Subsidiaries' name on any checks or other forms of payment or security; (b) sign Borrower's or any of its Subsidiaries' name on any invoice or bill of lading for any Account or drafts against Account Debtors; (c) settle and adjust disputes and claims about the Accounts directly with Account Debtors, for amounts and on terms Collateral Agent determines reasonable; (d) make, settle, and adjust all claims under Borrower's insurance policies; (e) pay, contest or settle any Lien, charge, encumbrance, security interest, and adverse claim in or to the Collateral, or any judgment based thereon, or otherwise take any action to terminate or discharge the same; and (f) transfer the Collateral into the name of Collateral Agent or a third party as the Code or any applicable law permits. Borrower hereby appoints Collateral Agent as its lawful attorney in fact to sign Borrower's or any of its Subsidiaries' name on any documents necessary to perfect or continue the perfection of Collateral Agent's security interest in, and lien on, the Collateral regardless of whether an Event of Default has occurred until all Obligations (other than inchoate indemnity obligations) have been satisfied in full and Collateral Agent and the Lenders are under no further

obligation to extend the Term Loan hereunder. Collateral Agent's foregoing appointment as Borrower's or any of its Subsidiaries' attorney in fact, and all of Collateral Agent's rights and powers, coupled with an interest, are irrevocable until all Obligations (other than inchoate indemnity obligations) have been fully repaid and performed and Collateral Agent's and the Lenders' obligation to provide the Term Loan terminates.

**9.3. No Waiver; Remedies Cumulative.** Failure by Collateral Agent or any Lender, at any time or times, to require strict performance by Borrower of any provision of this Agreement or any other Loan Document shall not waive, affect, or diminish any right of Collateral Agent or any Lender thereafter to demand strict performance and compliance herewith or therewith. No waiver hereunder shall be effective unless signed by Collateral Agent and the Required Lenders and then is only effective for the specific instance and purpose for which it is given. The rights and remedies of Collateral Agent and the Lenders under this Agreement and the other Loan Documents are cumulative. Collateral Agent and the Lenders have all rights and remedies provided under the Code, any applicable law, by law, or in equity. The exercise by Collateral Agent or any Lender of one right or remedy is not an election, and Collateral Agent's or any Lender's waiver of any Event of Default is not a continuing waiver. Collateral Agent's or any Lender's delay in exercising any remedy is not a waiver, election, or acquiescence.

**9.4. Demand Waiver.** Borrower waives, to the fullest extent permitted by law, demand, notice of default or dishonor, notice of payment and nonpayment, notice of any default, nonpayment at maturity, release, compromise,

settlement, extension, or renewal of accounts, documents, instruments, chattel paper, and guarantees held by Collateral Agent or any Lender on which Borrower or any Subsidiary is liable.

## **10. NOTICES**

All notices, consents, requests, approvals, demands, or other communication (collectively, "**Communication**") by any party to this Agreement or any other Loan Document must be in writing and shall be deemed to have been validly served, given, or delivered: (a) upon the earlier of actual receipt and three (3) Business Days after deposit in the U.S. mail, first class, registered or certified mail return receipt requested, with proper postage prepaid; (b) upon transmission, when sent by facsimile transmission or e-mail; (c) one (1) Business Day after deposit with a reputable overnight courier with all charges prepaid; or (d) when delivered, if hand delivered by messenger, all of which shall be addressed to the party to be notified and sent to the address, facsimile number, or email address indicated below. Any of Collateral Agent, any Lender or Borrower may change its mailing address or facsimile number by giving the other party written notice thereof in accordance with the terms of this Section 10.

If to Borrower: Banzai International, Inc.

Address: 435 Erickson Ave NE Suite 250  
Bainbridge Island, WA 98110

E-Mail Address:

If to Collateral Agent:

Agile Capital Funding, LLC 244 Madison Ave, Suite 168 New York, NY 10016  
E-Mail Address:

## **11. CHOICE OF LAW, VENUE AND JURY TRIAL WAIVER**

**11.1. Waiver of Jury Trial.** EACH OF BORROWER, COLLATERAL AGENT AND LENDERS UNCONDITIONALLY WAIVES ANY AND ALL RIGHT TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT, ANY OF THE OTHER LOAN DOCUMENTS, ANY OF THE INDEBTEDNESS SECURED HEREBY, ANY DEALINGS AMONG BORROWER, COLLATERAL AGENT AND/OR LENDERS RELATING TO THE SUBJECT MATTER OF THIS TRANSACTION OR ANY RELATED TRANSACTIONS, AND/OR THE RELATIONSHIP THAT IS BEING ESTABLISHED AMONG BORROWER, COLLATERAL AGENT AND/OR LENDERS. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT. THIS WAIVER IS IRREVOCABLE. THIS WAIVER MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING. THE WAIVER

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ALSO SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT, ANY OTHER LOAN DOCUMENTS, OR TO ANY OTHER DOCUMENTS OR AGREEMENTS RELATING TO THIS TRANSACTION OR ANY RELATED TRANSACTION. THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

#### 11.2.Governing Law and Jurisdiction.

11.2.1.THIS AGREEMENT, THE OTHER LOAN DOCUMENTS (EXCLUDING THOSE LOAN DOCUMENTS THAT BY THEIR OWN TERMS ARE EXPRESSLY GOVERNED BY THE LAWS OF ANOTHER JURISDICTION) AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER AND THEREUNDER SHALL IN ALL RESPECTS BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE COMMONWEALTH OF VIRGINIA (WITHOUT REGARD TO THE CONFLICT OF LAWS PRINCIPLES THAT WOULD RESULT IN THE APPLICATION OF ANY LAWS

OTHER THAN THE LAWS OF THE COMMONWEALTH OF VIRGINIA), INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, REGARDLESS OF THE LOCATION OF THE COLLATERAL, PROVIDED, HOWEVER, THAT IF THE LAWS OF ANY JURISDICTION OTHER THAN VIRGINIA SHALL GOVERN IN REGARD TO THE VALIDITY, PERFECTION OR EFFECT OF PERFECTION OF ANY LIEN OR IN REGARD TO PROCEDURAL MATTERS AFFECTING ENFORCEMENT OF ANY LIENS IN COLLATERAL, SUCH LAWS OF SUCH OTHER JURISDICTIONS SHALL CONTINUE TO APPLY TO THAT EXTENT.

11.2.2.Submission to Jurisdiction. Any legal action or proceeding with respect to the Loan Documentsshall be brought exclusively in the courts of the Commonwealth of Virginia, including, without limitation the Circuit Court of Arlington County in the Commonwealth of Virginia and, by execution and delivery of this Agreement, Borrower hereby accepts for itself and in respect of its Property, generally and unconditionally, the jurisdiction of the aforesaid courts. Notwithstanding the foregoing, Collateral Agent and Lenders shall have the right to bring any action or proceeding against Borrower (or any property of Borrower) in the court of any other jurisdiction Collateral Agent or Lenders deem necessary or appropriate in order to realize on the Collateral or other security for the Obligations. The parties hereto hereby irrevocably waive any objection, including any objection to the laying of venue or based on the grounds of forum non conveniens, that any of them may now or hereafter have to the bringing of any such action or proceeding in such jurisdictions.

11.2.3.Service of Process. Borrower irrevocably waives personal service of any and all legal process, summons, noticesand other documents and other serviceof process of any kind and consentsto such servicein any suit, action or proceeding brought in the United States of America with respect to or otherwise arising out of or in connection with any Loan Document by any means permitted by applicable requirements of law, including by the mailing thereof (by registered or certified mail, postage prepaid) to the address of Borrower specified herein (and shall be effective when such mailing shall be effective, as provided therein). Borrower agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

11.2.4.Non-exclusive Jurisdiction. Nothing contained in this Section 11.2 shall affect the right of Collateral Agent or Lenders to serve process in any other manner permitted by applicable requirements of law or commence legal proceedings or otherwise proceed against Borrower in any other jurisdiction.

### 12. GENERAL PROVISIONS

**12.1.Successors and Assigns.** This Agreement binds and is for the benefit of the successors and permitted assigns of each Party. Borrower may not transfer, pledge or assign this Agreement or any rights or obligations under it without Collateral Agent's prior written consent (which may be granted or withheld in Collateral Agent's discretion, subject to Section 12.5). The Lenders have the right, without the consent of or notice to Borrower, to sell, transfer, assign, pledge, negotiate, or grant participation in (any such sale, transfer, assignment, negotiation, or grant of a participation, a "**Lender Transfer**") all or any part of, or any interest in, any one or more Lenders' obligations, rights, and benefits under this Agreement and the other Loan Documents. In the event of such a Lender Transfer, Collateral Agent or Lead Lender shall have the right to, at its respective sole and absolute option, (a) notify Borrower of such Lender Transfer, in accordance with Section 10 hereof, and direct Borrower to make payments

directly to such other Lender or Lenders, indicating such other Lenders' Pro Rata share of the Term Loan and the amount of the payment to be made in connection therewith, or (b) continue to collect payments hereunder and under the other Loan Documents and pay such other Lenders their Pro Rata Share of the Term Loan, in accordance with, and on such terms, as are determined by and between the Lenders.

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**12.2.Indemnification.** Borrower, jointly and severally, agrees to indemnify, defend and hold Collateral Agent and the Lenders and their respective members, managers, directors, officers, employees, consultants, agents, attorneys, or any other Person affiliated with or representing Collateral Agent or the Lenders (each, an "**Indemnified Person**") harmless against: (a) all obligations, demands, claims, and liabilities (collectively, "**Claims**") asserted by any other party in connection with; related to; following; or arising from, out of or under, the transactions contemplated by the Loan Documents; and (b) all losses or expenses incurred, or paid by Indemnified Person in connection with; related to; following; or arising from, out of or under, the transactions contemplated by the Loan Documents between Collateral Agent, and/or the Lenders and Borrower (including reasonable attorneys'

fees and expenses), except for Claims and/or losses directly caused by such Indemnified Person's gross negligence or willful misconduct. Borrower hereby further, jointly and severally, indemnifies, defends and holds each Indemnified Person harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind or nature whatsoever (including the fees and disbursements of counsel for such Indemnified Person) in connection with any investigative, response, remedial, administrative or judicial matter or proceeding, whether or not such Indemnified Person shall be designated a party thereto and including any such proceeding initiated by or on behalf of Borrower, and the reasonable expenses of investigation by engineers, environmental consultants and similar technical personnel and any commission, fee or compensation claimed by any broker (other than any broker retained by Collateral Agent or Lenders) asserting any right to payment for the transactions contemplated hereby which may be imposed on, incurred by or asserted against such Indemnified Person as a result of or in connection with the transactions contemplated hereby and the use or intended use of the proceeds of the loan proceeds except for liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements directly caused by such Indemnified Person's gross negligence or willful misconduct.

**12.3.Severability of Provisions.** Each provision of this Agreement is severable from every other provision in determining the enforceability of any provision.

**12.4.Correction of Loan Documents.** Collateral Agent may correct patent errors and fill in any blanks in this Agreement and the other Loan Documents consistent with the agreement of the parties.

**12.5.Amendments in Writing; Integration.** (a) No amendment, modification, termination or waiver of any provision of this Agreement or any other Loan Document, no approval or consent thereunder, and no consent to any departure by Borrower or any of its Subsidiaries therefrom, shall in any event be effective unless the same shall be in writing and signed by Borrower, Collateral Agent and the Required Lenders provided that:

12.5.1.no such amendment, waiver or other modification that would have the effect of increasing or reducing a Lender's Term Loan Commitment or Commitment Percentage shall be effective as to such Lender without such Lender's written consent;

12.5.2.no such amendment, waiver or modification that would affect the rights and duties of Collateral Agent shall be effective without Collateral Agent's written consent or signature; and

12.5.3.no such amendment, waiver or other modification shall, unless signed by all the Lenders directly affected thereby, (A) reduce the principal of, rate of interest on or any fees with respect to the Term Loan or forgive any principal, interest (other than default interest) or fees (other than late charges) with respect to the Term Loan (B) postpone the date fixed for, or waive, any payment of principal of the Term Loan or of interest on the Term Loan (other than default interest) or any fees provided for hereunder (other than late charges or for any termination of any commitment); (C) change the definition of the term "Required Lenders" or the percentage of Lenders which shall be required for the Lenders to take any action hereunder; (D) release all or substantially all of any material portion of the Collateral, authorize Borrower to sell or otherwise dispose of all or substantially all or any material portion of the Collateral, except, in each case with respect to this clause (D), as otherwise may be expressly permitted under this Agreement or the other Loan Documents (including in connection with any disposition permitted hereunder); (E) amend, waive or otherwise modify this Section 12.5 or the definitions of the terms used in this Section 12.5 insofar as the definitions affect the substance of this Section 12.5; (F) consent to the assignment, delegation or other transfer by Borrower of any of its rights and obligations under any Loan Document or release Borrower of its payment obligations under any Loan Document, except, in each case with respect to this clause (F), pursuant to a merger or consolidation permitted pursuant to this Agreement; (G) amend any of the provisions of Section 9.4 or amend any of the definitions of Pro Rata Share, Term Loan Commitment, Commitment Percentage or that provide for the Lenders to receive their Pro Rata Shares of any fees, payments, setoffs or proceeds of Collateral hereunder; (H) subordinate the Liens granted in

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favor of Collateral Agent securing the Obligations. It is hereby understood and agreed that all Lenders shall be deemed directly affected by an amendment, waiver or other modification of the type described in the preceding clauses (C), (D), (E), (F), (G) and (H) of the immediately preceding sentence.

(b) Other than as expressly provided for in Section 12.5(a)(i) (iii), Collateral Agent may, if requested by the Required Lenders, from time to time designate covenants in this Agreement less restrictive by notification to a representative of Borrower.

(c) This Agreement and the Loan Documents represent the entire agreement about this subject matter and supersede prior negotiations or agreements with respect to such subject matter. All prior agreements, understandings, representations, warranties, and negotiations between the parties about the subject matter of this Agreement and the Loan Documents merge into this Agreement and the Loan Documents.

**12.6. Counterparts; Electronic Signatures.** This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, is an original, and all taken together, constitute one Agreement. Any and all electronic signatures, whether by scan, e-mail, PDF, DocuSign or similar means, and any electronic delivery of signature pages hereto, shall be treated as originals.

**12.7. Survival.** All covenants, representations and warranties made in this Agreement continue in full force and effect until this Agreement has terminated pursuant to its terms and all Obligations (other than inchoate indemnity obligations and any other obligations which, by their terms, are to survive the termination of this Agreement) have been satisfied. The obligation of Borrower in Section 12.2 to indemnify each Lender and Collateral Agent, as well as the confidentiality provisions in Section 12.8 below, shall survive until the statute of limitations with respect to such claim or cause of action shall have run.

**12.8. Confidentiality.** In handling any confidential information of Borrower, the Lenders and Collateral Agent shall exercise the same degree of care that it exercises for their own proprietary information, but disclosure of information may be made: (a) subject to the terms and conditions of this Agreement, to the Lenders' and Collateral Agent's Subsidiaries or Affiliates; (b) to prospective transferees (other than those identified in (a) above) or purchasers of any interest in the Term Loan (provided, however, the Lenders and Collateral Agent shall obtain such prospective transferee's or purchaser's agreement to the terms of this provision or to similar confidentiality terms);

(c) as required by law, regulation, subpoena, or other order; (d) to Lenders' or Collateral Agent's regulators or as otherwise required in connection with an examination or audit; (e) as Collateral Agent reasonably considers appropriate in exercising remedies under the Loan Documents; and (f) to third party service providers of the Lenders and/or Collateral Agent so long as such service providers have executed a confidentiality agreement or have agreed to similar confidentiality terms with the Lenders and Collateral Agent with terms no less restrictive than those contained herein. Confidential information does not include information that either: (i) is in the public domain or in the Lenders' and/or Collateral Agent's possession when disclosed to the Lenders and/or Collateral Agent, or becomes part of the public domain after disclosure to the Lenders and/or Collateral Agent at no fault of the Lenders or the Collateral Agent; or (ii) is disclosed to the Lenders and/or Collateral Agent by a third party, if the Lenders and/or Collateral Agent does not know that the third party is prohibited from disclosing the information. Collateral Agent and the Lenders may use confidential information for any purpose, including, without limitation, for the development of client databases, reporting purposes, and market analysis. The provisions of the immediately preceding sentence shall survive the termination of this Agreement. The agreements provided under this Section 12.8 supersede all prior agreements, understanding, representations, warranties, and negotiations between the parties about the subject matter of this Section 12.8.

**12.9. Right of Set Off.** Borrower hereby grants to Collateral Agent and to each Lender, a lien, security interest and right of set off as security for all Obligations to Collateral Agent and each Lender hereunder, whether now existing or hereafter arising, upon and against all deposits, credits, collateral and property, now or hereafter in the possession, custody, safekeeping or control of Collateral Agent or the Lenders or any entity under the control of Collateral Agent or the Lenders (including a Collateral Agent affiliate) or in transit to any of them. At any time after the occurrence and during the continuance of an Event of Default, without demand or notice, Collateral Agent or the Lenders may set off the same or any part thereof and apply the same to any liability or obligation of Borrower even though unmatured and regardless of the adequacy of any other collateral securing the Obligations. ANY AND ALL RIGHTS TO REQUIRE COLLATERAL AGENT TO EXERCISE ITS RIGHTS OR REMEDIES WITH RESPECT TO ANY OTHER COLLATERAL WHICH SECURES THE OBLIGATIONS, PRIOR TO EXERCISING ITS RIGHT OF SETOFF WITH RESPECT TO SUCH DEPOSITS, CREDITS OR OTHER PROPERTY OF BORROWER ARE HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVED BY BORROWER.

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**12.10 Borrower Liability.** Each Borrower may, acting singly, request credit extensions hereunder. Each Borrower hereby appoints the other as agent for the other for all purposes hereunder, including with respect to requesting credit extensions hereunder. Each Borrower hereunder shall be jointly and severally obligated to repay all credit extensions made hereunder, regardless of which Borrower actually receives said credit extension, as if each Borrower hereunder directly received all credit extensions. Each Borrower waives (a) any suretyship defenses available to it under the Code or any other applicable law, and (b) any right to require Collateral Agent or any Lender to: (i) proceed against any Borrower or any other person; (ii) proceed against or exhaust any security; or (iii) pursue any other remedy. Collateral Agent and/or any Lender may exercise or not exercise any right or remedy it has against any Borrower or any security it holds (including the right to foreclose by judicial or non-judicial sale) without affecting any Borrower's liability. Notwithstanding any other provision of this Agreement or other related document, each Borrower irrevocably waives all rights that it may have at law or in equity (including, without limitation, any law subrogating Borrower to the rights of Collateral Agent and the Lenders under this Agreement) to seek contribution, indemnification or any other form of reimbursement from any other Borrower, or any other Person now or hereafter primarily or secondarily liable for any of the Obligations, for any payment made by Borrower with respect to the Obligations in connection with this Agreement or otherwise and all rights that it might have to benefit from, or to participate in, any security for the Obligations as a result of any payment made by Borrower with respect to the Obligations in connection with this Agreement or otherwise. Any agreement providing for indemnification, reimbursement or any other arrangement prohibited under this Section 12.10 shall be null and void. If any payment is made to a Borrower in contravention of this Section 12.10, such Borrower shall hold such payment in trust for Collateral Agent and the Lenders and such payment shall be promptly delivered to Collateral Agent for application to the Obligations, whether matured or unmatured.

**12.11. Change of Law.** If, due to any change in applicable law or regulations, or the interpretation thereof by any court of law or other governing body having jurisdiction subsequent to the date of this Agreement, the performance of any provision of this Agreement, the loans granted pursuant hereto or any transaction contemplated hereby shall become unlawful, impracticable or impossible, the Lender shall have the right, with the consent of the Borrower not to be unreasonably withheld, conditioned or delayed, to amend the terms hereof in good faith so as to comply with the then current laws, rules and/or regulations in the way that, in its reasonable judgment, best and most closely reflects the terms and conditions negotiated herein and intended hereby.

**12.12. Subordination to Senior Indebtedness.** In addition to the subordination and other provisions contained in any subordination or intercreditor agreement, Borrower, Collateral Agent and Lenders agree that the payment of all amounts payable hereunder and under the Subordinated Secured Promissory Note are expressly subordinated in right of payment to the payment when due of all obligations under the Senior Indebtedness.

### **13. DEFINITIONS**

As used in this Agreement, the following terms have the following meanings:

**“Accounts”** shall mean accounts receivable of Parent.

**“Affiliate”** of any Person is a Person that owns or controls directly or indirectly the Person, any Person that controls or is controlled by or is under common control with the Person, and each of that Person's senior executive officers, directors, partners if such Person is a partnership and, for any Person that is a limited liability company, that Person's managers and members.

**“Borrowing Base”** shall mean, at any time, an amount equal to 100% of Eligible Accounts. **“Business Day”** is any day that is not a Saturday, Sunday or a day on which banks are closed in the Commonwealth of Virginia.

**“Code”** is the Uniform Commercial Code, as enacted in the Commonwealth of Virginia. **“Collateral”** is any and all properties, rights and assets of Borrower described on Exhibit A.

**“Disbursement Instruction Form”** is that certain form attached hereto as Exhibit B-2.

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**"Drawdown"** means any principal amount borrowed or to be borrowed (by any means) under the provisions hereof.

**"Eligible Accounts"** shall mean Accounts that are not excluded as ineligible by virtue of one or more of the criteria set forth below. None of the following shall be Eligible Accounts: (A) Accounts (i) with respect to which the scheduled due date is more than 60 days after the original invoice date, (ii) which are unpaid more than (A) 90 days after the date of the original invoice therefor; (B) Accounts which (i) do not arise from the sale of goods or performance of services in the ordinary course of business, (ii) are not evidenced by an invoice or other documentation reasonably satisfactory to the Collateral Agent, (iii) represent a progress billing, or (iv) are

contingent upon any Borrower's completion of any further performance; (C) Accounts which are owed by an account debtor which (i) does not maintain its chief executive office in the United States or (ii) is not organized under any applicable law of the United States, any State of the United States or the District of Columbia; (D) Accounts which are owed in any currency other than dollars; or (E) Accounts which are owed by any Affiliate, employee, officer, director or stockholder of any Borrower.

**"Equipment"** is all "equipment" as defined in the Code with such additions to such term as may hereafter be made, and includes without limitation all machinery, fixtures, goods, vehicles (including motor vehicles and trailers), and any interest in any of the foregoing.

**"Existing Indebtedness"** is the indebtedness of Borrower listed in the Perfection Certificate. **"Indebtedness"** is (a) indebtedness for borrowed money or the deferred price of property or services, such as reimbursement and other obligations for surety bonds and letters of credit, (b) obligations evidenced by notes, bonds, debentures or similar instruments, (c) capital lease obligations, (d) merchant cash advances; and (e) Contingent Obligations in respect of any of the foregoing.

**"Insolvency Proceeding"** is any proceeding by or against any Person under the United States Bankruptcy Code, or any other bankruptcy or insolvency law, including assignments for the benefit of creditors, compositions or proceedings seeking reorganization, arrangement, or other relief.

**"Insolvent"** means not Solvent.

**"Intellectual Property"** shall mean, all (a) trademarks, trademark rights, trade names, trade name rights, service marks, service mark rights, logos, trade dress, domain names, web sites, and all other indicia of origin or quality, and goodwill associated therewith and arising therefrom; (b) patents and patent rights; and (c) works of authorship and copyrights therein, and all common law rights in all of the foregoing, and registration and applications for all of the foregoing issued by or filed with the US Patent and Trademark Office, any State of the US, the US Copyright Office, or any foreign equivalent thereof, and all of the foregoing (a)-(c) used in, at, or in connection with and/or necessary for the (i) conduct of any Borrower's business and/or (ii) use and/or operation of the Collateral.

**"Inventory"** is all "inventory" as defined in the Code in effect on the date hereof with such additions to such term as may hereafter be made under the Code, and includes without limitation all merchandise, raw materials, parts, supplies, packing and shipping materials, work in process and finished products, including without limitation such inventory as is temporarily out of any Person's custody or possession or in transit and including any returned goods and any documents of title representing any of the above.

**"Investment"** is any beneficial ownership interest in any Person (including stock, partnership interest or other securities), and any loan, advance or capital contribution to any Person.

**"Key Person"** is JOSEPH PATRICK DAVY

**"Lien"** is a mortgage, deed of trust, levy, charge, pledge, security interest, or other encumbrance of any kind, whether voluntarily incurred or arising by operation of law or otherwise against any property.

**"Loan Documents"** are, collectively, this Agreement, each Subordinated Secured Promissory Note, each Disbursement Instruction Form, any subordination agreements, any note, or notes or guaranties executed by Borrower or any other Person, and any other present or future document, certificate, form or agreement entered into by Borrower or any other Person for the benefit of the Lenders and Collateral Agent in connection with this Agreement; all as amended, restated, or otherwise modified or supplemented from time to time.

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**"Material Adverse Change"** is (a) a material adverse change in the business, operations or condition (financial or otherwise) of Parent, or Parent and each Subsidiary, taken as a whole; (b) a material impairment of the prospect of repayment of any portion of the Obligations, or (c) a material adverse effect on the Collateral.

**"Material Agreement"** is any license, agreement or other similar contractual arrangement with a Person or Governmental Authority whereby Borrower or any of its Subsidiaries is reasonably likely to be required to transfer, either in-kind or in cash, prior to the Maturity Date, assets or property valued (book or market) at more than Fifty Thousand Dollars (\$50,000.00) in the aggregate or any license, agreement or other similar contractual arrangement conveying rights in or to any material Intellectual Property.

**"Maturity Date"** is 28 weeks from the Effective Date.

**"Maximum Legal Rate"** shall mean the maximum nonusurious interest rate, if any, that at any time or from time to time may be contracted for, taken, reserved, charged or received on the indebtedness evidenced by the Note and as provided for herein or the other Loan Documents, under the laws of such state or states whose laws are held by any court of competent jurisdiction to govern the interest rate provisions of the Term Loan.

**"Obligations"** are all of Borrower's obligations to pay when due any debts, principal, interest, the Prepayment Fee, the Final Fee, and other amounts Borrower owes the Lenders now or later, in connection with, related to, following, or arising from, out of or under, this Agreement or, the other Loan Documents, or otherwise, and including interest accruing after Insolvency Proceedings begin (whether or not allowed) and debts, liabilities, or obligations of Borrower assigned to the Lenders and/or Collateral Agent, and the performance of Borrower's duties under the Loan Documents.

**"Operating Documents"** are, for any Person, such Person's formation documents, as certified by the Secretary of State (or equivalent agency) of such Person's jurisdiction of organization on a date that is no earlier than thirty (30) days prior to the Effective Date, and, (a) if such Person is a corporation, its bylaws in current form, 2. if such Person is a limited liability company, its limited liability company agreement (or similar agreement), and 3. if such Person is a partnership, its partnership agreement (or similar agreement), each of the foregoing with all current amendments or modifications thereto.

**"Perfection Certificate"** is that certain form attached hereto as Exhibit B-1.

**"Permitted Indebtedness"** is: (a) Borrower's Indebtedness to the Lenders and Collateral Agent under this Agreement and the other Loan Documents; (b) Indebtedness existing on the Effective Date and disclosed on the Perfection Certificate(s); (c) unsecured Indebtedness to trade creditors and Indebtedness in connection with credit cards incurred in the ordinary course of business; (d) extensions, refinancings, modifications, amendments and restatements of any items of Permitted Indebtedness (a) through (c) above, provided that the principal amount thereof is not increased or the terms thereof are not modified to impose materially more burdensome terms upon Borrower, or its Subsidiary, as the case may be;

**"Permitted Investments"** are: (a) investments (including debt obligations) received in connection with the bankruptcy or reorganization of customers or suppliers and in settlement of delinquent obligations of, and other disputes with, customers or suppliers arising in the ordinary course of business; (b) Investments consisting of notes receivable of, or prepaid royalties and other credit extensions, to customers and suppliers who are not Affiliates, in the ordinary course of business; provided that this paragraph (b) shall not apply to Investments of Borrower in any Subsidiary.

**"Permitted Licenses"** are licenses of over-the-counter software that is commercially available to the public.

**"Permitted Liens"** are Liens existing on the Effective Date and disclosed on the Perfection Certificates or arising under this Agreement and the other Loan Documents;

**"Person"** is any individual, sole proprietorship, partnership, limited liability company, joint venture, company, trust, unincorporated organization, association, corporation, institution, public benefit corporation, firm, joint stock company, estate, entity or government agency.

**"Property"** means any interest in any kind of property or asset, whether real, personal or mixed, and whether tangible or intangible.

**"Pro Rata Share"** is, as of any date of determination, with respect to each Lender, a percentage (expressed as a

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decimal, rounded to the ninth decimal place) determined by dividing the outstanding principal amount of the Term Loan held by such Lender by the aggregate outstanding principal amount of the Term Loan.

**"Related Persons"** means, with respect to any Person, each Affiliate of such Person and each director, officer, employee, agent, trustee, representative, attorney, accountant and each insurance, environmental, legal, financial and other advisor and other consultants and agents of or to such Person or any of its Affiliates.

**"Required Lenders"** means (i) for so long as the Lead Lender has not assigned or transferred any of its interests in the Term Loan, Lenders holding one hundred percent (100%) of the aggregate outstanding principal balance of the Term Loan, or (ii) at any time from and after the Lead Lender has assigned or transferred any interest in its Term Loan, Lenders holding at least fifty one percent (51%) of the aggregate outstanding principal balance of the Term Loan.

**"Responsible Officer"** is any of the President, Chief Executive Officer, or Chief Financial Officer of Borrower or Parent.

**"Senior Indebtedness"** is that Permitted Indebtedness existing on the Effective Date and disclosed on the Perfection Certificate(s).

**"Shares"** means one hundred percent (100.0%) of the stock, units or other evidence of equity ownership held by Borrower or its Subsidiaries of any Subsidiary which is organized under the laws of the United States.

**"Solvent"** is, with respect to any Person: the fair salable value of such Person's consolidated assets (including goodwill minus disposition costs) exceeds the fair value of such Person's liabilities; such Person is not left with unreasonably small capital after the transactions in this Agreement; and such Person is able to pay its debts (including trade debts) as they mature in the ordinary course (without taking into account any forbearance and extensions related thereto).

**"Subordinated Debt"** is indebtedness incurred by Borrower or any of its Subsidiaries subordinated to all Indebtedness of Borrower and/or its Subsidiaries to the Lenders (pursuant to a subordination, intercreditor, or other similar agreement in form and substance satisfactory to Collateral Agent and the Lenders entered into between Collateral Agent, Borrower, and/or any of its Subsidiaries, and the other creditor), on terms acceptable to Collateral Agent and the Lenders.

**"Subordinated Secured Promissory Note"** is defined in Section 2.5.

**"Subsidiary"** is, with respect to any Person, any Person of which more than fifty percent (50%) of the voting stock or other equity interests (in the case of Persons other than corporations) is owned or controlled, directly or indirectly, by such Person or through one or more intermediaries. Unless otherwise specified, references herein to a Subsidiary means a Subsidiary of Borrower.

**"Term Loan"** is defined in Section 2.2(a) hereof.

**"Term Loan Amortization Schedule"** means the amortization schedule set forth in Exhibit B-4 of this Agreement.

*[Balance of Page Intentionally Left Blank]*

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by one of its officers thereunto duly authorized on the date hereof.

Parties  
Borrowers

Name of Signatory and Title

Signature

BANZAI INTERNATIONAL, INC.      JOSEPH PATRICK DAVY, CEO

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**LEAD LENDER:**  
Agile Lending, LLC

**COLLATERAL AGENT:**  
Agile Capital Funding, LLC

By: Aaron Greenblott  
Its: Member

By: Aaron Greenblott  
Its: Member

EXHIBITS TO FOLLOW

APPENDIX 1 BORROWER  
LIST

**EXHIBIT**

**A DESCRIPTION OF COLLATERAL**

The Collateral consists of all of Borrower's right, title and interest in and to the following property:

All of Borrower's goods, Accounts, Equipment, Inventory, contract rights or rights to payment of money, leases, license agreements, franchise agreements, General Intangibles (including Intellectual Property), commercial tort claims, documents, instruments (including any promissory notes), chattel paper (whether tangible or electronic), cash, deposit accounts and other Collateral Accounts, all certificates of deposit, fixtures, letters of credit rights (whether or not the letter of credit is evidenced by a writing), securities, and all other investment property, supporting obligations, and financial assets, whether now owned or hereafter acquired, wherever located; and

All of Borrower's books and records relating to the foregoing, and any and all claims, rights and interests in any of the above and all substitutions for, additions, attachments, accessories, accessions and improvements to and replacements, products, proceeds and insurance proceeds of any or all of the foregoing.

Notwithstanding the foregoing, the Collateral does not include (i) any license or contract, in each case if the granting of a Lien in such license or contract is prohibited by or would constitute a default under the agreement governing such license or contract (but (A) only to the extent such prohibition is enforceable under applicable law and (B) other than to the extent that any such term would be rendered ineffective pursuant to Sections 9-406, 9- 408 or 9-409 (or any other Section) of Division 9 of the Code); provided that upon the termination, lapsing or expiration of any such prohibition, such license or contract, as applicable, shall automatically be subject to the security interest granted in favor of Collateral Agent hereunder and become part of the "Collateral."

**EXHIBIT**

**A DESCRIPTION**

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OF COLLATERAL

**EXHIBIT**

**B-1 PERFECTION CERTIFICATE**

The undersigned, the President of BANZAI INTERNATIONAL, INC., A Domestic Delaware Corporation, (the "Company"), hereby certifies, with reference to (i) the Business Loan and Security Agreement, dated as of July 22, 2024 (the "Loan Agreement"), among Agile Capital Funding, LLC as collateral agent (in such capacity, together with its successors and assigns in such capacity, "Collateral Agent"), and Agile Lending, LLC, a Virginia limited liability company ("Lead Lender") and each assignee that becomes a party to this Agreement pursuant to Section 12.1 (each individually with the Lead Lender, a "Lender" and collectively with the Lead Lender, the "Lenders"), and BANZAI INTERNATIONAL, INC., A Domestic Delaware Corporation ("Parent") and its subsidiaries, Parent, and the other entities shown as signatories hereto or that are joined from time to time as a Borrower, individually and collectively, jointly and severally, "Borrower") to the Lender as follows:

**3.1. Name, Tax ID, and State of Formation.** The exact legal name of the Borrower as that name appears on its Certificate of Organization, as amended, is as follows:

Name	Tax ID	State of Incorporation
BANZAI INTERNATIONAL, INC.	85-3118980	Delaware

**3.2. Other Identifying Factors.**

3.2.1. The following is the mailing address of the Borrower:  
435 ERICKSEN AVE, SUITE #250  
BAINBRIDGE ISLAND WA 98110

3.2.2. The following are any DBAs of the Borrower:

**3.3. Other Current Locations.**

(a) The following are all other locations in the in which the Borrower maintains any books or records relating to any of the Collateral consisting of accounts, instruments, chattel paper, general intangibles or mobile goods:

(b) The following are all other places of business of the Company in the United States of America:

(c) The following are all other locations where any of the Collateral consisting of inventory or equipment is located:

(d) The following are the names and addresses of all persons or entities other than the Company, such as lessees, consignees, warehousemen or purchasers of chattel paper, which have possession or are intended to have

possession of any of the Collateral consisting of instruments, chattel paper, inventory or equipment:

3.4.Prior Locations.

(a) Set forth below is the information required by §4(a) or (b) with respect to each location or place of business previously maintained by the Company at any time during the past five years in a state in which the Company has previously maintained a location or place of business at any time during the past four months:

(b) Set forth below is the information required by §4(c) or (d) with respect to each other location at which, or other person or entity with which, any of the Collateral consisting of inventory or equipment has been previously held at any time during the past twelve months:

**3.5.Fixtures.** Set forth below is the information required by UCC §9-502(b) or former UCC §9-402(5) of each state in which any of the Collateral consisting of fixtures are or are to be located and the name and address of each real estate recording office where a mortgage on the real estate on which such fixtures are or are to be located would be recorded.

3.6.IntellectualProperty.

Set forth below is a complete list of all United States and foreign patents, copyrights, trademarks, trade names and service marks registered or for which applications are pending in the name of the Company.

**3.7.Securities; Instruments.** Set forth below is a complete list of all stocks, bonds, debentures, notes and other securities and investment property owned by the Company (*provide name of issuer, a description of security and value*).

**3.8.Motor Vehicles.** The following is a complete list of all motor vehicles owned by the Borrower (*describe each vehicle by make, model and year and indicate for each the state in which registered and the state in which based*):

Vehicle State of Registration State in Which Based

Truck	Plate	VIN	Make

3.9.PermittedIndebtedness.

Lender	Balance	Total Payment (indicate daily, weekly, or monthly)

### **3.10. Permitted Liens:**

#### Liens in connection with Permitted Indebtedness.

**3.11. Bank Accounts.** The following is a complete list of all bank accounts (including securities and commodities accounts) maintained by the Borrower (*provide name and address of depository bank, type of account and account number*):

**3.12.Unusual Transactions.** All of the Collateral has been originated by the Borrower in the ordinary course of the Borrower's business or consists of goods which have been acquired by the Borrower in the ordinary course from a person in the business of selling goods of that kind.

### 13. Litigation

1. The following is a complete list of pending and threatened litigation or claims involving amounts claimed against the Borrower in an indefinite amount or in excess of \$500,000 in each case:

2. The following are the only claims which the Borrower has against others (other than claims on accounts receivable), which the Borrower is asserting or intends to assert, and in which the potential recovery exceeds \$500,000:

**3.13. Insurance Broker.** The following broker handles the Borrower's property insurance:

Broker	Contact	Telephone	Email
Hartford			

The Borrower agrees to advise you of any change or modification to any of the foregoing information

or any supplemental information provided on any continuation pages attached hereto, and, until such notice is received by you, you shall be entitled to rely upon such information and presume it is correct. The Borrower acknowledges that your acceptance of this Perfection Certificate and any continuation pages does not imply any commitment on your part to enter into a loan transaction with the Borrower, and that any such commitment may only be made by an express written loan commitment, signed by one of your authorized officers.

Date: July 22, 2024 [BANZAI]

By: \_\_

Name: JOSEPH PATRICK DAVY Its: CEO

Email:

joe@banzai.io

EXHIBIT B-2

DISBURSEMENT INSTRUCTION FORM

The proceeds of the first advance of Term Loan shall be disbursed as follows:

Term Loan	\$787,500.00
Less:	
Administrative Agent Fee to be remitted to <u>Agile Capital Funding, LLC</u>	(\$37,500.00)
 TOTAL TERM LOAN NET PROCEEDS TO BORROWER	 \$750,000.00

The aggregate net proceeds of the Term Loan shall be transferred to the Designated Deposit Account as follows:

BORROWER: BANZAI INTERNATIONAL, INC.

Account Name: Bank Name: ABA Number:

Banzai\_International, Inc. Avidbank

Account Number: \_\_

The proceeds of the subsequent advances of the Term Loan shall be disbursed as follows:

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EXHIBIT B-3 DRAWDOWN  
SCHEDULE

Within 2 Business Days of Closing Date.

EXHIBIT B-4  
REPAYMENT AND AMORTIZATION SCHEDULE

chedule outlined below in Exhibit B-4 is considered a draft / placeholder, the actual 28 weekly payment schedule will start one week after the advance is completed"

<b>Projected Payment Schedule</b>	
	<b>Weekly Payment</b>
7/31/2024	\$39,937.50
8/7/2024	\$39,937.50
8/14/2024	\$39,937.50
8/21/2024	\$39,937.50
8/28/2024	\$39,937.50
9/4/2024	\$39,937.50
9/11/2024	\$39,937.50
9/18/2024	\$39,937.50
9/25/2024	\$39,937.50
10/2/2024	\$39,937.50
10/9/2024	\$39,937.50
10/16/2024	\$39,937.50
10/23/2024	\$39,937.50
10/30/2024	\$39,937.50
11/6/2024	\$39,937.50
11/13/2024	\$39,937.50
11/20/2024	\$39,937.50
11/27/2024	\$39,937.50
12/4/2024	\$39,937.50
12/11/2024	\$39,937.50
12/18/2024	\$39,937.50
12/25/2024	\$39,937.50
1/1/2025	\$39,937.50
1/8/2025	\$39,937.50
1/15/2025	\$39,937.50
1/22/2025	\$39,937.50
1/29/2025	\$39,937.50
2/5/2025	\$39,937.50

<b>Total</b>	<b>\$1,118,250.00</b>
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#### **EXHIBIT B-5**

##### Business Loan and Security Agreement Supplement

<b>Principal Amount of Loan:</b>	<b>\$787,500.00, including the Administrative Agent Fee</b> , available as set forth in the Drawdown Schedule found in Exhibit B-3 of this Agreement.
<b>Total Repayment Amount:</b>	The total repayment amount of the Term Loan, including all interest, lender fees, and third-party fees, assuming all payments are made on time is <b>\$1,118,250.00</b> .
<b>Payment Schedule:</b>	As set forth in the Repayment and Amortization Schedule found in Exhibit B-4 of the Agreement.
<b>Payment Multiplier:</b> (The per dollar cost of the loan inclusive of all interest and fees).	<b>1.42</b>
<b>Interest Charge:</b>	<b>\$331,250.00</b> , assuming all payments are made on time.
<b>Fees payable to Collateral Agent and its designees:</b>	<b>Administrative Agent Fee: \$37,500.00</b> , payable at closing out of proceeds of the Term Loan

#### **EXHIBIT B-6**

##### AUTHORIZATION AGREEMENT FOR AUTOMATED CLEARING HOUSE TRANSACTIONS

Borrower hereby authorizes Lender and / or Servicer (or its representatives) to present automated clearing house (ACH) debits to the following checking account in the amount of fees and other obligations due to Lender from Borrower under the terms of the Business Loan and Security Agreement and Subordinated Secured Promissory Note entered into between Lender and Borrower, as it may be amended, supplemented or replaced from time to time. In addition, if an Event of Default (as defined in the Business Loan and Security Agreement or Secured Promissory Note) occurs, Borrower authorizes Lender and / or Servicer (or its representatives) to debit any and all accounts controlled by Borrower or controlled by any entity with the same Federal Tax Identification Number as Borrower up to the total amount, including but not limited to, all fees and charges, due to Lender from Borrower under the terms of the Agreement.

This authorization is to remain in full force and effect until all obligations due to Borrower under the Agreement have been fulfilled.

Borrower Information: \_\_\_\_\_

Borrower's Name: \_\_\_\_\_

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EXHIBIT D

**SUBORDINATED SECURED PROMISSORY NOTE**

SUBORDINATED SECURED PROMISSORY NOTE

\$787,500.00

Dated: July 22, 2024

FOR VALUE RECEIVED, the undersigned, BANZAI INTERNATIONAL, INC., A Domestic Delaware Corporation ("Parent"), and its subsidiaries, Parent, and the other entities shown as signatories hereto or that are joined from time to time as a Borrower, individually and collectively, jointly and severally, "Borrower"), HEREBY JOINTLY AND SEVERALLY PROMISE TO PAY to the order of Agile Lending, LLC, or its designees or assigns ("Lead Lender") the principal amount of SEVEN HUNDRED EIGHTY SEVEN THOUSAND FIVE HUNDRED DOLLARS (\$787,500.00) or such lesser amount as shall equal the outstanding principal balance of the Term Loan made to Borrower by Lender, plus interest on the aggregate unpaid principal amount of such Term Loan, at the rates and in accordance with the terms of the Business Loan and Security Agreement dated July 22, 2024, by and among Borrower, Lender, Collateral Agent, and the other Lenders from time to time party thereto (as amended, restated, supplemented or otherwise modified from time to time, the "Loan Agreement"). If not sooner paid, the entire principal amount and all accrued and unpaid interest hereunder shall be due and payable on the Maturity Date as set forth in the Loan Agreement. Any capitalized term not otherwise defined herein shall have the meaning attributed to such term in the Loan Agreement.

Principal, interest and all other amounts due with respect to the Term Loan, are payable in lawful money of the United States of America to Lender as set forth in the Loan Agreement and this Subordinated Secured Promissory Note (this "Note").

The Loan Agreement, among other things, (a) provides for the making of a secured Term Loan by Lender to Borrower, and (b) contains provisions for acceleration of the maturity hereof upon the happening of certain stated events.

This Note may not be prepaid except as set forth in Section 2.2 (c) and Section 2.2(d) of the Loan Agreement.

This Note and the obligation of Borrower to repay the unpaid principal amount of the Term Loan, interest on the Term Loan and all other amounts due Lender under the Loan Agreement is secured as provided under the Loan Agreement.

Presentment for payment, demand, notice of protest and all other demands and notices of any kind in connection with the execution, delivery, performance and enforcement of this Note are hereby waived.

Borrower shall pay all reasonable fees and expenses, including, without limitation, reasonable attorneys' fees and costs, incurred by Lender in the enforcement or attempt to enforce any of Borrower's obligations hereunder not performed when due.

All claims of the holder of this Note to principal, interest and any other amounts at any time owed under this Note (collectively, "Junior Indebtedness") is hereby expressly subordinated in right of payment, as herein set forth, to the prior payment in full of all Senior Indebtedness.

This Note shall be governed by, and construed and interpreted in accordance with, the internal laws of the Commonwealth of Virginia.

The ownership of an interest in this Note shall be registered on a record of ownership maintained by Lender or its agent. Notwithstanding anything else in this Note to the contrary, the right to the principal of, and stated interest on, this Note may be transferred only if the transfer is registered on such record of ownership and the transferee is

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identified as the owner of an interest in the obligation. Borrower shall be entitled to treat the registered holder of this Note (as recorded on such record of ownership) as the owner in fact thereof for all purposes and shall not be bound to recognize any equitable or other claim to or interest in this Note on the part of any other person or entity.

BORROWER HEREBY KNOWINGLY, VOLUNTARILY AND INTELLIGENTLY WAIVES ANY AND ALL RIGHTS THAT EACH PARTY TO THIS NOTE MAY NOW OR HEREAFTER HAVE UNDER THE LAWS OF THE UNITED STATES OF AMERICA OR THE COMMONWEALTH OF VIRGINIA, TO A TRIAL BY JURY OF ANY AND ALL ISSUES ARISING DIRECTLY OR INDIRECTLY IN ANY ACTION OR PROCEEDING RELATING TO THIS NOTE, THE LOAN DOCUMENTS OR ANY TRANSACTIONS CONTEMPLATED THEREBY OR RELATED THERETO. IT IS INTENDED THAT THIS WAIVER SHALL APPLY TO ANY AND ALL DEFENSES, RIGHTS, CLAIMS AND/OR COUNTERCLAIMS IN ANY SUCH ACTION OR PROCEEDING.

*[Signature Page to Follow]*

IN WITNESS WHEREOF, Borrower caused this Note to be duly executed under seal by one of its officers thereunto duly authorized on the date hereof.

BORROWER: BORROWER:

\_\_\_\_\_[SEAL] \_\_\_\_\_[SEAL]  
By: JOSEPH PATRICK DAVY By:

Date:

07/26/2024

EXHIBIT

E PREPAYMENT AMENDMENT

Upon the prepayment of any principal amount, Borrower shall be obligated to pay a Prepayment Fee comprising make-whole premium payment on account of such principal so paid, which Prepayment Fee shall be equal to the aggregate and actual amount of interest (at the contract rate of interest) that would be paid through the Maturity Date

Calendar Days After Funding	Payoff Amount
30 Days	\$945,000.00
45 Days	\$ 1,000,125.00
60 Days	\$1,023,750.00

## SUBORDINATED BUSINESS LOAN AND SECURITY AGREEMENT

**THIS SUBORDINATED BUSINESS LOAN AND SECURITY AGREEMENT** (as the same may be amended, restated, modified, or supplemented from time to time, this “**Agreement**”) dated as of September 13, 2024 (the “**Effective Date**”) among Agile Capital Funding, LLC as collateral agent (in such capacity, together with its successors and assigns in such capacity, “**Collateral Agent**”), and Agile Lending, LLC, a Virginia limited liability company (“**Lead Lender**”) and each assignee that becomes a party to this Agreement pursuant to Section 12.1 (each individually with the Lead Lender, a “**Lender**” and collectively with the Lead Lender, the “**Lenders**”), and BANZAI INTERNATIONAL, INC., A Domestic Delaware Corporation (“**Parent**”) and its subsidiaries, and together with Parent, and the other entities shown as signatories hereto or that are joined from time to time as a Borrower, individually and collectively, jointly and severally, (“**Borrower**”), and provides the terms on which the Lenders shall lend to Borrower and Borrower shall repay the Lenders the loans described herein. The Collateral Agent, Lenders, and Borrower, each a “**Party**” and collectively the “**Parties**”, intending to be legally bound, hereby agree as follows:

## 1. **DEFINITIONS, ACCOUNTING AND OTHER TERMS**

**1.1** Capitalized terms used herein shall have the meanings set forth in Section 13 to the extent defined therein. All other capitalized terms used but not defined herein shall have the meaning given to such terms in the Code. Any accounting term used but not defined herein shall be construed in accordance with GAAP and all calculations shall be made in accordance with GAAP. The term “**financial statements**” shall include the accompanying notes and schedules thereto. Any section, subsection, schedule or exhibit references are to this Agreement unless otherwise specified.

## 2. **LOANS AND TERMS OF PAYMENT**

**2.1.Promise to Pay.** Borrower hereby unconditionally promises to pay each Lender the outstanding principal amount of the Term Loan advanced to Borrower by such Lender and accrued and unpaid interest thereon and any other amounts due hereunder as and when due in accordance with this Agreement.

### 2.2.Term Loans.

**2.2.1.Availability.** The Lenders, relying upon each of the representations and warranties set out in this Agreement, as well as each of the representations, covenants and warranties set out in the other Loan Documents, hereby severally and notjointly agree with the Borrower that, subject to and upon the terms andconditions of this Agreement, shall advance the Principal Loan to the Borrower on the EffectiveDate, but in any event no laterthan two (2) Business Days after the date hereof, by wiring the funds to the Borrower’s Account.

**2.2.2.Repayment.** Borrower agrees to pay all amounts owing pursuant to the terms of this Agreement, including any financing charge,specified fees, interestand any other charges that maybe assessed as provided in this Agreement or as documented in the Business Loan and Security Agreement Supplement (the “**Supplement**”) or the Subordinated Secured Promissory Note (as defined below). The Term Loan shall be repaid by Borrower on the dates specified on Exhibit B-4 of this Agreement (each a “**Scheduled Repayment Date**”) by the amount set out opposite each Scheduled Repayment Date (each a “**Scheduled Repayment Amount**”) and in accordance with the Term Loan Amortization Schedule. If any payment on the Subordinated Secured Promissory Note is due on a day which is not a Business Day, such payment shall be due on the next succeeding Business Day, and such extension of time shall be taken into account in calculating the amount of interest payable under this Note. All unpaid principal and accrued and unpaid interest with respect to the Term Loan is due and payable in full on the Maturity Date. The Term Loan may only be prepaid in accordance with Sections 2.2(c) and 2.2(d). Once repaid, no portion of the Term Loan may be reborrowed.

**2.2.3.Mandatory Prepayments.** If an event described in Section 7.2 hereof occurs, or the Term Loan is accelerated following the occurrence of an Event of Default, Borrower shall immediately pay to Lenders, payableto each Lender in accordance with its respective Pro Rata Share, an amount equal to the sum of: (i) all outstanding principal of the Term Loans plus accrued and unpaid interestthereon accrued throughthe prepayment date,(ii) the

Prepayment Fee (as defined in Section 2.2(d) below), plus (iii) all other Obligations that are due and payable,

including, without limitation, interest at the Default Rate with respect to any past due amounts.

**2.2.4. Permissive Prepayments and Make-Whole Premium.** Borrower shall have the right to make a full prepayment or partial prepayment of any or all of the Obligations in accordance with the prepayment amendment in Exhibit E of this Agreement. The foregoing notwithstanding, upon the prepayment of any principal amount, Borrower shall be obligated to pay a make-whole premium payment on account of such principal so paid, which shall be equal to the aggregate and actual amount of interest (at the contract rate of interest) that would be paid through the Maturity Date ("Prepayment Fee").

**2.3. Payment of Interest on the Term Loans.**

**2.3.1. Interest Rate.** Borrower agrees to pay in full the interest as set forth in the Supplement found in Exhibit B-5 of this Agreement. Interest shall accrue on the Term Loan commencing on, and including, the Effective Date of such Term Loan, and shall accrue on the principal amount outstanding under the Term Loan through and including the day on which the Term Loan is paid in full.

**2.3.2. Default Rate.** Immediately upon the occurrence and during the continuance of an Event of Default, Obligations shall accrue interest at a fixed per annum rate equal to the rate that is otherwise applicable thereto plus five percentage points (5.00%) (the "Default Rate"). Payment or acceptance of the increased interest rate provided in this Section 2.3(b) is not a permitted alternative to timely payment and shall not constitute a waiver of any Event of Default or otherwise prejudice or limit any rights or remedies of Collateral Agent.

**2.3.3.360 Day Year.** Interest shall be computed on the basis of a three hundred sixty (360) day year and the actual number of days elapsed.

**2.3.4. Debit of Accounts: Payments.** All payments on the Subordinated Secured Promissory Note shall be made via automated clearinghouse transfers of immediately available funds to be initiated by Lender in accordance with the authorization and direction of Borrower to Lead Lender provided in Exhibit B-6 of this Agreement.

**2.3.5. Usury Savings Clause.** This Agreement and the other Loan Documents are subject to the express condition that at no time shall Borrower be required to pay interest on the principal balance of the Term Loan at a rate which could subject Lenders to either civil or criminal liability as a result of being in excess of the Maximum Legal Rate. If by the terms of this Agreement or the other Loan Documents, Borrower is at any time required or obligated to pay interest on the principal balance due hereunder at a rate in excess of the Maximum Legal Rate, the Interest Rate or the Default Rate, as the case may be, shall be deemed to be immediately reduced to the Maximum Legal Rate and all previous payments in excess of the Maximum Legal Rate shall be deemed to have been payments in reduction of principal and not on account of the interest due hereunder. All sums paid or agreed to be paid to the Collateral Agent or Lenders for the use, forbearance, or detention of the sums due under the Loan, shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full stated term of the Loan until payment in full.

**2.4. Fees.** Borrower shall pay to Collateral Agent and/or Lenders:

**2.4.1. Administrative Agent Fee.** The Administrative Agent Fee of TWELVE THOUSAND FIVE HUNDRED DOLLARS \$12,500.00, which shall be paid at closing out of proceeds of the Term Loan for the account of Collateral Agent.

**2.5. Subordinated Secured Promissory Notes.** The Term Loan shall be evidenced by a Subordinated Secured Promissory Note in the form attached as Exhibit D hereto ("Subordinated Secured Promissory Note") and shall be repayable as set forth in this Agreement.

**3. CONDITIONS OF LOANS**

**3.1 Conditions Precedent to Term Loan.** Each Lender's obligation to make the Term Loan is subject to the condition precedent that each Lender shall consent to or shall have received, in form and substance satisfactory to

each Lender, such documents, and completion of such other matters, as each Lender may reasonably deem necessary or appropriate.

#### **4. CREATION OF SECURITY INTEREST**

**4.1.Grant of Security Interest.** Effective from and after the Effective Date of the Term Loan, Borrower hereby grants Collateral Agent, for the ratable benefit of the Lenders, to secure the payment and performance in full of all of the Obligations, a continuing security interest in, and pledges to Collateral Agent, for the ratable benefit of the Lenders, the Collateral, wherever located, whether now owned or hereafter acquired or arising, and all proceeds and products thereof. If Borrower shall acquire a commercial tort claim (as defined in the Code), Borrower shall grant to Collateral Agent, for the ratable benefit of the Lenders, a security interest therein and in the proceeds thereof, all upon the terms of this Agreement, with such writing to be in form and substance reasonably satisfactory to Collateral Agent. If this Agreement is terminated, Collateral Agent's Lien in the Collateral shall continue until the Obligations (other than inchoate indemnity obligations) are repaid in full in cash. Upon payment in full in cash of the Obligations (other than inchoate indemnity obligations) and at such time as the Lenders' obligation to extend the Term Loan has terminated, Collateral Agent shall, at the sole cost and expense of Borrower, release its Liens in the Collateral and all rights therein shall revert to Borrower.

**4.2.Authorization to File Financing Statements.** Borrower hereby authorizes Collateral Agent to file such financing statements and/or take any other action required to perfect Collateral Agent's security interests in the Collateral, without notice to Borrower, with all appropriate jurisdictions to perfect or protect Collateral Agent's interest or rights in the Collateral and under the Loan Documents; provided, however, **Collateral Agent shall only be permitted to file a financing statement upon an Event of Default.**

**4.3.Guaranty.** (Intentionally omitted).

#### **5. REPRESENTATIONS AND WARRANTIES**

Each Borrower, jointly and severally, represents and warrants to Collateral Agent and the Lenders as follows:

**5.1.Due Organization, Authorization: Power and Authority.** Each Borrower and each of its respective Subsidiaries is duly formed, validly existing and in good standing as under the laws of its jurisdiction of organization or formation and each Borrower and each of its respective Subsidiaries is qualified and licensed to do business and is in good standing in any jurisdiction in which the conduct of its businesses or its ownership of property requires that it be qualified except where the failure to do so could not reasonably be expected to result in a Material Adverse Change.

**5.2.Collateral.** Borrower and Subsidiaries have good title to, have rights in, and the power to transfer each item of the Collateral upon which it purports to grant a Lien under the Loan Documents, free and clear of any and all Liens except Permitted Liens, and neither Borrower nor any of its Subsidiaries have any deposit accounts, securities accounts, commodity accounts or other investment accounts other than the collateral accounts or other investment

accounts (the "**Collateral Accounts**"), if any, described in the Perfection Certificates delivered to Collateral Agent in connection herewith with respect to which Borrower has given Collateral Agent notice and taken, subject to Section 6.6 (a), such actions as are necessary to give Collateral Agent a perfected security interest therein. The security interests granted herein are and shall at all times continue to be a first priority perfected security interest in the Collateral, subject only to Permitted Liens that are permitted by the terms of this Agreement to have priority to Collateral Agent's Lien. All Inventory and Equipment that is part of the Collateral is in all material respects of good and marketable quality, free from material defects.

**5.3.Litigation.** Except as disclosed on the Perfection Certificate, there are no actions, suits, investigations, or proceedings pending or, to the knowledge of any of the Responsible Officers, threatened in writing by or against Borrower or any of its Subsidiaries involving more than Five Hundred Thousand Dollars (\$500,000.00).

**5.4 No Material Adverse Change; Financial Statements.** All consolidated financial statements for Parent and its Subsidiaries, delivered to Collateral Agent fairly present, in conformity with GAAP, in all material respects the consolidated financial condition of Parent and its Subsidiaries, and the consolidated results of operations of Parent and its Subsidiaries. Since the date of the most recent financial statements submitted to any Lender, there has not been a Material Adverse Change.

**5.4.Solvency.** Borrower and each of its Subsidiaries, when taken as a whole, is Solvent.

**5.5.Regulatory Compliance.** Neither Borrower nor any of its Subsidiaries has violated any laws, ordinances or rules, the violation of which could reasonably be expected to result in a Material Adverse Change. Borrower and each of its Subsidiaries has obtained all consents, approvals and authorizations of, made all declarations or filings with, and given all notices to, all governmental authorities that are necessary to continue their respective businesses as currently conducted.

**5.6.Investments.** Neither Borrower nor any of its Subsidiaries owns any stock, shares, partnership interests or other equity securities except for Permitted Investments.

**5.7.Tax Returns and Payments; Pension Contributions.** Each Borrower and each of its respective Subsidiaries has timely filed all required tax returns and reports, and, except as disclosed, each Borrower and each of its respective Subsidiaries, has timely paid all foreign, federal, state, and local taxes, assessments, deposits and contributions owed by such Borrower and such Subsidiaries, in all jurisdictions in which such Borrower or any such Subsidiary is subject to taxes, including the United States, unless such taxes are being contested in good faith.

**5.8.Use of Proceeds.** Borrower shall use the proceeds of the Term Loan solely to fund its general business requirements in accordance with the provisions of this Agreement, and not for personal, family, household or agricultural purposes.

**5.9.Full Disclosure.** No written representation, warranty or other statement of any Borrower or any of its Subsidiaries in any certificate or written statement given to Collateral Agent or any Lender, as of the date such representation, warranty, or other statement was made, taken together with all such written certificates and written statements given to Collateral Agent or any Lender, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements contained in the certificates or statements not misleading (it being recognized that projections and forecasts provided by Borrower in good faith and based upon reasonable assumptions are not viewed as facts and that actual results during the period or periods covered by such projections and forecasts may differ from the projected or forecasted results).

**5.10.Shares.** Each Borrower has full power and authority to create a first lien on its Shares and no disability or contractual obligation exists that would prohibit such Borrower from pledging the Shares pursuant to this

Agreement. To Borrower's knowledge, there are no subscriptions, warrants, rights of first refusal or other restrictions on transfer relative to, or options exercisable with respect to the Shares. With respect to each Subsidiary which is a corporation, the Shares have been and will be duly authorized and validly issued, and are fully paid and non-assessable. To Borrower's knowledge, the Shares are not the subject of any present or threatened suit, action, arbitration, administrative or other proceeding, and Borrower knows of no reasonable grounds for the institution of any such proceedings.

**5.11.Guarantee.** (Intentionally omitted)

## **6. AFFIRMATIVE COVENANTS**

Borrower shall, and shall cause each of its Subsidiaries to, do all of the following:

**6.1.Government Compliance.** Maintain its and all its Subsidiaries' legal existence and good standing in their respective jurisdictions of organization and maintain qualification in each jurisdiction in which the failure to so qualify could reasonably be expected to have a Material Adverse Change.

### **6.2 Financial Statements, Reports, Certificates, Notices.**

6.1.1.Deliver to Collateral Agent and each Lender: (i) as soon as available, but no later than thirty (30) days after the last day of each month, a company prepared consolidated and consolidating balance sheet, income statement and cash flow statement covering the consolidated operations of Parent and its Subsidiaries for such month certified by a Responsible Officer and in a form reasonably acceptable to Collateral Agent; (ii) prompt notice of any material amendments of or other changes to the capitalization table of Borrower (other than Parent) and to the Operating Documents of Borrower or any of its Subsidiaries, together with any copies reflecting such amendments or changes with respect thereto; (iii) as soon as available, but no later than thirty (30) days after the last day of each month, copies of the month end account statements for each Collateral Account maintained by Borrower or its Subsidiaries, which statements may be provided to Collateral Agent and each Lender by Borrower or directly from the applicable institution(s); (iv) prompt notice of any event that (A) could reasonably be expected to materially and adversely affect the Borrower's Intellectual Property and (B) could reasonably be expected to result in a Material

Adverse Change; (v) written notice at least (10) days' prior to Borrower's creation of a new Subsidiary in accordance with the terms of Section 6.10; (vi) written notice at least (30) days' prior to Borrower's (A) changing its jurisdiction of organization, (B) changing its organizational structure or type, (C) changing its legal name, (D) changing any organizational number (if any) assigned by its jurisdiction of organization, or (E) registering or filing any Intellectual Property; (vii) upon Borrower becoming aware of the existence of any Event of Default or event which, with the giving of notice or passage of time, or both, would constitute an Event of Default, prompt (and in any event within three (3) Business Days) written notice of such occurrence, which such notice shall include a reasonably detailed description of such Event of Default or event which, with the giving of notice or passage of time, or both, would constitute an Event of Default; (viii) notice of any commercial tort claim of Borrower and of the general details thereof; (ix) other information as reasonably requested by Collateral Agent or any Lender. (x) written notice of any litigation or governmental proceedings pending or threatened (in writing) against Borrower or any of its Subsidiaries, which could reasonably be expected to result in damages or costs to Borrower or any of its Subsidiaries of more than Five Hundred Thousand Dollars (\$500,000.00); and (xi) written notice of all returns, recoveries, disputes and claims regarding Inventory that involve more than Five Hundred Thousand Dollars (\$500,000.00) individually or in the aggregate in any calendar year.

**6.1.2.Keep proper, complete and true books of record and account in accordance with GAAP and in all material respects.** Borrower shall, and shall cause each of its Subsidiaries to, allow, at the sole cost of Borrower, Collateral Agent or any Lender, during regular business hours upon reasonable prior notice (provided that no notice shall be required when an Event of Default has occurred and is continuing), to visit and inspect any of its properties, to examine and make abstracts or copies from any of its books and records, and to conduct a collateral audit and analysis of its operations and the Collateral. Such audits shall be conducted no more often than twice every year unless (and more frequently if) an Event of Default has occurred and is continuing. Notwithstanding the foregoing, upon request of any Lender, Borrower agrees to permit such Lender to communicate with Borrower's accounting firm, in the presence of a Responsible Officer of the Borrower or the Parent, with respect to the consolidated financial statements delivered pursuant to this Section 6.2.

**6.2.Inventory and Returns.** Keep all Inventory in good and marketable condition, free from material defects. Returns and allowances between Borrower, or any of its Subsidiaries, and their respective account debtors shall follow Borrower's, or such Subsidiary's, customary practices as they exist at the Effective Date.

**6.3.Taxes.** Timely file and require each of its Subsidiaries to timely file, all required tax returns and reports and timely pay, and require each of its Subsidiaries to timely pay, all foreign, federal, state, and local taxes, assessments, deposits and contributions owed by Borrower or its Subsidiaries, except as otherwise permitted pursuant to the terms of Section 5.8 hereof.

**6.4.Insurance.** Keep Borrower's and its Subsidiaries' business and the Collateral insured for risks and in amounts standard for companies in Borrower's and its Subsidiaries' industry and location and as Collateral Agent may reasonably request (including customary lender's loss payable endorsements and naming the Collateral Agent as an additional insured), and give the Collateral Agent thirty (30) days' prior written notice before any such policy or policies shall be materially altered or canceled (other than cancellation for non-payment of premiums, for which ten (10) days' prior written notice shall be required). At Collateral Agent's request, Borrower shall deliver certified copies of policies and evidence of all premium payments to Collateral Agent. If Borrower or any of its Subsidiaries

fails to obtain insurance as required under this Section 6.5 or to pay any amount or furnish any required proof of payment to third persons, Collateral Agent and/or any Lender may make (but has no obligation to do so), at Borrower's expense, all or part of such payment or obtain such insurance policies required in this Section 6.5, and take any action under the policies Collateral Agent or such Lender deems prudent.

**6.5.Litigation Cooperation.** Commencing on the Effective Date and continuing through the termination of this Agreement, make available to Collateral Agent and the Lenders, without expense to Collateral Agent or the Lenders, Borrower and each of Borrower's officers, employees and agents and Borrower's books and records, to the extent that Collateral Agent or any Lender may reasonably deem them necessary to prosecute or defend any third party suit or proceeding instituted by or against Collateral Agent or any Lender with respect to any Collateral or relating to Borrower.

**6.6.Landlord Waivers; Bailee Waivers.** In the event that Borrower, after the Effective Date, intends to add any new offices or business locations, including warehouses, or otherwise store any portion of the Collateral with, or deliver any portion of the Collateral to, a bailee, in each case pursuant to Section 7.2, then Borrower must first receive the written consent of Collateral Agent to do so.

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**6.7.Further Assurances.** Execute any further instruments and take any and all further action as Collateral Agent or any Lender reasonably requests to perfect or continue Collateral Agent's Lien in the Collateral or to effect the purposes of this Agreement, including without limitation, permit Collateral Agent or any Lender to discuss Borrower's financial condition with Borrower's accountants in the presence of a Responsible Officer of the Borrower or the Parent.

**7. NEGATIVE COVENANTS**

Borrower shall not, and shall not permit any of its Subsidiaries to, do any of the following without the prior written consent of the Required Lenders:

**7.1.Dispositions.** Convey, sell, lease, transfer, assign, dispose of (collectively, "Transfer"), or permit any of its Subsidiaries to Transfer, all or any part of its business or property (including Intellectual Property), except for Transfers (a) of (i) Inventory in the ordinary course of business and (ii) Inventory, that, prior to the Effective Date, has been written down or written off, together with related tangible assets and non-material Intellectual Property;

(b) of worn out or obsolete Equipment; (c) in connection with Permitted Liens, Permitted Investments, Permitted Indebtedness and Permitted Licenses; (d) of any non-material Intellectual Property; (e) from (i) Borrower to another borrower, (ii) a non-Borrower Subsidiary to a Borrower, and (iii) a non-Borrower Subsidiary to another non-Borrower; or (f) permitted under Section 7.3 below.

**7.2.Changes in Business or Management, Ownership.** (a) Engage in or permit any of its Subsidiaries to engage in any business other than the businesses engaged in by Borrower as of the Effective Date or reasonably related thereto; (b) liquidate or dissolve or permit any of its Subsidiaries to liquidate or dissolve; or (c) cause or permit, voluntarily or involuntarily, any Key Person to cease to be actively engaged in the management of Borrower unless written notice thereof is provided to Collateral Agent and each Lender within ten (10) days of such Key Person ceasing to be actively engaged in the management of Borrower,

**7.3.Encumbrance.** Create, incur, allow, or suffer any Lien on any of its property, or assign or convey any right to receive income, including the sale of any Accounts, or permit any of its Subsidiaries to do so, except for Permitted Liens, or permit any Collateral not to be subject to the first priority security interest granted herein (except for Permitted Liens), or enter into any agreement, document, instrument or other arrangement (except with or in favor of Collateral Agent, for the ratable benefit of the Lenders) with any Person which directly or indirectly prohibits or has the effect of prohibiting Borrower, or any of its Subsidiaries, from assigning, mortgaging, pledging, granting a security interest in or upon, or encumbering any of Borrower's or such Subsidiary's Intellectual Property.

**7.4.Maintenance of Collateral Accounts.** Maintain any Collateral Account except pursuant to the terms of Section 6.6 hereof.

**7.5 Restricted Payments.** Following the occurrence and during the continuance of an Event of Default, pay any dividends (other than dividends payable solely in capital stock) or make any distribution or payment in respect of or redeem, retire or purchase any capital stock.

**7.5 Transactions with Affiliates.** Directly or indirectly enter into any material transaction with any Affiliate of Borrower or any of its Subsidiaries (other than among Borrower), except for (a) transactions that are in the ordinary course of Borrower's or such Subsidiary's business, upon fair and reasonable terms that are no less favorable to Borrower or such Subsidiary than would be obtained in an arm's length transaction with a non-affiliated Person, and (b) Subordinated Debt or equity investments by Borrower's investors in Borrower or its Subsidiaries.

**7.11.Material Agreements.** Waived.

**7.12.Financial Covenants.** Waived.

**8. EVENTS OF DEFAULT**

Any one of the following shall constitute an event of default (an "Event of Default") under this Agreement:

**8.1.Payment Default.** Borrower fails to (a) make any payment of principal or interest on the Term Loan on its due date, or (b) pay any other Obligation within three (3) Business Days after such Obligation is due and payable (which three (3) Business Day grace period shall not apply to payments due on the Maturity Date or the date of acceleration pursuant to Section 9.1 (a) hereof).

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**8.2.Covenant Default.** Borrower or any of its Subsidiaries fails or neglects to perform any obligation in Sections 6.2 (Financial Statements, Reports, Certificates), 6.4 (Taxes), 6.5 (Insurance), or Borrower violates any provision in Section 7 and such violation is not cured within thirty (30) days after Borrower becomes aware of failure.

**8.3.Material Adverse Change.** A Material Adverse Change has occurred and is continuing.

8.4.Attachment; Levy; Restraint on Business.

8.4.1.(i) The service of process seeking to attach, by trustee or similar process, any funds of Borrower or any of its Material Subsidiaries or of any entity under control of Borrower or its Material Subsidiaries on deposit with any institution at which Borrower or any of its Subsidiaries maintains a Collateral Account, or (ii) a notice of lien, levy, or assessment is filed against Borrower or any of its Material Subsidiaries or their respective assets by any government agency, and the same under subclauses (i) and (ii) hereof are not, within ten (10) days after the occurrence thereof, discharged or stayed (whether through the posting of a bond or otherwise); and

8.4.2.(i) any material portion of Borrower's or any of its Subsidiaries' assets is attached, seized, levied on, or comes into possession of a trustee or receiver, or (ii) any court order enjoins, restrains, or prevents Borrower or any of its Subsidiaries from conducting any part of its business;

**8.5.Insolvency.** (a) Parent is or becomes Insolvent; (b) Parent and its Subsidiaries, taken as a whole, are or become Insolvent; (c) Borrower or any Material Subsidiary begins an Insolvency Proceeding; or (d) an Insolvency Proceeding is begun against Borrower or any Material Subsidiary and is not dismissed or stayed within forty-five (45) days (but no Term Loan shall be extended while Parent or any Subsidiary is Insolvent and/or until any Insolvency Proceeding is dismissed);

**8.6.Judgments.** (a) One or more judgments, orders, or decrees for the payment of money in an amount, individually or in the aggregate, of at least Five Hundred Thousand Dollars (\$500,000.00) (not covered by independent third party insurance) shall be rendered against Borrower or any of its Subsidiaries and shall remain unsatisfied, unvacated, or unstayed for a period of twenty (20) days after the entry thereof or (b) any judgments, orders or decrees rendered against Borrower that could reasonably be expected to result in a Material Adverse Change;

**8.8.Misrepresentations.** Borrower or any of its Subsidiaries or any Person acting for Borrower or any of its Subsidiaries makes any representation, warranty, or other statement now or later in this Agreement, any Loan Document or in any writing delivered to Collateral Agent and/or Lenders or to induce Collateral Agent and/or the Lenders to enter this Agreement or any Loan Document, and such representation, warranty, or other statement, when taken as a whole, is incorrect in any material respect when made.

**8.9.Lien Priority.** Any Lien created hereunder or by any other Loan Document shall at any time fail to constitute a valid and perfected first Lien on any of the Collateral purported to be secured thereby, subject to no prior or equal Lien, other than Permitted Liens or liens arising as a matter of applicable law.

## **9. RIGHTS AND REMEDIES**

**9.1.Rights and Remedies.** Upon the occurrence of an Event of Default hereunder (unless all Events of Default have been cured by Borrower, as applicable, or waived by Lenders in writing), Lenders may, at their option:

(i) by written notice to Borrower, declare the entire unpaid principal balance of the Term Loan, together with all accrued interest thereon and any other charges or fees payable hereunder, immediately due and payable regardless of any prior forbearance and (ii) exercise any and all rights and remedies available to it hereunder, under the Subordinated Secured Promissory Note and/or under applicable law, including, without limitation, the right to collect from Borrower all sums due under this Agreement and the Subordinated Secured Promissory Note and to repossess any Collateral at Borrower's expense. Borrower shall pay all reasonable costs and expenses incurred by or on behalf of Lenders or Collateral Agent in connection with Lenders' exercise of any or all of its rights and remedies under this Agreement or the Subordinated Secured Promissory Note, including, without limitation, reasonable attorneys' fees. Borrower waives the right to any stay of execution and the benefit of all exemption laws now or hereafter in effect.

**9.2.Power of Attorney.** Borrower hereby irrevocably appoints Collateral Agent as its lawful attorney in fact, exercisable upon the occurrence and during the continuance of an Event of Default, to: (a) endorse Borrower's or any of its Subsidiaries' name on any checks or other forms of payment or security; (b) sign Borrower's or any of its

Subsidiaries' name on any invoice or bill of lading for any Account or drafts against Account Debtors; (c) settle and adjust disputes and claims about the Accounts directly with Account Debtors, for amounts and on terms Collateral Agent determines reasonable; (d) make, settle, and adjust all claims under Borrower's insurance policies; (e) pay, contest or settle any Lien, charge, encumbrance, security interest, and adverse claim in or to the Collateral, or any judgment based thereon, or otherwise take any action to terminate or discharge the same; and (f) transfer the Collateral into the name of Collateral Agent or a third party as the Code or any applicable law permits. Borrower

hereby appoints Collateral Agent as its lawful attorney in fact to sign Borrower's or any of its Subsidiaries' name on any documents necessary to perfect or continue the perfection of Collateral Agent's security interest in, and lien on, the Collateral regardless of whether an Event of Default has occurred until all Obligations (other than inchoate indemnity obligations) have been satisfied in full and Collateral Agent and the Lenders are under no further obligation to extend the Term Loan hereunder. Collateral Agent's foregoing appointment as Borrower's or any of its Subsidiaries' attorney in fact, and all of Collateral Agent's rights and powers, coupled with an interest, are irrevocable until all Obligations (other than inchoate indemnity obligations) have been fully repaid and performed and Collateral Agent's and the Lenders' obligation to provide the Term Loan terminates.

**9.3. No Waiver; Remedies Cumulative.** Failure by Collateral Agent or any Lender, at any time or times, to require strict performance by Borrower of any provision of this Agreement or any other Loan Document shall not waive, affect, or diminish any right of Collateral Agent or any Lender thereafter to demand strict performance and compliance herewith or therewith. No waiver hereunder shall be effective unless signed by Collateral Agent and the Required Lenders and then is only effective for the specific instance and purpose for which it is given. The rights and remedies of Collateral Agent and the Lenders under this Agreement and the other Loan Documents are cumulative. Collateral Agent and the Lenders have all rights and remedies provided under the Code, any applicable law, by law, or in equity. The exercise by Collateral Agent or any Lender of one right or remedy is not an election, and Collateral Agent's or any Lender's waiver of any Event of Default is not a continuing waiver. Collateral Agent's or any Lender's delay in exercising any remedy is not a waiver, election, or acquiescence.

**9.4. Demand Waiver.** Borrower waives, to the fullest extent permitted by law, demand, notice of default or dishonor, notice of payment and nonpayment, notice of any default, nonpayment at maturity, release, compromise,

settlement, extension, or renewal of accounts, documents, instruments, chattel paper, and guarantees held by Collateral Agent or any Lender on which Borrower or any Subsidiary is liable.

## **10. NOTICES**

All notices, consents, requests, approvals, demands, or other communication (collectively, "**Communication**") by any party to this Agreement or any other Loan Document must be in writing and shall be deemed to have been validly served, given, or delivered: (a) upon the earlier of actual receipt and three (3) Business Days after deposit in the U.S. mail, first class, registered or certified mail return receipt requested, with proper postage prepaid; (b) upon transmission, when sent by facsimile transmission or e-mail; (c) one (1) Business Day after deposit with a reputable overnight courier with all charges prepaid; or (d) when delivered, if hand delivered by messenger, all of which shall be addressed to the party to be notified and sent to the address, facsimile number, or email address indicated below. Any of Collateral Agent, any Lender or Borrower may change its mailing address or facsimile number by giving the other party written notice thereof in accordance with the terms of this Section 10.

If to Borrower: Banzai International, Inc.

Address: 435 Erickson Ave NE Suite 250

Bainbridge Island, WA 98110

E-Mail Address:

If to Collateral Agent:

Agile Capital Funding, LLC 244 Madison Ave, Suite 168 New York, NY 10016

E-Mail Address:

## **11. CHOICE OF LAW, VENUE AND JURY TRIAL WAIVER**

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**11.1. Waiver of Jury Trial.** EACH OF BORROWER, COLLATERAL AGENT AND LENDERS UNCONDITIONALLY WAIVES ANY AND ALL RIGHT TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT, ANY OF THE OTHER LOAN DOCUMENTS, ANY OF THE INDEBTEDNESS SECURED HEREBY, ANY DEALINGS AMONG BORROWER, COLLATERAL AGENT AND/OR LENDERS RELATING TO THE SUBJECT MATTER OF THIS TRANSACTION OR ANY RELATED TRANSACTIONS, AND/OR THE RELATIONSHIP THAT IS BEING ESTABLISHED AMONG BORROWER, COLLATERAL AGENT AND/OR LENDERS. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAYBE FILED IN ANY COURT. THIS WAIVER IS IRREVOCABLE. THIS WAIVER MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING. THE WAIVER ALSO SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT, ANY OTHER LOAN DOCUMENTS, OR TO ANY OTHER DOCUMENTS OR AGREEMENTS RELATING TO THIS TRANSACTION OR ANY RELATED TRANSACTION. THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

**11.2. Governing Law and Jurisdiction.**

**11.2.1.** THIS AGREEMENT, THE OTHER LOAN DOCUMENTS (EXCLUDING THOSE LOAN DOCUMENTS THAT BY THEIR OWN TERMS ARE EXPRESSLY GOVERNED BY THE LAWS OF ANOTHER JURISDICTION) AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREBEFORE AND THEREUNDER SHALL IN ALL RESPECTS BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE COMMONWEALTH OF VIRGINIA (WITHOUT REGARD TO THE CONFLICT OF LAWS PRINCIPLES THAT WOULD RESULT IN THE APPLICATION OF ANY LAWS

OTHER THAN THE LAWS OF THE COMMONWEALTH OF VIRGINIA), INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, REGARDLESS OF THE LOCATION OF THE COLLATERAL, PROVIDED, HOWEVER, THAT IF THE LAWS OF ANY JURISDICTION OTHER THAN VIRGINIA SHALL GOVERN IN REGARD TO THE VALIDITY, PERFECTION OR EFFECT OF PERFECTION OF ANY LIEN OR IN REGARD TO PROCEDURAL MATTERS AFFECTING ENFORCEMENT OF ANY LIENS IN COLLATERAL, SUCH LAWS OF SUCH OTHER JURISDICTIONS SHALL CONTINUE TO APPLY TO THAT EXTENT.

**11.2.2. Submission to Jurisdiction.** Any legal action or proceeding with respect to the Loan Document shall be brought exclusively in the courts of the Commonwealth of Virginia, including, without limitation the Circuit Court of Arlington County in the Commonwealth of Virginia and, by execution and delivery of this Agreement, Borrower hereby accepts for itself and in respect of its Property, generally and unconditionally, the jurisdiction of the aforesaid courts. Notwithstanding the foregoing, Collateral Agent and Lenders shall have the right to bring any action or proceeding against Borrower (or any property of Borrower) in the court of any other jurisdiction Collateral Agent or Lenders deem necessary or appropriate in order to realize on the Collateral or other security for the Obligations. The parties hereto hereby irrevocably waive any objection, including any objection to the laying of venue or based on the grounds of forum non conveniens, that any of them may now or hereafter have to the bringing of any such action or proceeding in such jurisdictions.

**11.2.3. Service of Process.** Borrower irrevocably waives personal service of any and all legal process, summons, notices and other documents and other service of process of any kind and consents to such service in any suit, action or proceeding brought in the United States of America with respect to or otherwise arising out of or in connection with any Loan Document by any means permitted by applicable requirements of law, including by the mailing thereof (by registered or certified mail, postage prepaid) to the address of Borrower specified herein (and shall be effective when such mailing shall be effective, as provided therein). Borrower agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

**11.2.4. Non-exclusive Jurisdiction.** Nothing contained in this Section 11.2 shall affect the right of Collateral Agent or Lenders to serve process in any other manner permitted by applicable requirements of law or commence legal proceedings or otherwise proceed against Borrower in any other jurisdiction.

**12. GENERAL PROVISIONS**

**12.1. Successors and Assigns.** This Agreement binds and is for the benefit of the successors and permitted assigns of each Party. Borrower may not transfer, pledge or assign this Agreement or any rights or obligations under it without Collateral Agent's prior written consent (which may be granted or withheld in Collateral Agent's discretion, subject

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to Section 12.5). The Lenders have the right, without the consent of or notice to Borrower, to sell, transfer, assign, pledge, negotiate, or grant participation in (any such sale, transfer, assignment, negotiation, or grant of a participation, a "Lender Transfer") all or any part of, or any interest in, any one or more Lenders' obligations, rights, and benefits under this Agreement and the other Loan Documents. In the event of such a Lender Transfer, Collateral Agent or Lead Lender shall have the right to, at its respective sole and absolute option, (a) notify Borrower of such Lender Transfer, in accordance with Section 10 hereof, and direct Borrower to make payments directly to such other Lender or Lenders, indicating such other Lenders' Pro Rata share of the Term Loan and the amount of the payment to be made in connection therewith, or (b) continue to collect payments hereunder and under the other Loan Documents and pay such other Lenders their Pro Rata Share of the Term Loan, in accordance with, and on such terms, as are determined by and between the Lenders.

**12.2. Indemnification.** Borrower, jointly and severally, agrees to indemnify, defend and hold Collateral Agent and the Lenders and their respective members, managers, directors, officers, employees, consultants, agents, attorneys, or any other Person affiliated with or representing Collateral Agent or the Lenders (each, an "Indemnified Person") harmless against: (a) all obligations, demands, claims, and liabilities (collectively, "Claims") asserted by any other party in connection with; related to; following; or arising from, out of or under, the transactions contemplated by the Loan Documents; and (b) all losses or expenses incurred, or paid by Indemnified Person in connection with; related to; following; or arising from, out of or under, the transactions contemplated by

the Loan Documents between Collateral Agent, and/or the Lenders and Borrower (including reasonable attorneys'

fees and expenses), except for Claims and/or losses directly caused by such Indemnified Person's gross negligence or willful misconduct. Borrower hereby further, jointly and severally, indemnifies, defends and holds each Indemnified Person harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind or nature whatsoever (including the fees and disbursements of counsel for such Indemnified Person) in connection with any investigative, response, remedial, administrative or judicial matter or proceeding, whether or not such Indemnified Person shall be designated a party thereto and including any such proceeding initiated by or on behalf of Borrower, and the reasonable expenses of investigation by engineers, environmental consultants and similar technical personnel and any commission, fee or compensation claimed by any broker (other than any broker retained by Collateral Agent or Lenders) asserting any right to payment for the transactions contemplated hereby which may be imposed on, incurred by or asserted against such Indemnified Person as a result of or in connection with the transactions contemplated hereby and the use or intended use of the proceeds of the loan proceeds except for liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements directly caused by such Indemnified Person's gross negligence or willful misconduct.

**12.3. Severability of Provisions.** Each provision of this Agreement is severable from every other provision in determining the enforceability of any provision.

**12.4. Correction of Loan Documents.** Collateral Agent may correct patent errors and fill in any blanks in this Agreement and the other Loan Documents consistent with the agreement of the parties.

**12.5. Amendments in Writing; Integration.** (a) No amendment, modification, termination or waiver of any provision of this Agreement or any other Loan Document, no approval or consent thereunder, and no consent to any departure by Borrower or any of its Subsidiaries therefrom, shall in any event be effective unless the same shall be in writing and signed by Borrower, Collateral Agent and the Required Lenders provided that:

12.5.1. no such amendment, waiver or other modification that would have the effect of increasing or reducing a Lender's Term Loan Commitment or Commitment Percentage shall be effective as to such Lender without such Lender's written consent;

12.5.2. no such amendment, waiver or modification that would affect the rights and duties of Collateral Agent shall be effective without Collateral Agent's written consent or signature; and

12.5.3. no such amendment, waiver or other modification shall, unless signed by all the Lenders directly affected thereby, (A) reduce the principal of, rate of interest on or any fees with respect to the Term Loan or forgive any principal, interest (other than default interest) or fees (other than late charges) with respect to the Term Loan (B) postpone the date fixed for, or waive, any payment of principal of the Term Loan or of interest on the Term Loan (other than default interest) or any fees provided for hereunder (other than late charges or for any termination of any commitment); (C) change the definition of the term "Required Lenders" or the percentage of

Lenders which shall be required for the Lenders to take any action hereunder; (D) release all or substantially all of any material portion of the Collateral, authorize Borrower to sell or otherwise dispose of all or substantially all or any material portion of the Collateral, except, in each case with respect to this clause (D), as otherwise may be expressly permitted under this Agreement or the other Loan Documents (including in connection with any disposition permitted hereunder); (E) amend, waive or otherwise modify this Section 12.5 or the definitions of the terms used in this Section 12.5 insofar as the definitions affect the substance of this Section 12.5; (F) consent to the assignment, delegation or other transfer by Borrower of any of its rights and obligations under any Loan Document or release Borrower of its payment obligations under any Loan Document, except, in each case with respect to this clause (F), pursuant to a merger or consolidation permitted pursuant to this Agreement; (G) amend any of the provisions of Section 9.4 or amend any of the definitions of Pro Rata Share, Term Loan Commitment, Commitment Percentage or that provide for the Lenders to receive their Pro Rata Shares of any fees, payments, setoffs or proceeds of Collateral hereunder; (H) subordinate the Liens granted in favor of Collateral Agent securing the Obligations. It is hereby understood and agreed that all Lenders shall be deemed directly affected by an amendment, waiver or other modification of the type described in the preceding clauses (C), (D), (E), (F), (G) and (H) of the immediately preceding sentence.

(b) Other than as expressly provided for in Section 12.5(a)(i) (iii), Collateral Agent may, if requested by the Required Lenders, from time to time designate covenants in this Agreement less restrictive by notification to a representative of Borrower.

(c) This Agreement and the Loan Documents represent the entire agreement about this subject matter and supersede prior negotiations or agreements with respect to such subject matter. All prior agreements, understandings, representations, warranties, and negotiations between the parties about the subject matter of this Agreement and the Loan Documents merge into this Agreement and the Loan Documents.

**12.6. Counterparts; Electronic Signatures.** This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, is an original, and all taken together, constitute one Agreement. Any and all electronic signatures, whether by scan, e-mail, PDF, DocuSign or similar means, and any electronic delivery of signature pages hereto, shall be treated as originals.

**12.7. Survival.** All covenants, representations and warranties made in this Agreement continue in full force and effect until this Agreement has terminated pursuant to its terms and all Obligations (other than inchoate indemnity obligations and any other obligations which, by their terms, are to survive the termination of this Agreement) have been satisfied. The obligation of Borrower in Section 12.2 to indemnify each Lender and Collateral Agent, as well as the confidentiality provisions in Section 12.8 below, shall survive until the statute of limitations with respect to such claim or cause of action shall have run.

**12.8. Confidentiality.** In handling any confidential information of Borrower, the Lenders and Collateral Agent shall exercise the same degree of care that it exercises for their own proprietary information, but disclosure of information may be made: (a) subject to the terms and conditions of this Agreement, to the Lenders' and Collateral Agent's Subsidiaries or Affiliates; (b) to prospective transferees (other than those identified in (a) above) or purchasers of any interest in the Term Loan (provided, however, the Lenders and Collateral Agent shall obtain such prospective transferee's or purchaser's agreement to the terms of this provision or to similar confidentiality terms); (c) as required by law, regulation, subpoena, or other order; (d) to Lenders' or Collateral Agent's regulators or as otherwise required in connection with an examination or audit; (e) as Collateral Agent reasonably considers appropriate in exercising remedies under the Loan Documents; and (f) to third party service providers of the Lenders and/or Collateral Agent so long as such service providers have executed a confidentiality agreement or have agreed to similar confidentiality terms with the Lenders and Collateral Agent with terms no less restrictive than those contained herein. Confidential information does not include information that either: (i) is in the public domain or in the Lenders' and/or Collateral Agent's possession when disclosed to the Lenders and/or Collateral Agent, or becomes part of the public domain after disclosure to the Lenders and/or Collateral Agent at no fault of the Lenders or the Collateral Agent; or (ii) is disclosed to the Lenders and/or Collateral Agent by a third party, if the Lenders and/or Collateral Agent does not know that the third party is prohibited from disclosing the information. Collateral Agent and the Lenders may use confidential information for any purpose, including, without limitation, for the development of client databases, reporting purposes, and market analysis. The provisions of the immediately preceding sentence shall survive the termination of this Agreement. The agreements provided under this Section 12.8 supersede all prior agreements, understanding, representations, warranties, and negotiations between the parties about the subject matter of this Section 12.8.

**12.9. Right of Set Off.** Borrower hereby grants to Collateral Agent and to each Lender, a lien, security interest and right

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of set off as security for all Obligations to Collateral Agent and each Lender hereunder, whether now existing or hereafter arising, upon and against all deposits, credits, collateral and property, now or hereafter in the possession, custody, safekeeping or control of Collateral Agent or the Lenders or any entity under the control of Collateral Agent or the Lenders (including a Collateral Agent affiliate) or in transit to any of them. At any time after the occurrence and during the continuance of an Event of Default, without demand or notice, Collateral Agent or the Lenders may set off the same or any part thereof and apply the same to any liability or obligation of Borrower even though unmatured and regardless of the adequacy of any other collateral securing the Obligations. ANY AND ALL RIGHTS TO REQUIRE COLLATERAL AGENT TO EXERCISE ITS RIGHTS OR REMEDIES WITH RESPECT TO ANY OTHER COLLATERAL WHICH SECURES THE OBLIGATIONS, PRIOR TO EXERCISING ITS RIGHT OF SETOFF WITH RESPECT TO SUCH DEPOSITS, CREDITS OR OTHER PROPERTY OF BORROWER ARE HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVED BY BORROWER.

**12.10 Borrower Liability.** Each Borrower may, acting singly, request credit extensions hereunder. Each Borrower hereby appoints the other as agent for the other for all purposes hereunder, including with respect to requesting credit extensions hereunder. Each Borrower hereunder shall be jointly and severally obligated to repay all credit extensions made hereunder, regardless of which Borrower actually receives said credit extension, as if each Borrower hereunder directly received all credit extensions. Each Borrower waives (a) any suretyship defenses available to it under the Code or any other applicable law, and (b) any right to require Collateral Agent or any Lender to: (i) proceed against any Borrower or any other person; (ii) proceed against or exhaust any security; or (iii) pursue any other remedy. Collateral Agent and/or any Lender may exercise or not exercise any right or remedy it has against any Borrower or any security it holds (including the right to foreclose by judicial or non-judicial sale) without affecting any Borrower's liability. Notwithstanding any other provision of this Agreement or other related document, each Borrower irrevocably waives all rights that it may have at law or in equity (including, without limitation, any law subrogating Borrower to the rights of Collateral Agent and the Lenders under this Agreement) to seek contribution, indemnification or any other form of reimbursement from any other Borrower, or any other Person now or hereafter primarily or secondarily liable for any of the Obligations, for any payment made by Borrower with respect to the Obligations in connection with this Agreement or otherwise and all rights that it might have to benefit from, or to participate in, any security for the Obligations as a result of any payment made by Borrower with respect to the Obligations in connection with this Agreement or otherwise. Any agreement providing for indemnification, reimbursement or any other arrangement prohibited under this Section 12.10 shall be null and void. If any payment is made to a Borrower in contravention of this Section 12.10, such Borrower shall hold such payment in trust for Collateral Agent and the Lenders and such payment shall be promptly delivered to Collateral Agent for application to the Obligations, whether matured or unmatured.

**12.11. Change of Law.** If, due to any change in applicable law or regulations, or the interpretation thereof by any court of law or other governing body having jurisdiction subsequent to the date of this Agreement, the performance of any provision of this Agreement, the loans granted pursuant hereto or any transaction contemplated hereby shall become unlawful, impracticable or impossible, the Lender shall have the right, with the consent of the Borrower not to be unreasonably withheld, conditioned or delayed, to amend the terms hereof in good faith so as to comply with the then current laws, rules and/or regulations in the way that, in its reasonable judgment, best and most closely reflects the terms and conditions negotiated herein and intended hereby.

**12.12. Subordination to Senior Indebtedness.** In addition to the subordination and other provisions contained in any subordination or intercreditor agreement, Borrower, Collateral Agent and Lenders agree that the payment of all amounts payable hereunder and under the Subordinated Secured Promissory Note are expressly subordinated in right of payment to the payment when due of all obligations under the Senior Indebtedness, including any indebtedness owing to CP BF LENDING, LLC as of the date hereof.

### **13. DEFINITIONS**

As used in this Agreement, the following terms have the following meanings:

**"Accounts"** shall mean accounts receivable of Parent.

**"Affiliate"** of any Person is a Person that owns or controls directly or indirectly the Person, any Person that controls or is controlled by or is under common control with the Person, and each of that Person's senior executive officers, directors, partners if such Person is a partnership and, for any Person that is a limited liability company, that Person's managers and members.

**"Borrowing Base"** shall mean, at any time, an amount equal to 100% of Eligible Accounts.

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**"Business Day"** is any day that is not a Saturday, Sunday or a day on which banks are closed in the Commonwealth of Virginia.

**"Code"** is the Uniform Commercial Code, as enacted in the Commonwealth of Virginia. **"Collateral"** is any and all properties, rights and assets of Borrower described on Exhibit A.

**"Disbursement Instruction Form"** is that certain form attached hereto as Exhibit B-2.

**"Drawdown"** means any principal amount borrowed or to be borrowed (by any means) under the provisions hereof.

**"Eligible Accounts"** shall mean Accounts that are not excluded as ineligible by virtue of one or more of the criteria set forth below. None of the following shall be Eligible Accounts: (A) Accounts (i) with respect to which the scheduled due date is more than 60 days after the original invoice date, (ii) which are unpaid more than (A) 90 days after the date of the original invoice therefor; (B) Accounts which (i) do not arise from the sale of goods or performance of services in the ordinary course of business, (ii) are not evidenced by an invoice or other documentation reasonably satisfactory to the Collateral Agent, (iii) represent a progress billing, or (iv) are contingent upon any Borrower's completion of any further performance; (C) Accounts which are owed by an account debtor which (i) does not maintain its chief executive office in the United States or (ii) is not organized under any applicable law of the United States, any State of the United States or the District of Columbia; (D) Accounts which are owed in any currency other than dollars; or (E) Accounts which are owed by any Affiliate, employee, officer, director or stockholder of any Borrower.

**"Equipment"** is all "equipment" as defined in the Code with such additions to such term as may hereafter be made, and includes without limitation all machinery, fixtures, goods, vehicles (including motor vehicles and trailers), and any interest in any of the foregoing.

**"Existing Indebtedness"** is the indebtedness of Borrower listed in the Perfection Certificate. **"Indebtedness"** is (a) indebtedness for borrowed money or the deferred price of property or services, such as reimbursement and other obligations for surety bonds and letters of credit, (b) obligations evidenced by notes, bonds, debentures or similar instruments, (c) capital lease obligations, (d) merchant cash advances; and (e) Contingent Obligations in respect of any of the foregoing.

**"Insolvency Proceeding"** is any proceeding by or against any Person under the United States Bankruptcy Code, or any other bankruptcy or insolvency law, including assignments for the benefit of creditors, compositions or proceedings seeking reorganization, arrangement, or other relief.

**"Insolvent"** means not Solvent.

**"Intellectual Property"** shall mean, all (a) trademarks, trademark rights, trade names, trade name rights, service marks, service mark rights, logos, trade dress, domain names, web sites, and all other indicia of origin or quality, and goodwill associated therewith and arising therefrom; (b) patents and patent rights; and (c) works of authorship and copyrights therein, and all common law rights in all of the foregoing, and registration and applications for all of the foregoing issued by or filed with the US Patent and Trademark Office, any State of the US, the US Copyright Office, or any foreign equivalent thereof, and all of the foregoing (a)-(c) used in, at, or in connection with and/or necessary for the (i) conduct of any Borrower's business and/or (ii) use and/or operation of the Collateral.

**"Inventory"** is all "inventory" as defined in the Code in effect on the date hereof with such additions to such term as may hereafter be made under the Code, and includes without limitation all merchandise, raw materials, parts, supplies, packing and shipping materials, work in process and finished products, including without limitation such inventory as is temporarily out of any Person's custody or possession or in transit and including any returned goods and any documents of title representing any of the above.

**"Investment"** is any beneficial ownership interest in any Person (including stock, partnership interest or other securities), and any loan, advance or capital contribution to any Person.

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**"Key Person"** is JOSEPH PATRICK DAVY

**"Lien"** is a mortgage, deed of trust, levy, charge, pledge, security interest, or other encumbrance of any kind, whether voluntarily incurred or arising by operation of law or otherwise against any property.

**"Loan Documents"** are, collectively, this Agreement, each Subordinated Secured Promissory Note, each Disbursement Instruction Form, any subordination agreements, any note, or notes or guaranties executed by Borrower or any other Person, and any other present or future document, certificate, form or agreement entered into by Borrower or any other Person for the benefit of the Lenders and Collateral Agent in connection with this Agreement; all as amended, restated, or otherwise modified or supplemented from time to time.

**"Material Adverse Change"** is (a) a material adverse change in the business, operations or condition (financial or otherwise) of Parent, or Parent and each Subsidiary, taken as a whole; (b) a material impairment of the prospect of repayment of any portion of the Obligations, or (c) a material adverse effect on the Collateral.

**"Material Agreement"** is any license, agreement or other similar contractual arrangement with a Person or Governmental Authority whereby Borrower or any of its Subsidiaries is reasonably likely to be required to transfer, either in-kind or in cash, prior to the Maturity Date, assets or property valued (book or market) at more than Fifty Thousand Dollars (\$50,000.00) in the aggregate or any license, agreement or other similar contractual arrangement conveying rights in or to any material Intellectual Property.

**"Maturity Date"** is 24 weeks from the Effective Date.

**"Maximum Legal Rate"** shall mean the maximum nonusurious interest rate, if any, that at any time or from time to time may be contracted for, taken, reserved, charged or received on the indebtedness evidenced by the Note and as provided for herein or the other Loan Documents, under the laws of such state or states whose laws are held by any court of competent jurisdiction to govern the interest rate provisions of the Term Loan.

**"Obligations"** are all of Borrower's obligations to pay when due any debts, principal, interest, the Prepayment Fee, the Final Fee, and other amounts Borrower owes the Lenders now or later, in connection with, related to, following, or arising from, out of or under, this Agreement or, the other Loan Documents, or otherwise, and including interest accruing after Insolvency Proceedings begin (whether or not allowed) and debts, liabilities, or obligations of Borrower assigned to the Lenders and/or Collateral Agent, and the performance of Borrower's duties under the Loan Documents.

**"Operating Documents"** are, for any Person, such Person's formation documents, as certified by the Secretary of State (or equivalent agency) of such Person's jurisdiction of organization on a date that is no earlier than thirty (30) days prior to the Effective Date, and, (a) if such Person is a corporation, its bylaws in current form, 2.if such Person is a limited liability company, its limited liability company agreement (or similar agreement), and 3.if such Person is a partnership, its partnership agreement (or similar agreement), each of the foregoing with all current amendments or modifications thereto.

**"Perfection Certificate"** is that certain form attached hereto as Exhibit B-1.

**"Permitted Indebtedness"** is: (a) Borrower's Indebtedness to the Lenders and Collateral Agent under this Agreement and the other Loan Documents; (b) Indebtedness existing on the Effective Date and disclosed on the Perfection Certificate(s) or owing to CP BF LENDING, LLC as of the date hereof; (c) unsecured Indebtedness to trade creditors and Indebtedness in connection with credit cards incurred in the ordinary course of business; (d) extensions, refinancings, modifications, amendments and restatements of any items of Permitted Indebtedness (a) through (c) above, provided that the principal amount thereof is not increased or the terms thereof are not modified to impose materially more burdensome terms upon Borrower, or its Subsidiary, as the case may be;

**"Permitted Investments"** are: (a) investments (including debt obligations) received in connection with the bankruptcy or reorganization of customers or suppliers and in settlement of delinquent obligations of, and other disputes with, customers or suppliers arising in the ordinary course of business; (b) Investments consisting of notes receivable of, or prepaid royalties and other credit extensions, to customers and suppliers who are not Affiliates, in the ordinary course of business; provided that this paragraph (b) shall not apply to Investments of Borrower in any Subsidiary.

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**"Permitted Licenses"** are licenses of over-the-counter software that is commercially available to the public.

**"Permitted Liens"** are Liens existing on the Effective Date and disclosed on the Perfection Certificates or granted to CP BF LENDING, LLC as of the date hereof or arising under this Agreement and the other Loan Documents;

**"Person"** is any individual, sole proprietorship, partnership, limited liability company, joint venture, company, trust, unincorporated organization, association, corporation, institution, public benefit corporation, firm, joint stock company, estate, entity or government agency.

**"Property"** means any interest in any kind of property or asset, whether real, personal or mixed, and whether tangible or intangible.

**"Pro Rata Share"** is, as of any date of determination, with respect to each Lender, a percentage (expressed as a decimal, rounded to the ninth decimal place) determined by dividing the outstanding principal amount of the Term Loan held by such Lender by the aggregate outstanding principal amount of the Term Loan.

**"Related Persons"** means, with respect to any Person, each Affiliate of such Person and each director, officer, employee, agent, trustee, representative, attorney, accountant and each insurance, environmental, legal, financial and other advisor and other consultants and agents of or to such Person or any of its Affiliates.

**"Required Lenders"** means (i) for so long as the Lead Lender has not assigned or transferred any of its interests in the Term Loan, Lenders holding one hundred percent (100%) of the aggregate outstanding principal balance of the Term Loan, or (ii) at any time from and after the Lead Lender has assigned or transferred any interest in its Term Loan, Lenders holding at least fifty one percent (51%) of the aggregate outstanding principal balance of the Term Loan.

**"Responsible Officer"** is any of the President, Chief Executive Officer, or Chief Financial Officer of Borrower or Parent.

**"Senior Indebtedness"** is that Permitted Indebtedness existing on the Effective Date and disclosed on the Perfection Certificate(s) or owing to CP BF LENDING, LLC as of the date hereof.

**"Shares"** means one hundred percent (100.0%) of the stock, units or other evidence of equity ownership held by Borrower or its Subsidiaries of any Subsidiary which is organized under the laws of the United States.

**"Solvent"** is, with respect to any Person: the fair salable value of such Person's consolidated assets (including goodwill minus disposition costs) exceeds the fair value of such Person's liabilities; such Person is not left with unreasonably small capital after the transactions in this Agreement; and such Person is able to pay its debts (including trade debts) as they mature in the ordinary course (without taking into account any forbearance and extensions related thereto).

**"Subordinated Debt"** is indebtedness incurred by Borrower or any of its Subsidiaries subordinated to all Indebtedness of Borrower and/or its Subsidiaries to the Lenders (pursuant to a subordination, intercreditor, or other similar agreement in form and substance satisfactory to Collateral Agent and the Lenders entered into between Collateral Agent, Borrower, and/or any of its Subsidiaries, and the other creditor), on terms acceptable to Collateral Agent and the Lenders.

**"Subordinated Secured Promissory Note"** is defined in Section 2.5.

**"Subsidiary"** is, with respect to any Person, any Person of which more than fifty percent (50%) of the voting stock or other equity interests (in the case of Persons other than corporations) is owned or controlled, directly or indirectly, by such Person or through one or more intermediaries. Unless otherwise specified, references herein to a Subsidiary means a Subsidiary of Borrower.

**"Term Loan"** is defined in Section 2.2(a) hereof.

**"Term Loan Amortization Schedule"** means the amortization schedule set forth in Exhibit B-4 of this

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Agreement.

*[Balance of Page Intentionally Left Blank]*

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by one of its officers thereunto duly authorized on the date hereof.

<u>Parties</u>	<u>Name of Signatory and Title</u>	<u>Signature</u>
<b><u>Borrowers</u></b>		
BANZAI INTERNATIONAL, INC.	JOSEPH PATRICK DAVY, CEO	

**LEAD LENDER:**  
Agile Lending, LLC

By: Aaron Greenblott  
Its: Member

**COLLATERAL AGENT:**  
Agile Capital Funding, LLC

By: Aaron Greenblott  
Its: Member

#### EXHIBITS TO FOLLOW

#### APPENDIX 1 BORROWER LIST

#### EXHIBIT

##### A DESCRIPTION OF COLLATERAL

The Collateral consists of all of Borrower's right, title and interest in and to the following property:

All of Borrower's goods, Accounts, Equipment, Inventory, contract rights or rights to payment of money, leases, license agreements, franchise agreements, General Intangibles (including Intellectual Property), commercial tort claims, documents, instruments (including any promissory notes), chattel paper (whether tangible or electronic), cash, deposit accounts and other Collateral Accounts, all certificates of deposit, fixtures, letters of credit rights (whether or not the letter of credit is evidenced by a writing), securities, and all other investment property, supporting obligations, and financial assets, whether now owned or hereafter acquired, wherever located; and

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All of Borrower's books and records relating to the foregoing, and any and all claims, rights and interests in any of the above and all substitutions for, additions, attachments, accessories, accessions and improvements to and replacements, products, proceeds and insurance proceeds of any or all of the foregoing.

Notwithstanding the foregoing, the Collateral does not include (i) any license or contract, in each case if the granting of a Lien in such license or contract is prohibited by or would constitute a default under the agreement governing such license or contract (but (A) only to the extent such prohibition is enforceable under applicable law and (B) other than to the extent that any such term would be rendered ineffective pursuant to Sections 9-406, 9- 408 or 9-409 (or any other Section) of Division 9 of the Code); provided that upon the termination, lapsing or expiration of any such prohibition, such license or contract, as applicable, shall automatically be subject to the security interest granted in favor of Collateral Agent hereunder and become part of the "Collateral."

EXHIBIT

A DESCRIPTION OF COLLATERAL

EXHIBIT

**B-1 PERFECTION CERTIFICATE**

The undersigned, the President of BANZAI INTERNATIONAL, INC., A Domestic Delaware Corporation, (the "Company"), hereby certifies, with reference to (i) the Business Loan and Security Agreement, dated as of September 13, 2024 (the "Loan Agreement"), among Agile Capital Funding, LLC as collateral agent (in such capacity, together with its successors and assigns in such capacity, "Collateral Agent"), and Agile Lending, LLC, a Virginia limited liability company ("Lead Lender") and each assignee that becomes a party to this Agreement pursuant to Section 12.1 (each individually with the Lead Lender, a "Lender" and collectively with the Lead Lender, the "Lenders"), and BANZAI INTERNATIONAL, INC., A Domestic Delaware Corporation ("Parent") and its subsidiaries, Parent, and the other entities shown as signatories hereto or that are joined from time to time as a Borrower, individually and collectively, jointly and severally, "Borrower") to the Lender as follows:

**3.1. Name, Tax ID, and State of Formation.** The exact legal name of the Borrower as that name appears on its Certificate of Organization, as amended, is as follows:

Name	Tax ID	State of Incorporation
BANZAI INTERNATIONAL, INC.	85-3118980	Delaware

3.2. Other Identifying Factors.

3.2.1. The following is the mailing address of the Borrower:  
435 ERICKSEN AVE, SUITE #250  
BAINBRIDGE ISLAND WA 98110

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3.2.2. The following are any DBAs of the Borrower:

3.3. Other Current Locations.

(a) The following are all other locations in which the Borrower maintains any books or records relating to any of the Collateral consisting of accounts, instruments, chattel paper, general intangibles or mobile goods:

(b) The following are all other places of business of the Company in the United States of America:

(c) The following are all other locations where any of the Collateral consisting of inventory or equipment is located:

(d) The following are the names and addresses of all persons or entities other than the Company, such as lessees, consignees, warehousemen or purchasers of chattel paper, which have possession or are intended to have possession of any of the Collateral consisting of instruments, chattel paper, inventory or equipment:

3.4. Prior Locations.

(a) Set forth below is the information required by §4(a) or (b) with respect to each location or place of business previously maintained by the Company at any time during the past five years in a state in which the Company has previously maintained a location or place of business at any time during the past four months:

(b) Set forth below is the information required by §4(c) or (d) with respect to each other location at which, or other person or entity with which, any of the Collateral consisting of inventory or equipment has been previously held at any time during the past twelve months:

**3.5. Fixtures.** Set forth below is the information required by UCC §9-502(b) or former UCC §9-402(5) of each state in which any of the Collateral consisting of fixtures are or are to be located and the name and address of each real estate recording office where a mortgage on the real estate on which such fixtures are or are to be located would be recorded.

3.6. Intellectual Property.

Set forth below is a complete list of all United States and foreign patents, copyrights, trademarks, trade names and service marks registered or for which applications are pending in the name of the Company.

**3.7. Securities; Instruments.** Set forth below is a complete list of all stocks, bonds, debentures, notes and other securities and investment property owned by the Company (*provide name of issuer, a description of security and value*).

**3.8. Motor Vehicles.** The following is a complete list of all motor vehicles owned by the Borrower (*describe each vehicle by make, model and year and indicate for each the state in which registered and the state in which based*):

Vehicle State of Registration State in Which Based

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Truck	Plate	VIN	Make
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3.9. Permitted Indebtedness.

Lender	Balance	Total Payment (indicate daily, weekly, or monthly)
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3.10. Permitted Liens:

Liens in connection with Permitted Indebtedness.

**3.11. Bank Accounts.** The following is a complete list of all bank accounts (including securities and commodities accounts) maintained by the Borrower (*provide name and address of depository bank, type of account and account number*):

Bank Account	Account Number	Account Routing
Avidbank		

**3.12. Unusual Transactions.** All of the Collateral has been originated by the Borrower in the ordinary course of the Borrower's business or consists of goods which have been acquired by the Borrower in the ordinary course from a person in the business of selling goods of that kind.

13. Litigation

1. The following is a complete list of pending and threatened litigation or claims involving amounts claimed against the Borrower in an indefinite amount or in excess of \$500,000 in each case:

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2. The following are the only claims which the Borrower has against others (other than claims on accounts receivable), which the Borrower is asserting or intends to assert, and in which the potential recovery exceeds \$500,000:

**3.13. Insurance Broker.** The following broker handles the Borrower's property insurance:

Broker	Contact	Telephone	Email
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The Borrower agrees to advise you of any change or modification to any of the foregoing information or any supplemental information provided on any continuation pages attached hereto, and, until such notice is received by you, you shall be entitled to rely upon such information and presume it is correct. The Borrower acknowledges that your acceptance of this Perfection Certificate and any continuation pages does not imply any commitment on your part to enter into a loan transaction with the Borrower, and that any such commitment may only be made by an express written loan commitment, signed by one of your authorized officers.

Date: September 13, 2024 [BANZAI]

By: \_

Name: JOSEPH PATRICK DAVY Its:  
CEO  
Email:

EXHIBIT B-

2 DISBURSEMENT INSTRUCTION FORM

The proceeds of the first advance of Term Loan shall be disbursed as follows:

Term Loan	\$262,500.00
Less:	
Administrative Agent Fee to be remitted to <u>Agile Capital Funding, LLC</u>	(\$12,500.00)
<b>TOTAL TERM LOAN NET PROCEEDS TO BORROWER</b>	<b>\$250,000.00</b>

The aggregate net proceeds of the Term Loan shall be transferred to the Designated Deposit Account as follows:

BORROWER: BANZAI INTERNATIONAL, INC.

Account Name: Bank Name: ABA Number:

Banzai\_International, Inc. Avidbank

Account Number: \_

The proceeds of the subsequent advances of the Term Loan shall be disbursed as follows:

**EXHIBIT B-3 DRAWDOWN  
SCHEDULE**

**Within 2 Business Days of Closing Date.**

**EXHIBIT B-4  
REPAYMENT AND AMORTIZATION SCHEDULE**

chedule outlined below in Exhibit B-4 is considered a draft / placeholder, the actual 28 weekly payment schedule will start one week after the advance is completed"

Projected Payment Schedule	
	Weekly Payment
9/23/2024	\$16,187.50
9/30/2024	\$16,187.50
10/7/2024	\$16,187.50
10/14/2024	\$16,187.50
10/21/2024	\$16,187.50
10/28/2024	\$16,187.50
11/4/2024	\$16,187.50
11/11/2024	\$16,187.50
11/18/2024	\$16,187.50
11/25/2024	\$16,187.50
12/2/2024	\$16,187.50
12/9/2024	\$16,187.50
12/16/2024	\$16,187.50
12/23/2024	\$16,187.50
12/30/2024	\$16,187.50
1/6/2025	\$16,187.50

1/13/2025	\$16,187.50
1/20/2025	\$16,187.50
1/27/2025	\$16,187.50
2/3/2025	\$16,187.50
2/10/2025	\$16,187.50
2/17/2025	\$16,187.50
2/24/2025	\$16,187.50
3/3/2025	\$16,187.50
<b>Total</b>	<b>\$388,500.00</b>

#### EXHIBIT B-5

##### Business Loan and Security Agreement Supplement

**Principal Amount of Loan:**

**\$262,500.00, including the Administrative Agent Fee**, available as set forth in the Drawdown Schedule found in Exhibit B-3 of this Agreement.

**Total Repayment Amount:**

The total repayment amount of the Term Loan, including all interest, lender fees, and third-party fees, assuming all payments are made on time is  
**\$388,500.00**.

**Payment Schedule:**

As set forth in the Repayment and Amortization Schedule found in Exhibit B-4 of the Agreement.

**Payment Multiplier:** (The per dollar cost of the loan inclusive of all interest and fees).

**1.48**

**Interest Charge:**

**\$126,000.00**, assuming all payments are made on time.

**Fees payable to Collateral Agent and its designees:**

**Administrative Agent Fee: \$12,500.00**, payable at closing out of proceeds of the Term Loan

#### EXHIBIT B-6

##### AUTHORIZATION AGREEMENT FOR AUTOMATED CLEARING HOUSE TRANSACTIONS

Borrower hereby authorizes Lender and / or Servicer (or its representatives) to present automated clearing house (ACH) debits to the following checking account in the amount of fees and other obligations due to Lender from Borrower under the terms of the Business Loan and Security Agreement and Subordinated Secured Promissory Note entered into between Lender and Borrower, as it may be amended, supplemented or replaced from time to time. In addition, if an Event of Default (as defined in the Business Loan and Security Agreement or Secured Promissory Note) occurs, Borrower authorizes Lender and / or Servicer (or its representatives) to debit any and all accounts

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controlled by Borrower or controlled by any entity with the same Federal Tax Identification Number as Borrower up to the total amount, including but not limited to, all fees and charges, due to Lender from Borrower under the terms of the Agreement.

Transfer Funds To/From: BanzaiInternational, Inc. Account Name: Banzai International, Inc. Bank Name: Avidbank  
ABA Number:  
Account Number:

This authorization is to remain in full force and effect until all obligations due to Borrower under the Agreement have been fulfilled.

Borrower Information: Borrower's Name: Banzai International, Inc.

Signature of Authorized Representative:

Print Name: JOSEPH PATRICK DAVY  
Title: CEO

Borrower's Tax ID: 85-3118980  
Date: 09 / 13 / 2024

#### EXHIBIT D

#### SUBORDINATED SECURED PROMISSORY NOTE

##### SUBORDINATED SECURED PROMISSORY NOTE

\$262,500.00

Dated: September 13,  
2024

FOR VALUE RECEIVED, the undersigned, BANZAI INTERNATIONAL, INC., A Domestic Delaware Corporation ("Parent"), and its subsidiaries, Parent, and the other entities shown as signatories hereto or that are joined from time to time as a Borrower, individually and collectively, jointly and severally, ("Borrower"), HEREBY JOINTLY AND SEVERALLY PROMISE TO PAY to the order of Agile Lending, LLC, or its designees or assigns ("Lead Lender") the principal amount of TWO HUNDRED SIXTY TWO THOUSAND FIVE HUNDRED (\$262,500.00) or such lesser amount as shall equal the outstanding principal balance of the Term Loan made to Borrower by Lender, plus interest on the aggregate unpaid principal amount of such Term Loan, at the rates and in accordance with the terms of the Business Loan and Security Agreement dated September 13, 2024, by and among Borrower, Lender, Collateral Agent, and the other Lenders from time to time party thereto (as amended, restated, supplemented or otherwise modified from time to time, the "Loan Agreement"). If not sooner paid, the entire principal amount and all accrued and unpaid interest hereunder shall be due and payable on the Maturity Date as set forth in the Loan Agreement. Any capitalized term not otherwise defined herein shall have the meaning attributed to such term in the Loan Agreement.

Principal, interest and all other amounts due with respect to the Term Loan, are payable in lawful money of the United States of America to Lender as set forth in the Loan Agreement and this Subordinated Secured Promissory Note (this "Note").

The Loan Agreement, among other things, (a) provides for the making of a secured Term Loan by Lender to Borrower, and (b) contains provisions for acceleration of the maturity hereof upon the happening of certain stated events.

This Note may not be prepaid except as set forth in Section 2.2 (c) and Section 2.2(d) of the Loan Agreement.

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This Note and the obligation of Borrower to repay the unpaid principal amount of the Term Loan, interest on the Term Loan and all other amounts due Lender under the Loan Agreement is secured as provided under the Loan Agreement.

Presentment for payment, demand, notice of protest and all other demands and notices of any kind in connection with the execution, delivery, performance and enforcement of this Note are hereby waived.

Borrower shall pay all reasonable fees and expenses, including, without limitation, reasonable attorneys' fees and costs, incurred by Lender in the enforcement or attempt to enforce any of Borrower's obligations hereunder not performed when due.

All claims of the holder of this Note to principal, interest and any other amounts at any time owed under this Note (collectively, "**Junior Indebtedness**") is hereby expressly subordinated in right of payment, as herein set forth, to the prior payment in full of all Senior Indebtedness.

This Note shall be governed by, and construed and interpreted in accordance with, the internal laws of the Commonwealth of Virginia.

The ownership of an interest in this Note shall be registered on a record of ownership maintained by Lender or its agent. Notwithstanding anything else in this Note to the contrary, the right to the principal of, and stated interest on, this Note may be transferred only if the transfer is registered on such record of ownership and the transferee is

identified as the owner of an interest in the obligation. Borrower shall be entitled to treat the registered holder of this Note (as recorded on such record of ownership) as the owner in fact thereof for all purposes and shall not be bound to recognize any equitable or other claim to or interest in this Note on the part of any other person or entity.

BORROWER HEREBY KNOWINGLY, VOLUNTARILY AND INTELLIGENTLY WAIVES ANY AND ALL RIGHTS THAT EACH PARTY TO THIS NOTE MAY NOW OR HEREAFTER HAVE UNDER THE LAWS OF THE UNITED STATES OF AMERICA OR THE COMMONWEALTH OF VIRGINIA, TO A TRIAL BY JURY OF ANY AND ALL ISSUES ARISING DIRECTLY OR INDIRECTLY IN ANY ACTION OR PROCEEDING RELATING TO THIS NOTE, THE LOAN DOCUMENTS OR ANY TRANSACTIONS CONTEMPLATED THEREBY OR RELATED THERETO. IT IS INTENDED THAT THIS WAIVER SHALL APPLY TO ANY AND ALL DEFENSES, RIGHTS, CLAIMS AND/OR COUNTERCLAIMS IN ANY SUCH ACTION OR PROCEEDING.

*[Signature Page to Follow]*

IN WITNESS WHEREOF, Borrower caused this Note to be duly executed under seal by one of its officers thereunto duly authorized on the date hereof.

BORROWER: BORROWER:

[SEAL] [SEAL]  
By: JOSEPH PATRICK DAVY By:

Date:

09/13/2024

Date:

STATE:

EXHIBIT

E PREPAYMENT AMENDMENT

Upon the prepayment of any principal amount, Borrower shall be obligated to pay a Prepayment Fee comprising make-whole premium payment on account of such principal so paid, which Prepayment Fee shall be equal to the aggregate and actual amount of interest (at the contract rate of interest) that would be paid through the Maturity Date

Calendar Days After Funding	Payoff Amount
30 Days	\$330,750.00
45 Days	\$343,875.00
60 Days	\$357,000.00

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## SECURITIES PURCHASE AGREEMENT

This **SECURITIES PURCHASE AGREEMENT** (the "Agreement"), dated as of August 16, 2024, by and between **BANZAI INTERNATIONAL INC.**, a Delaware corporation, with its address at 435 Erickson Ave, Suite 250, Bainbridge Island, Washington 98110 (the "Company"), and **1800 DIAGONAL LENDING LLC**, a Virginia limited liability company, with its address at 1800 Diagonal Road, Suite 623, Alexandria VA 22314 (the "Lender").

**WHEREAS:**

a. The Company and the Lender are executing and delivering this Agreement in reliance upon the exemption from securities registration afforded by the rules and regulations as promulgated by the United States Securities and Exchange Commission (the "SEC") under the Securities Act of 1933, as amended (the "1933 Act"); and

b. Lender desires to purchase and the Company desires to issue and sell, upon the terms and conditions set forth in this Agreement, a promissory note of the Company, in the form attached hereto as Exhibit A, in the aggregate principal amount of \$184,000.00 (including \$24,000.00 of Original Issue Discount) (the "Note") with additional tranches of financing of up to \$750,000.00 in the aggregate during the next twelve (12) month period subject to further agreement by and between the Company and the Lender; and

**NOW THEREFORE**, the Company and the Lender severally (and not jointly) hereby agree as follows:

i. Purchase and Sale of the Securities.

**1. Purchase of the Securities.** On the Closing Date (as defined below), the Company shall issue and sell to the Lender and the Lender agrees to purchase from the Company the Securities as is set forth immediately below the Lender's name on the signature pages hereto.

**2. Form of Payment.** On the Closing Date (as defined below), (i) the Lender shall pay the purchase price for the Securities be issued and sold to it at the Closing (as defined below) (the "Purchase Price") by wire transfer of immediately available funds to the Company, in accordance with the Company's written wiring instructions, against delivery of the Securities, and (ii) the Company shall deliver such duly executed Note on behalf of the Company against delivery of such Purchase Price.

**3. Closing Date.** Subject to the satisfaction (or written waiver) of the conditions thereto set forth in Section 6 and Section 7 below, the date and time of the issuance and sale of the Securities pursuant to this Agreement (the "Closing Date") shall be 12:00 noon, Eastern Standard Time on or about August 19, 2024, or such other mutually agreed upon time. The closing of the transactions contemplated by this Agreement (the "Closing") shall occur on the Closing Date at such location as may be agreed to by the parties.

ii. Lender's Representations and Warranties. The Lender represents and warrants to the Company that:

**1. Investment Purpose.** As of the date hereof, the Lender is purchasing the Note and the shares of Common Stock issuable upon conversion of or otherwise pursuant to the Note (such shares of Common Stock being collectively referred to herein as the "Conversion Shares" and, collectively with the Note, the "Securities") for its own account and not with a present view towards the public sale or distribution thereof, except pursuant to sales registered or exempted from registration under the 1933 Act.

**2. Accredited Investor Status.** The Lender is an "accredited investor" as that term is defined in Rule 501(a) of Regulation D (an "Accredited Investor").

**3. Reliance on Exemptions.** The Lender understands that the Securities are being offered and sold to it in reliance upon specific exemptions from the registration requirements of United States federal and state securities laws and that the Company is relying upon the truth and accuracy of, and the Lender's compliance with, the representations, warranties, agreements, acknowledgments and understandings of the Lender set forth herein in order to determine the availability of such exemptions and the eligibility of the Lender to acquire the Securities.

**4.Information.** The Company has not disclosed to the Lender any material nonpublic information and will not disclose such information unless such information is disclosed to the public prior to or promptly following such disclosure to the Lender.

**5.Legends.** The Lender understands that the Securities have not been registered under the 1933 Act; and may bear a restrictive legend in substantially the following form:

"THE SECURITIES REPRESENTED BY THIS INSTRUMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR UNDER ANY STATE SECURITIES LAWS, AND MAY NOT BE PLEDGED, SOLD, ASSIGNED, HYPOTHECATED OR OTHERWISE TRANSFERRED UNLESS (1) A REGISTRATION STATEMENT WITH RESPECT THERETO IS EFFECTIVE UNDER THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS OR (2) THE ISSUER OF SUCH SECURITIES RECEIVES AN OPINION OF COUNSEL TO THE BUYER OF SUCH SECURITIES, WHICH COUNSEL AND OPINION ARE REASONABLY ACCEPTABLE TO THE ISSUER'S TRANSFER AGENT, THAT SUCH SECURITIES MAY BE PLEDGED, SOLD, ASSIGNED, HYPOTHECATED OR OTHERWISE TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS."

The legend set forth above shall be removed and the Company shall issue a certificate without such legend to the Lender of any Security upon which it is stamped, if, unless otherwise required by applicable state securities laws, (a) such Security is registered for sale under an effective registration statement filed under the 1933 Act or otherwise may be sold pursuant to an exemption from registration without any restriction as to the number of securities as of a particular date that can then be immediately sold, or (b) such Lender provides the Company with an opinion of counsel, in form, substance and scope customary for opinions of counsel in comparable transactions, to the effect that a public sale or transfer of such Security may be made without registration under the 1933 Act, which opinion shall be accepted by the Company so that the sale or transfer is effected. The Lender agrees to sell all Securities, including those represented by a certificate(s) from which the legend has been removed, in compliance with applicable prospectus delivery requirements, if any. In the event that the Company does not reasonably accept the opinion of counsel that properly conforms to applicable securities laws provided by the Lender with respect to the transfer of any Securities pursuant to an exemption from registration, such as Rule 144, at the Deadline, it will be considered an Event of Default pursuant to Section 3.2 of the Note.

**6.Authorization; Enforcement.** This Agreement has been duly and validly authorized. This Agreement has been duly executed and delivered on behalf of the Lender, and this Agreement constitutes a valid and binding agreement of the Lender enforceable in accordance with its terms.

**iii.Representations and Warranties of the Company.** The Company represents and warrants to the Lender that:

**1.Organization and Qualification.** The Company and each of its Subsidiaries (as defined below), if any, is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction in which it is incorporated, with full power and authority (corporate and other) to own, lease, use and operate its properties and to carry on its business as and where now owned, leased, used, operated and conducted. "Subsidiaries" means any corporation or other organization, whether incorporated or unincorporated, in which the Company owns, directly or indirectly, any equity or other ownership interest.

**2.Authorization; Enforcement.** (i) The Company has all requisite corporate power and authority to enter into and perform this Agreement, the Note and to consummate the transactions contemplated hereby and thereby and to issue the Securities, in accordance with the terms hereof and thereof, (ii) the execution and delivery of this Agreement, the Note by the Company and the consummation by it of the transactions contemplated hereby and thereby (including without limitation, the issuance of the Note has been duly authorized by the Company's Board of Directors and no further consent or authorization of the Company, its Board of Directors, or its shareholders is required, (iii) this Agreement has been duly executed and delivered by the Company by its authorized representative, and such authorized representative is the true and official representative with authority to sign this Agreement and the other documents executed in connection herewith and bind the Company accordingly, and (iv) this Agreement constitutes, and upon execution and delivery by the Company of the Note, each of such instruments will constitute, a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms.

**3.Capitalization.** As of the date hereof, the authorized common stock of the Company consists of 275,000,000 authorized shares of Common Stock, \$0.0001 par value per share, of which 19,322,460 shares are issued and outstanding. All of such outstanding shares of capital stock are, or upon issuance will be, duly authorized, validly issued, fully paid and non-assessable.

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**4.Issuance of Shares.** The Securities are duly authorized and reserved for issuance in accordance with its respective terms, will be validly issued, fully paid and non-assessable, and free from all taxes, liens, claims and encumbrances with respect to the issue thereof and shall not be subject to preemptive rights or other similar rights of shareholders of the Company and will not impose personal liability upon the Lender thereof.

**5.No Conflicts.** The execution, delivery and performance of this Agreement, the Note by the Company and the consummation by the Company of the transactions contemplated hereby and thereby will not (i) conflict with or result in a violation of any provision of the Certificate of Incorporation or By-laws, or (ii) violate or conflict with, or result in a breach of any provision of, or constitute a default (or an event which with notice or lapse of time or both could become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of, any agreement, indenture, patent, patent license or instrument to which the Company or any of its Subsidiaries is a party, or (iii) result in a violation of any law, rule, regulation, order, judgment or decree (including federal and state securities laws and regulations and regulations of any self-regulatory organizations to which the Company or its securities are subject) applicable to the Company or any of its Subsidiaries or by which any property or asset of the Company or any of its Subsidiaries is bound or affected (except for such conflicts, defaults, terminations, amendments, accelerations, cancellations and violations as would not, individually or in the aggregate, have a Material Adverse Effect). The businesses of the Company and its Subsidiaries, if any, are not being conducted, and shall not be conducted so long as the Lender owns any of the Securities, in violation of any law, ordinance or regulation of any governmental entity. "Material Adverse Effect" means any material adverse effect on the business, operations, assets, financial condition or prospects of the Company or its Subsidiaries, if any, taken as a whole, or on the transactions contemplated hereby or by the agreements or instruments to be entered into in connection herewith.

**6.SEC Documents: Financial Statements.** The Company has filed all reports, schedules, forms, statements and other documents required to be filed by it with the SEC pursuant to the reporting requirements of the Securities Exchange Act of 1934, as amended (the "1934 Act") (all of the foregoing filed prior to the date hereof and all exhibits included therein and documents (other than exhibits to such documents) incorporated by reference therein, being hereinafter referred to herein as the "SEC Documents"). Upon written request the Company will deliver to the Lender true and complete copies of the SEC Documents, except for such exhibits and incorporated documents. As of their respective dates or if amended, as of the dates of the amendments, the SEC Documents complied in all material respects with the requirements of the 1934 Act and the rules and regulations of the SEC promulgated thereunder applicable to the SEC Documents, and none of the SEC Documents, at the time they were filed with the SEC, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. None of the statements made in any such SEC Documents is, or has been, required to be amended or updated under applicable law. The Company is subject to the reporting requirements of the 1934 Act.

**7.Absence of Certain Changes.** Since June 30, 2024, except as set forth in the SEC Documents, there has been no material adverse change and no material adverse development in the assets, liabilities, business, properties, operations, financial condition, results of operations, prospects or 1934 Act reporting status of the Company or any of its Subsidiaries.

**8.Absence of Litigation.** Except as set forth in the SEC Documents, there is no action, suit, claim, proceeding, inquiry or investigation before or by any court, public board, government agency, self-regulatory organization or body pending or, to the knowledge of the Company or any of its Subsidiaries, threatened against or affecting the Company or any of its Subsidiaries, or their officers or directors in their capacity as such, that could have a Material Adverse Effect. The Company and its Subsidiaries are unaware of any facts or circumstances which might give rise to any of the foregoing.

**9.No Integrated Offering.** Neither the Company, nor any of its affiliates, nor any person acting on its or their behalf, has directly or indirectly made any offers or sales in any security or solicited any offers to buy any security under circumstances that would require registration under the 1933 Act of the issuance of the Securities to the Lender. The issuance of the Securities to the Lender will not be integrated with any other issuance of the Company's securities (past, current or future) for purposes of any shareholder approval provisions applicable to the Company or its securities.

**10.No Brokers.** The Company has taken no action which would give rise to any claim by any person for brokerage commissions, transaction fees or similar payments relating to this Agreement or the transactions contemplated hereby.

**11.No Investment Company.** The Company is not, and upon the issuance and sale of the Securities as contemplated by this Agreement will not be an "investment company" required to be registered under the Investment Company Act of 1940 (an "Investment Company"). The Company is not controlled by an Investment Company.

**12. Breach of Representations and Warranties by the Company.** If the Company breaches any of the material representations or warranties set forth in this Section 3 which is continuing after the applicable cure period as set forth in the Note, if any, and in addition to any other remedies available to the Lender pursuant to this Agreement, it will be considered an Event of default under Article III of the Note.

**iv. COVENANTS.**

**1. Reasonable Commercial Efforts.** The Company shall use its reasonable commercial efforts to satisfy timely each of the conditions described in Section 7 of this Agreement.

**2. Use of Proceeds.** The Company shall use the proceeds for general working capital purposes.

**3. Expenses.** At the Closing, the Company's obligation with respect to the transactions contemplated by this Agreement is to reimburse Lender' expenses shall be \$8,000.00 for Lender's legal fees and due diligence fee.

**4. Corporate Existence.** So long as the Lender beneficially owns any Note, the Company shall maintain its corporate existence and shall not sell all or substantially all of the Company's assets, except with the prior written consent of the Lender.

**5. Breach of Covenants.** If the Company breaches any of the material covenants set forth in this Section 4, and in addition to any other remedies available to the Lender pursuant to this Agreement which is continuing after the applicable cure period as set forth in the Note, it will be considered an event of default under Article III of the Note.

**6. Failure to Comply with the 1934 Act.** So long as the Lender beneficially owns the Note, the Company shall comply with the reporting requirements of the 1934 Act; and the Company shall continue to be subject to the reporting requirements of the 1934 Act.

**7. The Lender is Not a "Dealer".** The Lender and the Company hereby acknowledge and agree that the Lender has not: (i) acted as an underwriter; (ii) acted as a market maker or specialist; (iii) acted as "de facto" market maker; or (iv) conducted any other professional market activities such as providing investment advice, extending credit and lending securities in connection; and thus that the Lender is not a "Dealer" as such term is defined in the 1934 Act.

**8. Trading Activities.** Neither the Lender nor its affiliates has an open short position in the common stock of the Company and the Lender agrees that it shall not, and that it will cause its affiliates not to, engage in any short sales of or hedging transactions with respect to the common stock of the Company.

**V. Transfer Agent Instructions.** The Company shall issue irrevocable instructions to its transfer agent to issue certificates, registered in the name of the Lender or its nominee, for the shares underlying any conversion of the Note upon default of the Note (the "Conversion Shares") in such amounts as specified from time to time by the Lender to the Company upon conversion of the Note in accordance with the terms thereof (the "Irrevocable Transfer Agent Instructions"). In the event that the Company proposes to replace its transfer agent, the Company shall provide, prior to the effective date of such replacement, a fully executed Irrevocable Transfer Agent Instructions in a form as initially delivered pursuant to this Agreement (including but not limited to the provision to irrevocably reserve shares of Common Stock in the Reserved Amount as such term is defined in the Note) signed by the successor transfer agent to Company and the Company. Prior to registration of the Conversion Shares under the 1933 Act or the date on which the Conversion Shares may be sold pursuant to an exemption from registration, all such certificates shall bear the restrictive legend specified in Section 2(e) of this Agreement. The Company warrants that: (i) no instruction other than the Irrevocable Transfer Agent Instructions referred to in this Section 5, will be given by the Company to its transfer agent and that the Securities shall otherwise be freely transferable on the books and records of the Company as and to the extent provided in this Agreement and the Note; (ii) it will not direct its transfer agent not to transfer or delay, impair, and/or hinder its transfer agent in transferring (or issuing)(electronically or in certificated form) any certificate for Conversion Shares to be issued to the Lender upon conversion of or otherwise pursuant to the Note as and when required by the Note and this Agreement; and (iii) it will not fail to remove (or directs its transfer agent not to remove or impairs, delays, and/or hinders its transfer agent from removing) any restrictive legend (or to withdraw any stop transfer instructions in respect thereof) on any certificate for any Conversion Shares issued to the Lender upon conversion of or otherwise pursuant to the Note as and when required by the Note and/or this Agreement. If the Lender provides the Company and the Company's transfer, at the cost

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of the Lender, with an opinion of counsel in form, substance and scope customary for opinions in comparable transactions, to the effect that a public sale or transfer of such Securities may be made without registration under the 1933 Act, the Company shall permit the transfer, and, in the case of the Conversion Shares, promptly instruct its transfer agent to issue one or more certificates, free from restrictive legend, in such name and in such denominations as specified by the Lender. The Company acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the Lender, by vitiating the intent and purpose of the transactions contemplated hereby. Accordingly, the Company acknowledges that the remedy at law for a breach of its obligations under this Section 5 may be inadequate and agrees, in the event of a breach or threatened breach by the Company of the provisions of this Section, that the Lender shall be entitled, in addition to all other available remedies, to an injunction restraining any breach and requiring immediate transfer, without the necessity of showing economic loss and without any bond or other security being required.

vi. Conditions to the Company's Obligation to Sell. The obligation of the Company hereunder to issue and sell the Securities to the Lender at the Closing is subject to the satisfaction, at or before the Closing Date of each of the following conditions thereto, provided that these conditions are for the Company's sole benefit and may be waived by the Company at any time in its sole discretion:

1.The Lender shall have executed this Agreement and delivered the same to the Company.

2.The Lender shall have delivered the Purchase Price in accordance with Section 1(b) above.

3.The representations and warranties of the Lender shall be true and correct in all material respects as of the date when made and as of the Closing Date as though made at that time (except for representations and warranties that speak as of a specific date), and the Lender shall have performed, satisfied and complied in all material respects with the covenants, agreements and conditions required by this Agreement to be performed, satisfied or complied with by the Lender at or prior to the Closing Date.

4.No litigation, statute, rule, regulation, executive order, decree, ruling or injunction shall have been enacted, entered, promulgated or endorsed by or in any court or governmental authority of competent jurisdiction or any self-regulatory organization having authority over the matters contemplated hereby which prohibits the consummation of any of the transactions contemplated by this Agreement.

vii. Conditions to The Lender's Obligation to Purchase. The obligation of the Lender hereunder to purchase the Securities at the Closing is subject to the satisfaction, at or before the Closing Date of each of the following conditions, provided that these conditions are for the Lender's sole benefit and may be waived by the Lender at any time in its sole discretion:

1.The Company shall have executed this Agreement and delivered the same to the Lender.

2.The Company shall have delivered to the Lender the duly executed Note, in accordance with Section 1(b) above.

3.The Irrevocable Transfer Agent Instructions, in form and substance satisfactory to the Lender, shall have been delivered to and acknowledged in writing by the Company's Transfer Agent.

4.The representations and warranties of the Company shall be true and correct in all material respects as of the date when made and as of the Closing Date as though made at such time (except for representations and warranties that speak as of a specific date) and the Company shall have performed, satisfied and complied in all material respects with the covenants, agreements and conditions required by this Agreement to be performed, satisfied or complied with by the Company at or prior to the Closing Date. The Lender shall have received a certificate or certificates, executed by the chief executive officer of the Company, dated as of the Closing Date, to the foregoing effect and as to such other matters as may be reasonably requested by the Lender including, but not limited to certificates with respect to the Board of Directors' resolutions relating to the transactions contemplated hereby.

5.No litigation, statute, rule, regulation, executive order, decree, ruling or injunction shall have been enacted, entered, promulgated or endorsed by or in any court or governmental authority of competent jurisdiction or any self-regulatory organization having authority over the matters contemplated hereby which prohibits the consummation of any of the transactions contemplated by this Agreement.

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**6.**No event shall have occurred which could reasonably be expected to have a Material Adverse Effect on the Company including but not limited to a change in the 1934 Act reporting status of the Company or the failure of the Company to be timely in its 1934 Act reporting obligations.

viii. Governing Law; Miscellaneous.

**1. Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia without regard to principles of conflicts of laws. Any action brought by either party against the other concerning the transactions contemplated by this Agreement shall be brought only in the Circuit Court of Fairfax County, Virginia or in the Alexandria Division of the United States District Court for the Eastern District of Virginia. The parties to this Agreement hereby irrevocably waive any objection to jurisdiction and venue of any action instituted hereunder and shall not assert any objection or defense based on lack of jurisdiction or venue or based upon *forum non conveniens*. The Company and Lender waive trial by jury. The Lender shall be entitled to recover from the Company its reasonable attorney's fees and costs incurred in connection with or related to any Event of Default by the Company, as defined in Article III of the Note. Each party hereby irrevocably waives personal service of process and consents to process being served in any suit, action or proceeding in connection with this Agreement, the Note or any related document or agreement 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 Agreement 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 law.

**2. Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which shall constitute one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party.

**3. Headings.** The headings of this Agreement are for convenience of reference only and shall not form part of, or affect the interpretation of, this Agreement.

**4. Severability.** In the event that any provision of this Agreement is invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform with such statute or rule of law. Any provision hereof which may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provision hereof.

**5. Entire Agreement; Amendments.** This Agreement and the instruments referenced herein contain the entire understanding of the parties with respect to the matters covered herein and therein and, except as specifically set forth herein or therein, neither the Company nor the Lender makes any representation, warranty, covenant or undertaking with respect to such matters. No provision of this Agreement may be waived or amended other than by an instrument in writing signed by each of the parties hereto.

**6. Notices.** All notices, demands, requests, consents, approvals, and other communications required or permitted hereunder shall be in writing and, unless otherwise specified herein, shall be (i) personally served, (ii) deposited in the mail, registered or certified, return receipt requested, postage prepaid, (iii) delivered by reputable air courier service with charges prepaid, or (iv) transmitted by hand delivery, telegram, or facsimile, addressed as set forth below or to such other address as such party shall have specified most recently by written notice. Any notice or other communication required or permitted to be given hereunder shall be deemed effective (a) upon hand delivery or delivery by facsimile, with accurate confirmation generated by the transmitting facsimile machine, at the address or number designated below (if delivered on a business day during normal business hours where such notice is to be received), or the first business day following such delivery (if delivered other than on a business day during normal business hours where such notice is to be received) or (b) on the second business day following the date of mailing by express courier service, fully prepaid, addressed to such address, or upon actual receipt of such mailing, whichever shall first occur. The addresses for such communications shall be set forth in the heading of this Agreement with a copy by fax only to (which copy shall not constitute notice) to Naidich Wurman LLP, 111 Great Neck Road, Suite 214, Great Neck, NY 11021, Attn: Allison Naidich, facsimile: 516-466-3555, e-mail: [allison@nwlaw.com](mailto:allison@nwlaw.com). Each party shall provide notice to the other party of any change in address.

**7. Successors and Assigns.** This Agreement shall be binding upon and inure to the benefit of the parties and their successors and assigns. Neither the Company nor the Lender shall assign this Agreement or any rights or obligations hereunder without the prior written consent of the other. Notwithstanding the foregoing, the Lender may assign its rights hereunder to any person that purchases Securities in a private transaction from the Lender or to any of its "affiliates," as that term is defined under the 1934 Act, without the consent of the Company.

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**8.Survival.** The representations and warranties of the Company and the agreements and covenants set forth in this Agreement shall survive the closing hereunder notwithstanding any due diligence investigation conducted by or on behalf of the Lender. The Company agrees to indemnify and hold harmless the Lender and all their officers, directors, employees and agents for loss or damage arising as a result of or related to any breach or alleged breach by the Company of any of its representations, warranties and covenants set forth in this Agreement or any of its covenants and obligations under this Agreement, including advancement of expenses as they are incurred.

**9.Further Assurances.** Each party shall do and perform, or cause to be done and performed, all such further acts and things, and shall execute and deliver all such other agreements, certificates, instruments and documents, as the other party may reasonably request in order to carry out the intent and accomplish the purposes of this Agreement and the consummation of the transactions contemplated hereby.

**10.No Strict Construction.** The language used in this Agreement will be deemed to be the language chosen by the parties to express their mutual intent, and no rules of strict construction will be applied against any party.

**11.Remedies.** The Company acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the Lender by vitiating the intent and purpose of the transaction contemplated hereby. Accordingly, the Company acknowledges that the remedy at law for a breach of its obligations under this Agreement will be inadequate and agrees, in the event of a breach or threatened breach by the Company of the provisions of this Agreement, that the Lender shall be entitled, in addition to all other available remedies at law or in equity, and in addition to the penalties assessable herein, to an injunction or injunctions restraining, preventing or curing any breach of this Agreement and to enforce specifically the terms and provisions hereof, without the necessity of showing economic loss and without any bond or other security being required.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the undersigned Lender and the Company have caused this Agreement to be duly executed as of the date first above written.

**BANZAI INTERNATIONAL INC.**

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By: \_\_\_\_\_  
Joseph Davy  
Chief Executive Officer

**1800 DIAGONAL LENDING LLC**

By:  
Curt Kramer  
President

Aggregate Principal Amount of Note: \$184,000.00

Original Issue Discount \$24,000.00

Aggregate Purchase Price: \$160,000.00

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**CERTIFICATION PURSUANT TO  
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Joseph Davy, certify that:

- 1.I have reviewed this Quarterly Report on Form 10-Q for the quarter ended September 30, 2024 of Banzai International, Inc.;
- 2.Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3.Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4.The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a)Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b)Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c)Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d)Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5.The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a)All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b)Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2024

By:

*/s/ Joseph Davy*  
**Joseph Davy**  
**Chief Executive Officer**  
**(Principal Executive Officer)**

**CERTIFICATION PURSUANT TO  
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Alvin Yip, certify that:

- 1.I have reviewed this Quarterly Report on Form 10-Q for the quarter ended September 30, 2024 of Banzai International, Inc.;
- 2.Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3.Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4.The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a)Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b)Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c)Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d)Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5.The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a)All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b)Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2024

By:

*/s/ Alvin Yip*  
**Alvin Yip**  
**Chief Financial Officer**  
**(Principal Financial Officer**  
**and Principal Accounting Officer)**

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

In connection with the Quarterly Report of Banzai International, Inc. (the "Company") for the quarter ended September 30, 2024, as filed with the Securities and Exchange Commission on or about the date hereof (the "Report"), I, Joseph Davy, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

Date: November 14, 2024

By:

**/s/ Joseph Davy  
Joseph Davy  
Chief Executive Officer  
(Principal Executive Officer)**

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

In connection with the Quarterly Report of Banzai International, Inc. (the "Company") for the quarter ended September 30, 2024, as filed with the Securities and Exchange Commission on or about the date hereof (the "Report"), I, Alvin Yip, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

Date: November 14, 2024

By:

**/s/ Alvin Yip  
Alvin Yip  
Interim Chief Financial Officer  
(Principal Financial Officer  
and Principal Accounting Officer)**

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