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

FORM 10-K

(Mark One)

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

For the fiscal year ended **December 31, 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 **001-40970**

TRUGOLF HOLDINGS, INC.
(Exact name of registrant as specified in its charter)

Delaware	**85-3269086**
State or Other Jurisdiction of Incorporation or Organization	(I.R.S. Employer Identification No.)

60 North 1400, West Centerville, Utah 84014
(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code: **(801) 298-1997**

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

Title of each class	**Trading Symbol(s)**	**Name of each exchange on which registered**
Class A Common Stock, $0.0001 par value	TRUG	The Nasdaq Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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

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

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

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

If an emerging growth company, indicate by checkmark 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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to § 240.10D-1(b). ☐

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

The aggregate market value of the common stock held by non-affiliates of the registrant as of the last business day of the registrant's most recently completed second fiscal quarter (June 30, 2024) was $4.9 million computed by reference to the price at which the common stock was last sold ($1.12 per share).

The registrant had 29,881,672 shares of common stock outstanding as of April 14, 2025.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of this registrant's definitive proxy statement for its 2025 Annual Meeting of Stockholders to be filed with the SEC no later than 120 days after the end of the registrant's fiscal year are incorporated herein by reference in Part III of this Annual Report on Form 10-K.

TRUGOLF HOLDINGS, INC.
2024 FORM 10-K ANNUAL REPORT
TABLE OF CONTENTS

FORWARD-LOOKING STATEMENTS

The information contained in this report should be read in conjunction with the financial statements and related notes contained elsewhere in this Annual Report on Form 10-K. Certain statements made in this report are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These statements are based upon beliefs of, and information currently available to, us as of the date hereof, as well as estimates and assumptions made by us. Readers are cautioned not to place undue reliance on these forward-looking statements, which are only predictions and speak only as of the date hereof. When used herein, the words "anticipate," "believe," "estimate," "expect," "forecast," "future," "intend," "plan," "predict," "project," "target," "potential," "will," "would," "could," "should," "continue" or the negative of these terms and similar expressions identify forward-looking statements. Such statements reflect our current view with respect to future events and are subject to risks, uncertainties, assumptions, and other factors, including the risks relating to our business, industry, and our operations and results of operations. Should one or more of these risks or uncertainties materialize, or should the underlying assumptions prove incorrect, actual results may differ materially from those anticipated, believed, estimated, expected, intended, or planned.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, or achievements. Except as required by applicable law, including the securities laws of the United States, we do not intend to update any of the forward-looking statements to conform these statements to actual results.

Our financial statements are prepared in accordance with accounting principles generally accepted in the United States. These accounting principles require us to make certain estimates, judgments, and assumptions. We believe that the estimates, judgments, and assumptions upon which we rely are reasonable based upon information available to us at the time that these estimates, judgments, and assumptions are made. These estimates, judgments, and assumptions can affect the reported amounts of assets and liabilities as of the date of the financial statements as well as the reported amounts of revenue and expenses during the periods presented. Our financial statements would be affected to the extent there are material differences between these estimates and actual results. The following discussion should be read in conjunction with our financial statements and notes thereto appearing elsewhere in this report.

Forward-looking statements made in this Annual Report on Form 10-K include statements about:

- the outcome of any known and unknown litigation and regulatory proceedings, including the occurrence of any event, change or other circumstances, including the outcome of any legal proceedings that may be instituted against the Company;
- the ability to regain compliance with and thereafter maintain the listing of the Company's common stock on The Nasdaq Stock Market;
- changes adversely affecting the business in which the Company is engaged;
- the Company's projected financial information, growth rate, strategies, and market opportunities;
- the ability of the Company to meet its future capital requirements to fund its operations, which may involve debt and/or equity financing, and to obtain such debt and/or equity financing on favorable terms, and its sources and uses of cash;
- the Company's ability, assessment of, and strategies to compete with, its competitors;
- the Company's reliance on third-party service providers;
- the Company's estimates regarding expenses, future revenue, capital requirements, and needs for additional financing;
- the Company's ability to maintain and protect its intellectual property;
- changes in applicable laws or regulations affecting the Company and/or its business;
- the risk of disruption to the Company's current plans and operations, including, but not limited to, as a result of any business description due to political or economic instability, pandemics or armed hostilities or a business disruption resulting from a cybersecurity attack; and
- other factors disclosed under the section entitled "Item 1A - Risk Factors" in Part I of this Annual Report on Form 10-K.

These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including the risks in the section entitled "Risk Factors" set forth in this Annual Report on Form 10-K for the year ended December 31, 2024, any of which may cause our or our industry's actual results, levels of activity, performance, or achievements to be materially different from any future results, levels of activity, performance, or achievements expressed or implied by these forward-looking statements. These risks may cause our or our industry's actual results, levels of activity, or performance to be materially different from any future results, levels of activity, or performance expressed or implied by these forward-looking statements.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, or performance. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of these forward-looking statements. Except as required by law, we undertake no obligation to update any forward-looking statements after the date of this report to conform these statements to actual results.

PART I

ITEM 1. BUSINESS

Unless otherwise indicated or the context requires otherwise, the terms "we," "us," "our," and "our company" refer to TruGolf Holdings, Inc., a Delaware corporation ("TruGolf"), and its wholly owned subsidiaries, including TruGolf, Inc., a Nevada corporation ("TruGolf Nevada") and TruGolf Links Franchising, LLC ("Links"), a Delaware limited liability company.

Our Business

Our Corporate and Acquisition History

TruGolf Nevada, was formed as a Utah corporation on October 4, 1995, under the name TruGolf Incorporated, and was a subsidiary of Access Software. On June 9, 1999, TruGolf Nevada changed its name to TruGolf, Inc. Upon the acquisition of Access Software by Microsoft Corp. in August 1999, the core programming and graphics team of the Links™ video game series were spun out to TruGolf Nevada.

Effective on April 26, 2016, TruGolf Nevada filed Articles of Merger with the State of Utah, Department of Commerce, and on April 28, 2016, TruGolf Nevada filed Articles of Merger with the Secretary of State of Nevada, pursuant to which TruGolf, Inc., a Utah corporation, merged with and into TruGolf Nevada, pursuant to a Plan of Merger. TruGolf Nevada was the surviving corporation and, in connection with the Plan of Merger, TruGolf Nevada affected a four-for-one forward stock split of its outstanding common stock.

TruGolf Holdings, Inc. (f/k/a Deep Medicine Acquisition Corp.) ("TruGolf", and together with its subsidiaries, the "Company"), was incorporated on July 8, 2020, as a Delaware corporation and formed for the purpose of effecting a business combination, with no material operation of its own.

On March 31, 2023, we entered into an Agreement and Plan Of Merger (the "Merger Agreement") with Deep Medicine Acquisition Corp. ("DMAQ"), a Delaware Corporation, DMAQ Merger Sub Inc. ("Merger Sub"), a Nevada corporation and a wholly-owned subsidiary of DMAQ, Bright Vision Sponsor LLC, a Delaware limited liability company, in the capacity as DMAQ's representative, Christopher Jones, an individual, in the capacity as TruGolf Nevada's representative, and TruGolf Nevada (together, the "Merger Parties"). On July 21, 2023, the Merger Parties entered into an Amended and Restated Agreement and Plan of Merger (the "Restated Merger Agreement"), pursuant to which the Merger Agreement was amended and restated to provide, among other things, that (i) contingent earnout shares will be issued after the Closing, if and when earned, upon the Company meeting the milestones specified in the Restated Merger Agreement, rather than being issued at the closing of the merger and being placed into escrow subject to potential forfeiture; and (ii) the share price of the Company's common stock used in the calculation of the number of shares to be issued to the Sellers as merger consideration shall be $10.00, as opposed to the price at which the Company redeems the shares of common stock held by its public stockholders in connection with the closing of this business combination.

On January 31, 2024, we consummated the business combination (the "Closing") contemplated by the Restated Merger Agreement and Merger Agreement, dated as of July 21, 2023, by and among the Merger Parties. As a result of the Closing and the transactions contemplated by the Merger Agreement, (i) Merger Sub merged with and into TruGolf Nevada, with TruGolf Nevada surviving the Merger as a wholly-owned subsidiary of TruGolf, and (ii) TruGolf's name was changed from Deep Medicine Acquisition Corp. to TruGolf Holdings, Inc. TruGolf's Class A common stock commenced trading on the Nasdaq Global Market LLC under the ticker "TRUG" on February 1, 2024.

General

The Company has been creating indoor golf software for 40 years. Since 1999, we have focused on establishing residential and commercial golf simulation as a viable industry, and since 2007, we have focused on fabricating custom golf simulators for luxury clients. Part of our initial strategy included partnering with hardware inventors to provide them with world-class software. Over time, we found that it was not viable to rely on these early hardware inventors alone, we also began building and selling our own hardware. In addition, we are working with a video game company to utilize their new dynamic graphics engine which will enable us to bring photorealistic golf courses to life through our E6 software. In addition, we have developed multiple sources and 3rd party manufacturers for the raw materials or parts for our products, including but not limited to, steel or aluminum frames, fabric, turf, screens, projectors, PCs, cameras, lasers, infrared sensors, and supporting subsystems. The availability of the frames and fabric from our principal provider, Allied ES&A ("Allied"), has been increased as they have moved into a much larger facility directly located in a large employee base community and we have entered into negotiations with a second supplier in order to provide alternative sourcing if needed. A third supplier, Impact Signs, has also been used in the past and the Company believes that it could purchase turf, and screen supplies from them as well if needed. Both turf (Controlled Products), and screen suppliers (Allied), are so specialized that we have come to rely on one vendor for each, respectively. Projectors (TV Specialists), PCs, lasers, IR sensors and other systems come from multiple suppliers with no historical delay in supply. We have 2 primary suppliers of cameras, IDS and Basler, and have integrated products from both in the Apogee Launch Monitor ("Apogee") unit to ensure the greatest availability possible.

Market For Indoor Golf

We believe that it is important to understand the macro-economic trends of indoor golf as a sport, as a culture, and as a movement, to better understand the market for our indoor golfing simulators and software. According to the National Golf Foundation (the "NGF"), golf is the largest participation sport in America, with 41 million active golfers over six years old, and has had a growth rate adding 3 million new golfers in each of 2021 and 2022. However, according to the NGF, in 2022, there were over 15.5 million golfers that participated exclusively in off-course golf activities, such as driving ranges, indoor golf simulators, or golf entertainment venues, and only 13 million people who played exclusively on a golf course. According to NGF, a total of 17.8 million people who did not play golf in 2021 said they are "very interested" in playing golf on a golf course. According to a January 26, 2023, article from the NFG, the off-course golfers increased more significantly, with a 13% year-over-year jump, compared with a 2% rise in on-course participation. As reported, the total off-course market in 2022 of approximately $27.9 million has for the first time eclipsed on-course play.

The total addressable market for golf products in 2022 was an estimated $1.4 USD Billion, and with a CAGR of 11.05% is forecast to reach $3.8 USD Billion by 2031. Econ Market Research estimates that North America represents 36%, Europe 28%, Asia Pacific 22%, and Middle East and Africa 7% of total global market share in 2022. In this same report they have found that TruGolf currently maintains a 4.28% market share. They also noted that 69% of the total market is from Indoor Golf Simulators, while 31% is from Outdoor Golf Simulators in 2022 with a slight shift of 1% towards Outdoor Golf Simulators by 2031. While it is not directly stated in the Econ Market Research study, we consider revenue from both SaaS software and Data Analytics to be included in the overall total addressable market for golf products. Our planned products are aligned directly with these findings as our Apogee launch monitor is an indoor only, and ceiling mounted device ideally for commercial facilities, yet equally beneficial to residential use. Our software, both E6 Connect and Apex have power tools for commercial facilities to make playing, improving and enjoying golf easier than ever. While our software is available on 90% of hardware in the market this allows us to access customers for use indoor, outdoor, and residential, as well as commercial. In addition to these hardware and software solutions targeting directly the market segments we will be launching a franchise solution to capitalize on the powerful demand for commercial offerings.

We believe there are many reasons for the decline in outdoor rounds of golf being played and the simultaneous increase of indoor rounds of golf, including (i) the major costs of running a golf course (and consequently the costs of playing outdoor golf), including environmental factors making outdoor golf increasingly costly and requiring more and more water for vegetations, as temperatures across the United States increase, even as available water has generally decreased, (ii) the closing of over 100 golf courses every year (NGF) and (iii) the challenge in finding available daylight hours with so many golfers and so few golf courses, especially in light of the lengthy time period required to play a full outdoor course (www.ngf.org). We believe that all of these factors combine to create a significant opportunity to capitalize on a growing sport, a growing segment of that sport, and a convergence of demand and popularity seldom seen in virtual participation athletics – indoor golf.

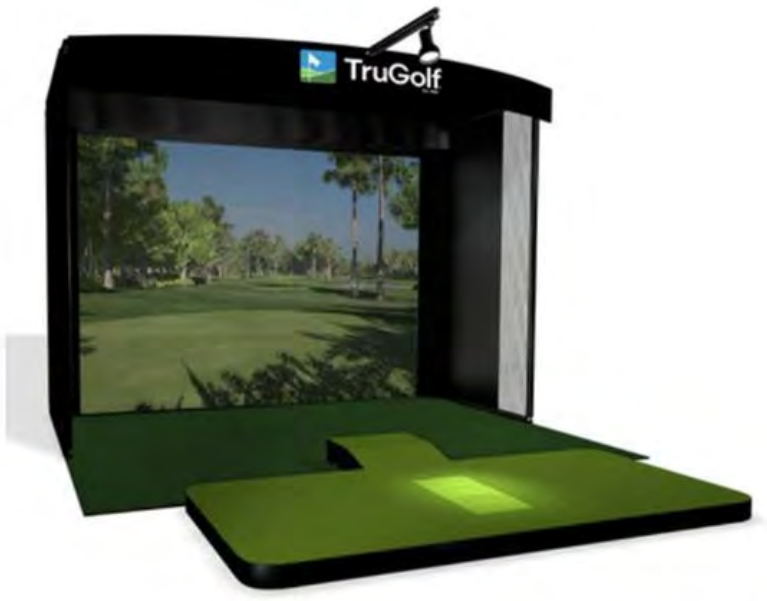
Current Operations

We currently leverage a bifurcated branding strategy by both (1) selling indoor golf simulator hardware under our TruGolf brand, which hardware includes our E6 Connect and E6 Apex software; (2) selling our E6 Connect software separately for use on other companies' hardware, and (3) franchising indoor golf simulation facilities. In the future, we also intend to create a "Virtual Golf Association" of online players, and leverage our access to swing data.

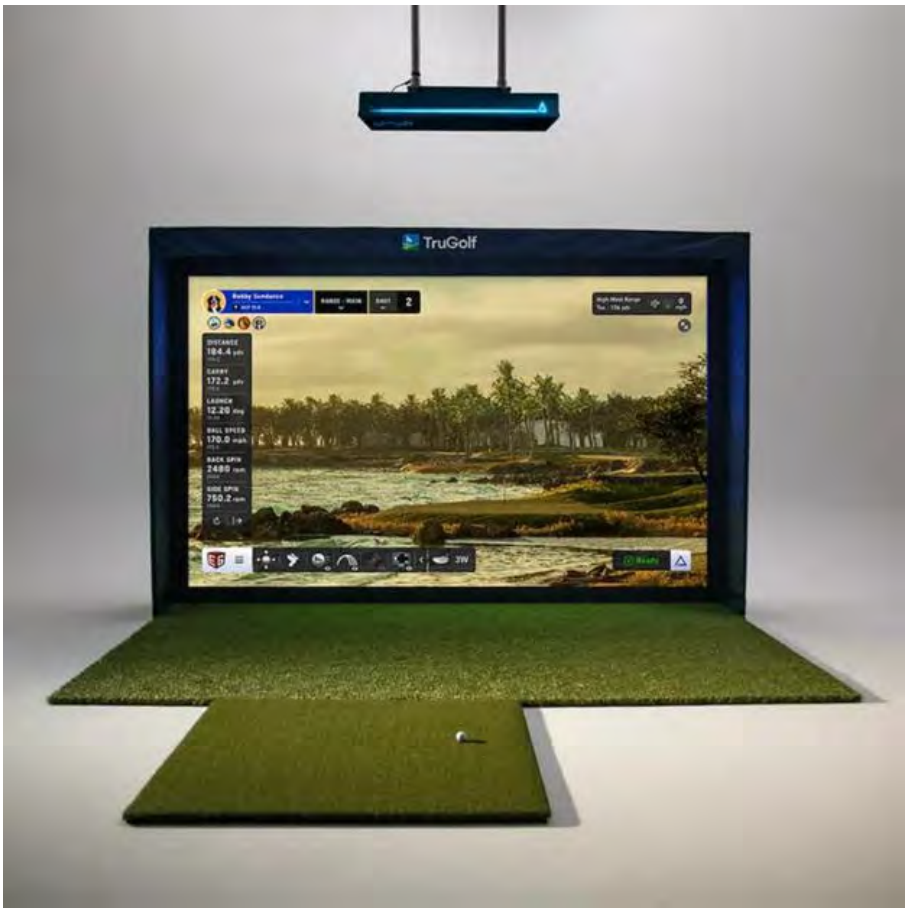
Our Products

Hardware

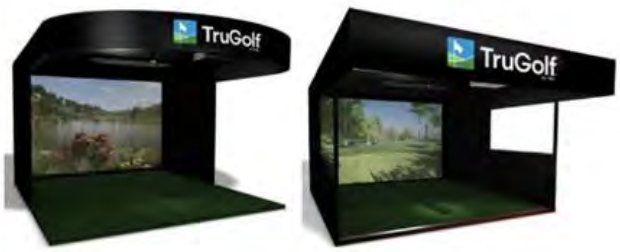
Portable – Our Vista Series, which are portable indoor golf simulators, immerse players in realistic gameplay and are designed to be easily assembled and disassembled. These portable lightweight aluminum frame indoor golf simulators use a matte-box design that blocks ambient light and gives the Vista Series the same image quality as high-end golf simulation units, but for a much lower price. Our Vista Series currently includes a High-Definition, 720p projector (upgradeable to a 1080p version), as well as the option for a touch screen and a turf surface. All of our Vista Series products come with a two-year limited warranty. *Our Vista 12 model is shown below.*



Our TruGolf MAX is sold standard with an edge-to-edge 15’ impact screen that brings the most famous courses in the world to your home in stunning high-definition. The fabric enclosure is Dawn Patrol, a stately navy that will transform your room with a country-club approved aesthetic. Complete with a 5x12 tee-box and TruGolf’s first-cut flooring, this system makes it easy to work on your game year-round. Each TruGolf MAX system is sold with an APOGEE Launch Monitor. The size and scale brings our E6 software to life – without the need for professional installation. *Our TruGolf MAX model is shown below.*

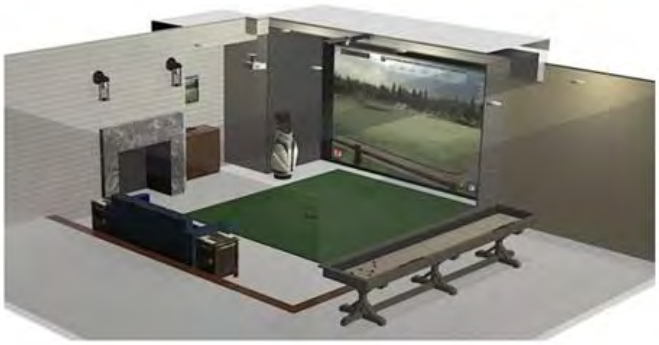


Professional – Our Signature and Premium indoor golf simulators include complete, permanent enclosures, including three high-speed cameras to capture ball flight with high accuracy. Our professional golf simulators include high-end projectors with high visual quality (1080p) providing better visuals, built-in computers and touchscreen, premium turf and audio. These simulators use our TruFlight 2 ceiling mounted Launch Monitor that captures club and ball data for both right-handed and left-handed golfers. Utilizing three cameras, the TruFlight 2 system captures club and ball data simultaneously, for considerable accuracy, allowing users to shape their shots akin to how they would outdoors. *Below are images of our Signature (left) and Premium (right) indoor golf simulators.*



Commercial – We offer commercial software and hardware solutions, working with our commercial customers to help design their facilities and find the right audio/video solutions for their customers. Hardware solutions can include multiple simulators of varying sizes, as well as arcade-style games. Software solutions include a Product Launcher that prevents a user from accessing the PC interface, while making game selection and launching easier, a Clubhouse solution that allows clients to host and manage tournaments, and commercial administration tools to manage multiple simulators from one networked PC.

Custom – We also offer custom indoor golf simulation products which can be designed for everything from luxury-residential applications to high volume commercial usage facilities. The customized products, with installation, may cost anywhere between $10,000 and $100,000, depending on the size, design, nature and volume of usage. We consult with clients on a design we can build from spec and then work with the customers' contractors, through an installation supervisor, to install, calibrate and train customers on the use of their custom simulators. Historically we have completed most installations ourselves but have recently outsourced approximately 30% to third-party installers. *Below is an example of a custom installation.*



Leading our hardware offering is our Apogee. Many competitors use mobile launch monitors that must be set on the floor behind, or to the side of a golfer, leaving them prone to being kicked or bumped, often requiring a re-calibration and creating a generally unstable and unpredictable solution. Our launch monitor was designed from its inception to provide not only a highly accurate swing analysis and realistic golfing experience, but also an easy solution to install, play, and maintain, for indoor golf. The accuracy of Apogee is created through features like our patent-pending club path measurement, stereoscopic resolution optimized camera system, and instant impact ball launch ("Instant Impact") to digital display response. An equally vital ingredient to an accurate golf experience comes from our "Instant Impact Replay," an in-game scrubbable video replay allowing users of any skill level to see exactly what their club did, including positive aspects and flaws, in order to achieve the ball path and spin portrayed on screen creating the ability to give instructions to users.

Another component of our hardware which we believe provides us with a competitive advantage is based on ease-of-use, which begins with auto-calibration, and includes everyday usability, along with general troubleshooting and maintenance. Our hardware's installation is simple, beginning with a proprietary mounting bracket that a layperson can drill in their ceiling or on a standard projector mount, then the Apogee device, which weighs less than 30 pounds and can easily be inserted onto rails securely holding the device to the bracket. Once the hardware is in place, the user places a piece of paper on the ground under the device and pushes a button to begin the auto-calibration. What historically took approximately 20 to 30 minutes on our TruFlight system (which is still used in our portable systems) can now be accomplished in less than five minutes. This auto-calibration function continues throughout the play on the system, as every time a player places a golf ball in the impact zone, there is rapid calibration verification, again ensuring easy and accurate maintenance.

In the game of golf there is a concept known as Pace of Play ("POP"). A normal 18-hole outdoor game of golf takes approximately three hours; such POP can be reduced to one hour indoors. We help our users reduce this time even more by use of our proprietary "Laser Launchpad," which has a faster setup, and not only indicated where a user should place the ball to ensure successful swing capture but also turns off as soon as the ball is placed correctly and the software is ready to go, preventing a player from taking their eye off the ball to look at the screen to verify preparedness. This increases POP and also increases the authenticity of the player experience by avoiding doubts as to whether or not the system is ready and instead allowing a player to focus on their swing. The second innovative element in our product affecting POP is our Instant Impact ball flight processing system (as discussed above). Additionally, our proprietary on-board Apogee Voice Accelerator reduces POP by enabling players to avoid using a mouse or touchscreen and allowing them to simply use their voice to execute the most common functions including taking a Mulligan, making club changes, effecting lateral pin adjustments, observing swing analysis, and making environmental adjustments, such as time of day and cloud cover.

By providing our own Apogee launch monitor, we expect to be able to unlock exclusive features in the forthcoming version of our E6 Connect software, including dynamic course visuals, robust club path, ball reaction analysis, and visual enhancements, leveraging augmented reality and artificial intelligence breakthroughs.

Multi-Sport – We also offer a separate hardware device which allows users to play multiple games known as "Multi-Sport". This allows users to play soccer, football, hockey, frisbee and Frisbee golf, zombie dodgeball and light gun target games through our hardware. These games are arcade-style mini games with fun simple challenges designed for any age or ability level. This allows users of our hardware to purchase this additional hardware that goes with our golf simulators and offers different games for their customers.

Software

We pair our hardware with our internally developed E6 Connect and E6 Apex software, which may also be purchased separately. We believe that E6 Apex is the highest-quality, most lifelike and customizable golf simulator software ever created. It can be used with launch monitors to teach or train users on the driving range, to compete in leagues and online events at a commercial facility, or to just play fun indoor golf games at home with friends and family.

Our E6 Connect and E6 Apex software offers traditional modes of play like: Stroke, Scramble, Best Ball, Stableford, and Match Play. In addition, we offer exciting mini games like Closest to the Pin, Demolition Driving Range, Long Drive, Blackout, Horse, and 301. We also have a Clubhouse Module designed to help run leagues and indoor facilities. The remote web-application lets users create leagues or events while checking on the usage statistics of that simulator. Another powerful solution provided by E6 Connect is a web-enabled second screen data analytics performance portal enabling individual players to make the most of their longitudinal data.

Additionally, we have recognized that since golf is not the only sport of interest, and we have leveraged the power of our hardware and software platform to create a collection of multi-sport games, we have found that not only does this drive family-friendly value for residential installs but dramatically expands the target audiences for commercial facilities.

The E6 Apex software, with the use of a powerful new graphics engine, allows us to recreate photo-realistic, and accurate recreations of actual-world golf courses. The dramatic elements that bring these courses to life include: animated wildlife, trees, flowers and bushes that move in the wind and change with the seasons, dynamic time of day changes, including sun position, procedural shadows, cloud interaction with 3-D panoramic landscapes, and the resulting array of stunning lighting effects on some of the most beautiful golf courses in the world. We strive to provide pixel accurate versions of the golf courses we offer, including accuracy of within 2 inches on the fairways, and 2 centimeters on the greens. We have found that this level of accuracy enables golfers to become familiar with every hole and hazard on the course and also unlocks our true handicapping system that can bridge the gap between indoor and outdoor play. This is something that lower quality, lower price point, fantasy simulator solutions do not provide.

Our proprietary physics and gaming engine, developed through four decades of continuous innovation, research, and collaboration with golfers, represents a foundational element of our technology platform. This advanced engine delivers highly precise ball flight, bounce, roll, and object collision dynamics, all of which can be influenced by a range of customizable environmental factors, including elevation, humidity, and wind conditions. These sophisticated simulations are further enhanced through integration with our swing analysis technology, enabling users to access critical performance data and advanced video replay capabilities via our Apogee system. This feature provides users with real-time, on-demand visual feedback for every swing, offering unparalleled insight into swing mechanics and outcomes — functionality that is fully integrated throughout the E6 Connect and E6 Apex platforms and is unmatched by competitors.

In addition to building our E6 Connect and/or E6 Apex software into each of our hardware offerings, we also sell our E6 Software directly to customers and provide our competitors with authorized resale options of our E6 Software. E6 Connect is available for PC and iOS Users. E6 Connect offers more than 100 world-class golf courses, four driving ranges, and numerous mini-games.

Plans for Future Operations

Expansion into Franchises

Moving forward, we plan to franchise the right to build and create indoor golf entertainment venues, including customized golf hardware and software (i.e. golfing bays and golf range bays), and the option to purchase food and beverages. We currently plan to sell branded and non-branded merchandise at these future locations, and allow for large group events, coaching, data driven club sales, and “gamified” tournaments. We have already built a proprietary bay booking and food and beverage ordering app for use from our future commercial and franchise operators.

We believe that one of the benefits of our indoor golf franchises will be the reduced space and infrastructure required to create such facilities, which we anticipate being as small as 5,000 square feet and as large as 32,000 square feet and requiring relatively minimal infrastructure and buildouts other than our custom indoor golf hardware. This is as compared to stand-alone driving ranges or golf courses which cost significantly more to build and implement and require a substantial amount of infrastructure and land.

We anticipate that future franchise locations will also operate as authorized resellers, featuring showroom spaces where prospective customers can experience our hardware and software offerings. Under this model, franchisees would receive commissions on all related hardware and software sales originating from their locations. A key component of our planned franchise program, which we believe will have a significant impact on the financial viability of individual franchises, is a pre-sales requirement designed to ensure profitability prior to the commencement of operations. Specifically, franchisees will be required to secure a minimum level of monthly recurring subscriber revenue sufficient to cover anticipated operating expenses for a defined period. We believe this approach will position each franchise location for profitability upon launch and mitigate the risk of unsuccessful or underperforming franchise operations.

Virtual Golf Association

Our Virtual Golf Association ("VGA") is designed to leverage our extensive experience in networked gameplay and online golf simulations to establish a scalable digital golf platform, including future integration with emerging metaverse technologies. The VGA will serve as the governing body for digital golf events hosted within the E6 Connect ecosystem, facilitating global participation in competitive and recreational formats. Through the VGA, users will have the ability to engage in virtual golf experiences with other players worldwide, compete head-to-head, and challenge historical scoring data from professional golfers on real-world golf courses.

Planned VGA events are expected to include a range of competitions such as VGA tour events, professional esports golf tournaments, intercollegiate simulator championships, and American Junior Golf Association-sanctioned events. The VGA will operate under a structured point-based system modeled after the PGA Tour's FedEx Cup, whereby players accumulate points through event participation and performance-based outcomes. Leading point earners will qualify for a VGA Tour Championship at the conclusion of each competitive season.

The foundational infrastructure for VGA events is currently operational, with various formats—including stroke play, long drive, and closest-to-the-pin contests—available to our network of over 350,000 E6 Connect users. Future development phases will focus on formalizing a comprehensive VGA season framework that tracks cumulative points across multiple events and implementing a comparative performance dashboard to enhance user engagement and competitive transparency.

Data Analysis

We intend to leverage the extensive swing data we have been collecting through our E6 software platform since 2017, encompassing personal performance baselines, improvement metrics, and longitudinal analysis. We believe this substantial dataset offers significant value to users, equipment manufacturers, and other industry stakeholders by providing insights into performance trends, consumer behavior, purchasing intent, and geographic patterns within a highly engaged and affluent user base.

We are currently engaged in preliminary discussions with a third party regarding potential opportunities to monetize this data; however, as of the date of this filing, no definitive agreements have been reached.

Sales Overview

Our sales operations are centralized at our corporate headquarters in Centerville, Utah. The internal sales team is responsible for managing both individual customer relationships and consulting with commercial facilities through a structured, territory-based system. The United States is divided into defined sales territories, enabling each representative to focus on building and maintaining a network of key relationships within their assigned regions.

In addition to managing their territories, each sales representative is assigned one or two national channel partners with whom they collaborate to cultivate strategic relationships that generate new business opportunities. These partnerships complement leads generated through our marketing initiatives and are aligned with industries and markets that are strategically relevant to our product offerings.

We intend to leverage these partnerships to support our long-term growth strategy, including expansion into international markets. Targeted sectors for sales growth include residential home construction, golf courses (both pro shops and private clubs), audio/visual integration firms, commercial real estate (including office spaces and shopping centers), government entities, educational institutions and municipalities, large national accounts (such as chain and warehouse retailers), and national entertainment and recreational centers.

In addition to our internal sales operations, we maintain a longstanding network of resellers spanning multiple international regions, including Europe, Australia, and Africa. Recently, we entered into a joint venture agreement to expand our presence in Asia. To date there has been no funding or activity on our side with regards to the joint venture. Domestically, we have an established reseller network across the United States and Canada, as well as a limited but developing presence in Latin America. This global reseller network has been cultivated over the past decade, and we remain committed to strengthening and expanding these relationships.

As part of our growth strategy, dependent on our receipt of new capital, we intend to work toward the establishment of a TruGolf regional office serving Europe, the Middle East, and Africa (EMEA). This initiative is designed to facilitate our transition from a traditional reseller model to a more structured network of exclusive distributor partnerships within these key international markets.

Growth Strategy

The Company is currently utilizing available funding to support the ongoing development and production of its software and hardware product lines. Sales are anticipated to increase as new generations of the Company's software and hardware are brought to market. Additionally, the Company has allocated funding toward the expansion of the Company's manufacturing capabilities at its facility located in Salt Lake City, Utah.

At present, approximately 80% of the Company's marketing and sales efforts are directed toward lead generation through a variety of channels, including search engine optimization (SEO), pay-per-click (PPC) advertising, organic and paid social media campaigns, and public relations efforts, including earned media and celebrity endorsements. Any cash on hand is expected to be used to enhance and expand these initiatives, with a particular focus on increasing the Company's presence and reach across social media platforms. Marketing plans will be strategically tailored to each product and service within the Company's portfolio and will evolve in alignment with available resources and the Company's ongoing growth.

Our primary objective is to drive engagement, advocacy, and sales of our product portfolio, with an initial focus on expanding our Apogee hardware rollout and reinforcing our software's market penetration, while also continuing to roll out our planned franchise offering, the VGA and working to monetize our swing and other data.

Our secondary marketing objective is to increase overall awareness and reputation of our collective products and brand in each vertical to drive consumer preference and adoption.

Our primary target market consists of males over the age of 34; however, additional market segments, including females, young adults, and individuals new to the sport of golf, represent emerging and growing areas of opportunity for the Company's products and services.

We continue to use blogs and social media to bolster our brand image, create more domain authority, and drive more organic traffic through our websites. We also hope that blogs and social media posts will funnel new users into our digital retargeting campaigns and will be used as a source to supply new newsletter subscriptions.

We also offer promotional giveaways to drive subscribers to our blog and social media offerings, grow and replenish email lists, increase website traffic, and drive brand awareness.

Plan of Operations

The Company's strategic plan focuses on the extensive promotion of its hardware device, Apogee, while aligning marketing, sales, manufacturing, installation, and service operations to effectively manage customer demand and address challenges commonly associated with new product launches. In parallel, the Company continues to optimize its service and installation teams through organizational realignment and the allocation of additional resources to manage seasonal fluctuations in workload.

Furthermore, the Company is actively implementing new marketing initiatives, including the launch of a redesigned website, expanded paid social media campaigns, ongoing public relations initiatives, and the engagement of new brand ambassadors. Notably, the Company has partnered with former Dallas Cowboys football players Ezekiel Elliott and Brice Butler to enhance brand visibility and market reach.

While continuing to focus on the roll out of Apogee, supported by increased marketing budgets and expanded sales channels, including international markets, the Company has also introduced its newest software platform, E6 Apex. As part of its international growth strategy, the Company plans to open a regional office serving EMEA, formalize two additional international distributor partnerships, and establish its newly announced joint venture office in Asia.

In addition, the Company plans to launch a series of new VGA online tournaments in collaboration with new strategic partners, with onboarding efforts for these partners currently underway. The Company has also formally launched E6 Apex, representing a significant advancement in its software offerings, and announced the upcoming release of several new products, including the next generation of Apogee, the Mini Trainer, and portable frame systems designed to support Apogee units. Concurrently, the Company has begun the process of phasing out legacy launch monitor products, such as TruTrack and TruFlight, as part of its broader product modernization strategy.

Historically, the fourth quarter represents the Company's strongest sales period, driven by holiday-related purchases and increased demand from golfers preparing for the off-season. As a result, the Company's marketing and sales initiatives are significantly expanded during this period, along with corresponding increases in manufacturing, logistics, installation, and customer service activities to support heightened demand.

Additionally, the first quarter of each fiscal year is typically a critical extension of this busy season, as the Company focuses on fulfilling previously booked orders, ramping up installations, and completing training programs for distributors to support ongoing sales growth and collections activities.

Competition

The Company operates in a highly competitive market, with numerous competitors offering both hardware and, in some cases, reselling the Company's E6 software. Key competitors include Trackman, FullSwing, Foresight, GolfZon, Uneekor, Garmin, FlightScope, SkyTrak, and Voice Caddie.

These competitors can generally be divided into two primary categories:

1. Indoor or Fixed Launch Monitors: This category includes products from Uneekor, FullSwing, FlightScope, and Foresight, which are typically sold through resellers that also provide the necessary complementary components, such as turf, frames, screens, and other required technology to operate the launch monitors. These fully integrated solutions generally range in price from approximately $10,000 to $50,000.

2. Indoor/Outdoor or Portable Launch Monitors: This category comprises devices that can be positioned on the ground, either behind or to the side of the golfer, for use in both indoor and outdoor settings, such as driving ranges or golf courses. Competitors offering products in this segment include Trackman, FullSwing, FlightScope, Foresight, Garmin, and Voice Caddie. These standalone devices are typically priced between $600 and $20,000.

Among these competitors, Trackman, GolfZon, Uneekor, and FullSwing have also introduced their own proprietary software solutions, which are sold separately from hardware. These providers typically charge additional fees for software access, ranging from approximately $300 to $5,000, with most fees structured as annual recurring subscriptions.

In addition, there are several software-only competitors, including GSPro, The Golf Club, and World Golf Tour, which focus solely on virtual golf software and generally offer annual subscription models priced between approximately $200 and $1,000.

Our Competitive Strengths

TruGolf believes it possesses significant competitive advantages in both technology and industry expertise when compared to other market participants. The Company's executive leadership team brings extensive experience in the software sector, including backgrounds with major firms such as Microsoft and Access Software.

The Company's flagship software, E6 Connect, has emerged as a leading golf simulation operating system and is widely compatible for use with nearly every major launch monitor available in the marketplace. Having developed and sold golf simulation software for nearly 40 years, TruGolf's longstanding presence and expertise in this domain represent one of its most significant competitive advantages. This broad compatibility of E6 Connect also enhances the reach and impact of the Company's Virtual Golf Association (VGA), providing a competitive edge over hardware-only providers.

Additionally, TruGolf has been engaged in the design, manufacturing, and sale of proprietary hardware for over 20 years, allowing the Company to offer fully integrated hardware and software solutions. This combination strengthens TruGolf's position in the marketplace, particularly as hardware and software bundles become increasingly important to customers.

Recent upgrades to the Company's manufacturing facilities and the establishment of new corporate offices are expected to further enhance production capabilities and operational efficiency in delivering golf simulator products. Moreover, TruGolf has cultivated strong, longstanding relationships with leading institutions and suppliers worldwide, further supporting its competitive position and ability to scale.

Seasonality

The Company's operations are subject to inherent seasonality, as its products are designed to enable golfers to play indoors when outdoor conditions are unfavorable due to inclement weather, particularly during winter months in regions such as the Midwest, Northeast, and Northwest areas of the United States. As a result, the Company has historically experienced increased product usage and higher sales volumes during the first and fourth quarters of each fiscal year.

In response to these seasonal demand patterns, the Company typically increases its marketing, sales, and customer service activities during the third and fourth quarters, while expanding production, logistics, and installation operations in the first quarter to fulfill heightened demand.

The Company expects these seasonal trends to continue in future periods, notwithstanding occasional internal delays related to new product launches, such as Apogee, or broader non-seasonal economic factors that may arise. The Company's expectation that first and fourth quarter seasonality will remain consistent is based on the persistent cold and wet weather patterns that affect large geographic areas across North America, Europe, and Asia.

Government Regulation

The Company is subject to a broad range of U.S. federal, state, and foreign laws and regulations, many of which are evolving and continue to be tested in courts. These laws and regulations may be interpreted in ways that could adversely impact the Company's business and operations. Key areas of regulation include, but are not limited to, user privacy, data protection, consumer information privacy, and laws governing unfair and deceptive trade practices.

U.S. federal and state laws and regulations, some of which may be enforced by both governmental agencies and private parties, are constantly evolving and subject to significant change. The application, interpretation, and enforcement of these legal requirements are often uncertain, particularly given the emerging and rapidly evolving nature of the industries in which the Company operates. Additionally, these laws and regulations may be applied inconsistently across different jurisdictions and may not align with the Company's current policies and practices.

The Company's sales of golf simulators and related products are subject to oversight and regulation by various entities, including the Federal Trade Commission (FTC) and the Consumer Product Safety Commission (CPSC), as well as other federal, state, local, and foreign regulatory authorities. These laws primarily govern product labeling, advertising, marketing, manufacturing, safety, shipment, and disposal. Furthermore, because certain components used in the Company's products are imported, the Company is subject to import regulations and international trade laws.

In addition to the foregoing, the Company is subject to other regulatory regimes, including environmental laws, employment regulations, privacy and cybersecurity laws, environmental health and safety regulations, licensing and operational requirements, the Foreign Corrupt Practices Act (FCPA), and similar anti-bribery and anti-kickback laws. The adoption of new laws and regulations, or new interpretations of existing laws, could materially impact the Company's operations and compliance requirements.

To date, the costs of compliance with applicable laws and regulations have not had a material adverse effect on the Company's operations, and the Company believes it is in substantial compliance with all current legal and regulatory requirements. However, given the nature of the Company's operations and the continually evolving regulatory landscape, the Company cannot predict with certainty whether future material capital expenditures or operating costs will be required to maintain compliance with applicable regulations.

Intellectual Property

The Company regards its trademarks, service marks, copyrights, patents, domain names, trade dress, trade secrets, proprietary technologies, and other forms of intellectual property as critical assets essential to its success. To protect these assets, the Company relies on a combination of trademark, copyright, and patent laws, as well as trade secret protections and confidentiality and/or license agreements with employees, customers, partners, and other third parties. The Company owns an issued U.S. patent which is expected to remain in force until 2038, and several pending patent applications that may ultimately be issued and would expire between 2042 and 2045. The Company has also registered or applied for registration of various U.S. domain names, trademarks, service marks, and copyrights.

However, effective protection of trademarks, service marks, copyrights, patents, and trade secrets may not be available in every jurisdiction where the Company's products are offered. The Company has previously licensed, and may continue to license in the future, certain proprietary rights—such as trademarks and copyrighted materials—to third parties. Although the Company seeks to maintain brand quality through such licenses, there is no assurance that licensees will not engage in conduct that could materially and adversely affect the value of the Company's intellectual property or reputation, which may, in turn, have a material adverse effect on the Company's business, prospects, financial condition, and results of operations.

Further, there can be no assurance that the steps taken by the Company to protect its proprietary rights will be sufficient or that third parties will not infringe upon or misappropriate its copyrights, trademarks, patents, trade dress, or similar proprietary rights. Additionally, other parties may assert claims of intellectual property infringement against the Company. The Company has been subject to such claims in the past and expects that it may face similar legal proceedings and claims in the ordinary course of business, including allegations that the Company or its licensees have infringed upon the trademarks or other intellectual property rights of third parties. Even claims that are without merit could result in the expenditure of significant financial and managerial resources, potentially impacting the Company's operations and reputation.

Human Resources

We currently employ approximately 72 employees of which 71 are full-time and one is part-time, many of which started working remotely due to COVID-19 and continue to work remotely. In addition to the marketing and sales outlined above, we complete all product development of both hardware and software in house, including some light manufacturing and assembly, simulator installations, customer service, and logistics.

Facilities

The Company currently leases two facilities to support its operations. The primary facility, located in Centerville, Utah, houses offices for more than half of the Company's staff, along with space for research and development, manufacturing, assembly, returns, and repairs. All proprietary hardware is assembled at this facility, with additional components, such as frames, fabric for simulator bays, turf, foam, and other technology, sourced from local and domestic suppliers.

The second facility, located in North Salt Lake, Utah, provides office space for the remainder of the Company's staff, and serves as the primary location for finished goods inventory and logistics operations, including storage of assembled simulators.

The Company leases 19,381 square feet from Boulder Properties LLC under a three-year lease agreement entered into in December 2022. The lease initially covers a period of one year, with an option to extend for an additional two years. The monthly rent for the first year was $20,343, increasing to $24,615 per month in the third year. Additionally, the Company is responsible for its proportionate share of operating costs, currently approximating $3,000 per month. This lease also includes add-on finish work to accommodate the Company's operational needs, including office space, research and development, and manufacturing and assembly functions.

In June 2023, the Company entered into a five-year triple net lease for approximately 13,000 square feet in North Salt Lake, Utah. This facility supports the customer support team and provides storage for assembled simulators. The first-year monthly rent under this lease was $10,457, with an agreed annual escalation of three percent in subsequent years.

Legal Proceedings

From time to time, the Company may become involved in legal proceedings or be subject to claims arising in the ordinary course of business. As of the date of this filing, the Company is not a party to any legal proceedings that, in the opinion of management, if determined adversely, would individually or in the aggregate have a material adverse effect on the Company's business, operating results, financial condition, or cash flows.

Insurance

The Company maintains an insurance policy that provides customary coverage and protections, including professional liability, general liability, employee benefits liability, and coverage against claims related to technology products and services, as well as cybersecurity risks. The policy also includes product liability coverage, which extends to claims arising from technology-related issues, such as customer data breaches, copyright infringement, misrepresentation, and fraud, as well as claims associated with physical products and services sold through the Company's website.

Available Information

Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, our proxy and information statements and all amendments to those reports will be available free of charge through our website at www.trugolf.com.com as soon as practicable after such material is electronically filed with, or furnished to, the SEC. Except as otherwise stated in these documents, the information contained on our website or available by hyperlink from our website is not incorporated by reference into this report or any other documents we file, with or furnish to, the SEC.

Implications of Being an Emerging Growth Company

We qualify as an "emerging growth company" as the term is used in The Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"), and therefore, we may take advantage of certain exemptions from various public company reporting requirements, including:

- a requirement to only have two years of audited financial statements and only two years of related selected financial data and management's discussion and analysis;
- - exemption from the auditor attestation requirement on the effectiveness of our internal controls over financial reporting;
- reduced disclosure obligations regarding executive compensation; and
- exemptions from the requirements of holding a nonbinding advisory stockholder vote on executive compensation and any golden parachute payments.

We may take advantage of these provisions for up to five years or such earlier time that we are no longer an emerging growth company. We would cease to be an emerging growth company if we have more than $1.235 billion in annual revenue, have more than $700.0 million in market value of our capital stock held by non-affiliates or issue more than $1.0 billion of non-convertible debt over a three-year period. So long as we remain an emerging growth company, we may choose to take advantage of some, but not all, of the available benefits of the JOBS Act. We have taken advantage of some of the reduced reporting requirements in our filings. Accordingly, the information contained herein may be different than the information you receive from other public companies in which you hold stock. In addition, the JOBS Act provides that an emerging growth company can delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have elected to avail ourselves of this exemption from new or revised accounting standards and, therefore, we will not be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies.

ITEM 1A. RISK FACTORS

An investment in our common stock involves a number of very significant risks. Readers of this Annual Report on Form 10-K should carefully consider the following risks and uncertainties in addition to other information in this Annual Report on Form 10-K in evaluating our company and its business before purchasing shares of our common stock. Our business, operating results and financial condition could be seriously harmed due to any of the following risks. An investor in our common stock could lose all or part of their investment due to any of these risks.

Risks Related to Our Business and Industry

We depend on the strength of our brands.

We expect to derive substantially all of our sales from sales of branded products and services we own. The reputation and integrity of our brands are essential to the success of our business. We believe that our consumers value the status and reputation of brands we promote, and the superior quality, performance, functionality and durability that our brands represent. Building, maintaining and enhancing the status and reputation of our brands' image is important to expanding our consumer base. Our continued success and growth depend on our ability to protect and promote our brands, which, in turn, depends on factors such as quality, performance, functionality and durability of our products and services, our communication activities, including advertising and public relations, and our management of the consumer experience, including direct interfaces through customer service and warranty repairs. We may decide to make substantial investments in these areas in order to maintain and enhance our brand, and such investments may not be successful.

Additionally, in order to expand our reach, we engage with third-party distributors. To the extent those third-party distributors fail to comply with our operating guidelines, we may not be successful in protecting our brand image. Product defects, product recalls, counterfeit products and ineffective marketing are among the potential threats to the strength of our brands and to protect our brands' status we may need to make substantial expenditures to mitigate the impact of such threats.

Moreover, if we fail to continue to innovate to ensure that our products are deemed to achieve superior levels of function, quality and design, or to otherwise be sufficiently distinguishable from our competitors' products, or if we fail to manage the growth of our on-line sales in a way that protects the high-end nature of our brands, the value of our brands may be diluted, and we may not be able to maintain our premium position and pricing or sales volumes, which could adversely affect our financial performance and business. We believe that maintaining and enhancing our brands' image in new markets where we have limited brand recognition is important to expanding our consumer base. It we are unable to maintain or enhance our brands in new markets, then our growth strategy could be adversely affected.

We will need to raise capital in order to realize our business plan and growth strategy, the failure of which could adversely impact our operations.

Our growth strategy is based upon increasing the number of our clients and our consolidated revenue by making successful acquisitions and integrating businesses that provide comparable or complementary cyber security services. As of December 31, 2024, our business was not profitable. Without adequate funding, a significant increase in revenue, and satisfaction of our outstanding payables, we may not be able to achieve profitability in the existing lines of business and attract further capital. As of April 14, 2025, we had available cash resources of approximately $9,000,000.

We expect to continue to finance our operations with available net operating cash flows and will need to raise additional capital in the future by issuing equity or other forms of securities, which could significantly reduce the percentage ownership of our existing stockholders and substantially dilute the equity of purchasers of our common stock in this offering. Furthermore, any newly issued securities could have rights, preferences, and privileges senior to those of our existing common stock and may have a dilutive impact on the ownership interest of existing stockholders.

We may have difficulty obtaining additional funds as and when needed, and we may have to accept terms that would adversely affect our stockholders. In addition, any adverse conditions in the credit and equity markets may adversely affect our ability to raise funds when needed. Any failure to achieve adequate funding will delay our research & development and manufacturing efforts and could lead to difficulty in satisfying outstanding orders of our hardware and software, as well as prevent us from responding to competitive pressures or taking advantage of unanticipated acquisition opportunities. Any additional equity financing will likely be dilutive to stockholders, and certain types of equity financing, if available, may involve restrictive covenants or other provisions that would limit how we conduct our business or finance our operations.

The cost of raw materials, labor and freight could lead to an increase in our cost of sales and cause our results of operations to suffer.

Increasing costs for raw materials, labor or freight could make our sourcing processes more costly and negatively affect our gross margin and profitability. Wage and price inflation in our source countries could cause unanticipated price increases, which may be significant. Energy costs have fluctuated dramatically in the past and may fluctuate in the future. Rising energy costs may increase our costs of transporting our products for distribution and the costs of products we source from our independent suppliers. Our independent suppliers may attempt to pass their increased costs on to us, and our relationships with them may be harmed or lost if we refuse to pay such increases, which could lead to product shortages. If we pay such increases, we may not be able to offset them through increases in our pricing and other means, which could adversely affect our ability to maintain our targeted gross margins. If we attempt to pass the increases on to the consumers, our sales may be adversely affected.

Our international operations involve inherent risks which could result in harm to our business.

As we expand our business internationally a larger volume of our products will begin to be sold outside of the U.S. Accordingly, we are subject to the risks generally associated with global trade and doing business abroad, which include foreign laws and regulations, varying consumer preferences across geographic regions, political unrest, disruptions or delays in cross-border shipments and changes in economic conditions and countries in which our products are sold. This includes, for example, the uncertainty surrounding the effect of Brexit, including changes to the legal and regulatory framework that apply to the United Kingdom and its relationship with the European Union, as well as new and proposed changes affecting tax laws and trade policy in the U.S. and elsewhere as further described in other risks in this section. The U.S. presidential administration has indicated a focus on policy reforms that discourage U.S. corporations from outsourcing manufacturing and production activities to foreign jurisdictions, including tariffs or penalties on goods manufactured outside the U.S., which may require us to change the way we conduct business and adversely affect our results of operations.

We rely heavily on supply chain reliability and predictability and continued disruption in our supply chain could have a material adverse impact on operations.

We rely heavily on supply chain reliability and predictability in producing, transporting and delivering our products. The COVID-19 pandemic, Ukraine war, the Israel-Hamas war, inflationary trends, shifts in consumer purchasing patterns, availability of transport, labor shortages in the shipping, trucking, and warehousing industries, port strikes, infrastructure congestion, equipment shortages and other factors have all contributed to delivery delays, greater costs and uncertainty in arranging and scheduling transport of our products. If we are unable to reliably and consistently arrange shipment and storage of our products, we may be unable to ship, deliver and store our products in which case, we will have to reverse sales and issue refunds to purchasers of our products. Changes in U.S. and international trade policies, including to import and export tariffs and trade policy agreements, to address supply chain issues or otherwise could also have a significant impact on our activities both in the United States and internationally. Supply chain disruptions and adverse consequences from aggressive trade policies could have a material adverse impact on our profitability and financial performance.

We face risks associated with operating in international markets.

We operate in a global marketplace and international sales growth is a key element of our growth strategy. We are subject to risks associated with our international operations, including but not limited to:

- Foreign currency exchange rates;
- Economic or governmental instability in foreign markets in which we operate or in those countries from which we source our merchandise;
- Unexpected changes in laws, regulatory requirements, taxes or trade laws;
- Increases in the cost of transporting goods globally;
- Acts of war, terrorist attacks, outbreaks of contagious disease and other events over which we have no control; and
- Changes in foreign or domestic legal and regulatory requirements resulting in the imposition of new or more onerous trade restrictions, tariffs, duties, taxes, embargoes, exchange or other government controls.

Any of these risks could have an adverse impact on our results of operations, financial position or growth strategy. Furthermore, some of our international operations are conducted in parts of the world that experience corruption to some degree. Our employees and resellers could take actions that violate applicable anti-corruption laws and regulations. Violations of these laws, or allegations of such violations, could have an adverse impact on our reputation, our results of operations or our financial position.

Foreign exchange movements may also negatively affect the relative purchasing power of consumers and their willingness to purchase discretionary premium goods, such as our products, which would adversely affect our net sales. We do not currently use the derivative markets to hedge foreign currency fluctuations.

If we are unable to respond effectively to changes in market trends and consumer preferences, our market share, net sales and profitability could be adversely affected.

The success of our business depends on our ability to identify the key product and market trends and bring products to market in a timely manner that satisfy the current preferences of a broad range of consumers (either by enhancing existing products or by developing new product offerings). Consumer preferences differ across and within different parts of the world, and shift over time in response to changing aesthetics and economic circumstances. We believe that our success in developing products that are innovative and that meet our consumers' functional needs is an important factor in our image as a premium brand, and in our ability to charge premium prices. We may not be able to anticipate or respond to changes in consumer preferences, and, even if we do anticipate and respond to such changes, we may not be able to bring to market in a timely manner enhanced or new products that meet these changing preferences. If we fail to anticipate or respond to changes in consumer preferences or fail to bring products to market in a timely manner that satisfy new preferences, our market share and our net sales and profitability could be adversely affected.

We may be unable to appeal to new consumers while maintaining the loyalty of our core consumers.

Part of our growth strategy is to introduce new consumers, including female and young consumers, to our brands. If we are unable to attract new consumers, including female and young consumers, our business and results of operations may be adversely affected as our core consumers' age increases and purchasing frequency decrease. Initiatives and strategies intended to position our brand appeal to new, female and young consumers may not appeal to our core consumers and may diminish the appeal of our brand to our core consumers, resulting in reduced core consumer loyalty. If we are unable to successfully appeal to new, female and young consumers while maintaining our brand's image with our core consumers, then our net sales and our brand image may be adversely affected.

We depend on existing members of management and key employees to implement key elements in our strategy for growth, and the failure to retain them or to attract appropriately qualified new personnel could affect our ability to implement our growth strategy successfully.

The successful implementation of our growth strategy depends in part on our ability to retain our experienced management team and key employees and on our ability to attract appropriately qualified new personnel. For instance, our chief executive officer has extensive experience running and developing golf simulation software. The loss of any key member of our management team or other key employees could hinder or delay our ability to implement our growth strategy effectively. Further, if we are unable to attract appropriately qualified new personnel, including a chief financial officer, we may not be successful in implementing our growth strategy. In either instance, our profitability and financial performance could be adversely affected.

We do not employ traditional advertising channels, and if we fail to adequately market our brand through product introductions and other means of promotion, our business could be adversely affected.

Our marketing strategy depends on our ability to promote our brand's message using online advertising and social media, and possibly the use of newspapers and magazines to promote new product introductions in a cost-effective manner. We do not employ traditional advertising channels such as billboards, television and radio. If our marketing efforts are not successful at attracting new consumers and increasing purchasing frequency by our existing consumers, there may be no cost-effective marketing channels available to us for the promotion of our brand. If we increase our spending on advertising, or initiate spending on traditional advertising, our expenses will rise, and our advertising efforts may not be successful. In addition, if we are unable to successfully and cost-effectively employ advertising channels to promote our brand to new consumers and new markets, our growth strategy may be adversely affected.

We rely significantly on information technology to operate our business. Any significant security breach of our confidential information of our customers, applications, technology, networks, or other systems critical to our operations, or failure to comply with privacy and security laws and regulations could damage our reputation, brands and business.

We are heavily dependent on information technology systems and networks, including the Internet and third-party services ("Information Technology Systems"), across our supply chain, including product design, production, forecasting, ordering, manufacturing, transportation, sales and distribution, as well as processing financial information for external and internal reporting purposes, operations and other business activities. Information Technology Systems are critical to many of our operating activities and our business processes, and they may be negatively impacted by any service interruption or shutdown. For example, our ability to effectively manage and maintain our inventory, manufacture, and ship products to customers on a timely basis depends significantly on the reliability of these Information Technology Systems. We rely on a third-party systems provider to manage all our company data and transactions, record our financial transactions and manage our operations. The failure of these systems to operate effectively, including s a result of security breaches, viruses, hackers, malware, natural disasters, vendor business interruptions or other causes, or failure to properly maintain, protect, repair or upgrade systems, or problems with transitioning to upgraded or replacement systems could cause delays in product fulfillment and reduced efficiency of our operations, could require additional capital to remediate the problem which may not be sufficient to cover all eventualities, and may have an adverse effect on our reputation, results of operations and financial condition.

We also use Information Technology Systems to process financial information and results of operations for internal reporting purposes to comply with regulatory financial reporting, legal and tax requirement. If the Information Technology Systems suffer sever damage, disruption or shutdown and our business continuity plans, or those of our vendors, do not effectively resolve the issues in a timely manner, we could experience delays in reporting our financial results, which could result in lost revenues and profits, as well as reputational damage. Furthermore, we depend on Information Technology Systems and personal data collection for digital marketing, digital commerce, consumer engagement and the marketing and use of our digital products and services. We also rely on our ability to engage in electronic communications throughout the world between and among our employees as well as with other third-parties, including customers, suppliers, vendors and consumers. Any interruption in the Information Technology Systems may impede our ability to engage in the digital space and result in lost revenues, damage to our reputation and loss of consumers.

In connection with various facets of our business, we collect and use a variety of personal data related to our customers. Our failure to prevent security breaches could damage our reputation and brands and substantially harm our business and results of operations. On our website, a majority of the sales are billed to our consumers' credit card accounts directly, orders are shipped to a consumer's address, and consumers log on using their email address. In such transactions, maintaining compete security for the transmission of confidential information on our website, such as consumers' credit card numbers and expiration dates, personal information and billing addresses is essential to maintaining consumer confidence. In addition, we hold certain private information about our consumers, such as their names, addresses, phone numbers and browsing and purchasing records. We rely on encryption and authentication technology licensed from third-parties to effect the secure transmission of confidential information, including credit card numbers. Advances in computer capabilities, new discoveries in the field of cryptography or other developments may result in a compromise or breach of the technology used by us to protect consumer transaction data. In addition, any party who is able to illicitly obtain a user's password could potentially access the user's transaction data or personal information. We may not be able to prevent third-parties, such as hackers or criminal organizations, from stealing information provided by our consumers through our website. In addition, our third-party merchants and delivery service providers may violate their confidentiality obligations and disclose information about our consumers. Any compromise of our security or material violation of a non-disclosure obligation could damage our reputation and brand and expose us to a risk of loss or litigation and possible liability, which could substantially harm our business and results of operations. In addition, anyone who is able to circumvent our security measures could misappropriate proprietary information or cause interruptions in our operations.

Moreover, the platform and applications that we use to operate our business are highly technical and complex and may now or in the future contain undetected errors, bugs, or vulnerabilities. Some errors in our code may only be discovered after the code has been deployed. Any errors, bugs or vulnerabilities discovered in our c ode after deployment, inability to identify the cause or causes of performance problems within an acceptable period of time or difficulty maintaining and improving performance of our platform, particularly during peak usage times, could result in damage to our reputation or brand, loss of revenues, or liability for damages, any of which could adversely affect our business and financial results. To the extent we do not effectively address capacity constraints, upgrade our systems as needed and continually develop our technology and network architecture to accommodate actual and anticipated changes in technology, our business and operating results may be harmed.

Global economic, political and industry conditions constantly change and unfavorable conditions may have a material adverse effect on our business and results of operations.

We are a global company with worldwide operations. Volatile economic, political and market conditions, such as political or economic instability, civil unrest, trade sanctions, acts of terrorism in the regions or hostilities, including the recent conflict between Russia and Ukraine, may have a negative impact on our operating results and our ability to achieve our business objectives. We may not have insight into economic and political trends that could emerge and negatively affect our business. In addition, significant or volatile changes in exchange rates between the U.S. dollar and other currencies may have a material adverse impact upon our liquidity, revenues, costs and operating results.

Our products face intense competition.

We are a sports equipment and technology company delivering products and technologies and the relative popularity of indoor golf and other various sports activities and changing design trends affect the demand of our products. The sports equipment industry and sports-related technology industry are both are highly competitive both in the U.S. and worldwide. We compete domestically and internationally with a significant number of athletic and sports equipment companies and sports-related technology companies, including sports-related technology companies, including large companies having diversified lines of athletic and sports equipment and sports technology products.

Product offerings, technologies, marketing expenditures (including expenditures for advertising and endorsements), pricing, costs of production, customer service, digital commerce platforms and social media presence are areas of intense competition. This, in addition to rapid changes in technology and consumer preferences in the markets for athletic and sports equipment, constitute significant risk factors in our operations. In addition, the competitive nature of retail including shifts in the ways in which consumers are shopping, and the rising trend of digital commerce, constitutes a risk factor implicating our online and wholesale operations. If we do not adequately and timely anticipate and respond to our competitors, our costs may increase or the consumer demand for our products may decline significantly.

We rely on technical innovation and high-quality products to compete in the market for our products.

Research and development play a key role in technical innovation. We rely upon specialists in the fields of electrical and mechanical engineering, industrial design, sustainability and related fields, as well as other experts to develop and test cutting-edge performance products. While we strive to produce products that help to enhance player performance, if we fail to introduce technical innovation in our products, consumer demand for our products could decline, and if we experience problems with the quality of our products, we may incur substantial expenses to remedy the problems.

Failure to continue to obtain or maintain high-quality endorsers of our products could harm our business.

We establish relationships with professional athletes, as well as other public figures such as teaching pros and influencers, to develop, evaluate and promote our products, as well as establish product authenticity with consumers. However, as competition in our industry has increased, the costs associated with establishing and retaining such sponsorships and other relationships have increased. If we are unable to maintain our current associations with professional athletes, or other public figures, or to do so at a reasonable cost, we could lose the high visibility or on-field authenticity associated with our products, and we may be required to modify and substantially increase our marketing investments. Any substantial deterioration in these relationships, or substantial deterioration of our relationship with their talent managers or other key personnel, could adversely affect our business. As a result, our brands, net revenues, expenses and profitability could be harmed. If certain endorsers were to stop using our products contrary to their endorsement agreements, our business could be adversely affected.

Actions taken by athletes or other endorsers, associated with our products that harm the reputations of those athletes or endorsers, could also seriously harm our brand image with consumers and, as a result, could have an adverse effect on our sales and financial condition.

Actions taken by athletes or other endorsers, associated with our products that harm the reputations of those athletes or endorsers, could also seriously harm our brand image with consumers and, as a result, could have an adverse effect on our sales and financial condition. Poor performance by our endorsers, a failure to continue to correctly identify future athletes, public figures or sports organizations, to use and endorse our products or a failure to enter into cost-effective endorsement arrangements with prominent athletes, public figures, and sports organizations could adversely affect our brand, sales and profitability. we are also subject to laws, regulations and industry standards relating to endorsements and influencer marketing. Many of these laws, regulations and industry standards are changing and may be subject to differing interpretations, are costly to comply with or inconsistent among jurisdictions.

Our business may be affected by seasonality, which could result in fluctuations in our operating results.

We expect to experience moderate fluctuations in aggregate sales volume during the year. We expect revenues in the first and fourth fiscal quarters to exceed those in the second and third fiscal quarters. However, the mix of product sales may vary considerably from time to time as a result of changes in seasonal and geographic demand for golf equipment and in connection with the timing of significant sporting events. In addition, our customers may cancel orders, change delivery schedules or change the mix of products ordered with minimal notice. As a result, we may not be able to accurately predict our quarterly sales. Accordingly, our results of operations are likely to fluctuate significantly from period to period. Our operating margins are also sensitive to several additional factors that are beyond our control, including transportation costs, shifts in product sales mix and geographic sales trends, all of which we expect to continue. Results of operations in any period should not be considered indicative of the results to be expected for any future period.

Failure to accurately forecast consumer demand could lead to excess inventories or inventory shortages, which could result in decreased operating margins, reduced cash flows and harm to our business.

There is a risk we may be unable to sell excess products. Inventory levels in excess of customer demand may result in inventory write-downs, and the sale of excess inventory at discounted prices could significantly impair our brand image and have an adverse effect on our operating results, financial condition and cash flows. Conversely, if we underestimate consumer demand for our products or if our suppliers fail to supply products, we require at the time we need them, we may experience inventory shortages. Inventory shortages might delay shipments to customers, negatively impact distributor and consumer relationships and diminish brand loyalty. The difficulty in forecasting demand also makes it difficult to estimate our future results of operations, financial condition and cash flows from period to period. A failure to accurately predict the level of demand of our products could adversely affect our net revenues and net income, and we are unlikely to forecast such effects with any certainty in advance.

If the technology-based systems that give our consumers the ability to shop with us online do not function effectively, our operating results, as well as our ability to grow our digital commerce business globally, could be materially adversely affected.

Many of our customers shop with us through our digital platforms. Increasingly, consumers are using mobile-based devices and applications to shop online with us and with our competitors and to do comparison shopping. We are increasingly using social media and proprietary mobile applications to interact with our consumers and as a means to enhance their shopping experience. Any failure on our part to provide attractive, effective, reliable, user-friendly digital commerce platforms that offer a wide assortment of merchandise with rapid delivery options and that continually meet the changing expectations of online shoppers could place us at a competitive disadvantage result in the loss of digital commerce and other sales, harm our reputation with consumers, have a material adverse impact on the growth of our digital commerce business globally and could have a material adverse impact on our business and operations, some of which are beyond our control, pose risks and uncertainties. Risks include, but are not limited to, credit card fraud or data mismanagement.

Our financial results may be adversely affected if substantial investments in business and operations fail to produce expected returns.

From time to time, we may invest in technology, business infrastructure, new businesses, product offering and manufacturing innovation and expansion of existing businesses, such as our digital commerce operations, which require substantial cash investments and management attention. We believe cost-effective investments are essential to business growth and profitability; however, significant investments are subject to typical risks and uncertainties inherent in developing a new business or expanding an existing business. The failure of any significant investment to provide expected returns or profitability could have a material adverse effect on our financial results and divert management attention from more profitable operations.

Our business is sensitive to consumer spending and general economic conditions.

Our business may be adversely affected by the Ukraine-Russia war and the Israel-Hamas war, as well as macro-economic conditions such as inflation, employment levels, wage and salary levels, trends in consumer confidence and spending, reduction in consumer net worth, interest rates, the availability of consumer credit and taxation and tariff policies which may influence on public spending confidence. Recent dramatic downturns in the strength of the global stock markets, currencies and key economies have highlighted many, if not all, of these risks.

Consumer purchases in general may decline during recessions, periods of prolonged declines in the equity markets or housing markets and periods when disposable income and perceptions of consumer wealth are lower, and these risks may be exacerbated due to our focus on discretionary premium sporting good items. A downturn in the global economy, or in a regional economy in which we have significant sales, could have a material adverse effect on consumer purchases of our products, our results of operations and our financial position, and a downturn adversely affecting our consumer base could have a disproportionate impact on our business.

There continues to be a significant and growing volatility and uncertainty in the global economy, which has gone on during and after the Coronavirus pandemic affecting all business sectors and industries. In addition, the on-going uncertainty in Europe and any resulting disruption could adversely impact our net sales in EMEA and globally unless and until economic conditions in that region improve and the prospects of national debt defaults in Europe decline. Further or future downturns may adversely affect traffic on our on-line sales portals and could materially impact and adversely affect our results of operations, financial position and growth strategy.

we have a material weakness in our internal controls, which could cause our financial reporting to be unreliable and lead to misinformation being disseminated to the public.

Our management is responsible for establishing and maintaining adequate internal control over our financial reporting. As defined in Exchange Act Rule 13a-15(f), internal controls over financial reporting is a process designed by, or under the supervision of, the principal executive and principal financial officer and effected by the board of directors of the Company (the "Board of Directors"), management and other personnel, 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 and includes those policies and procedures that:

- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and/or directors of the Company; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

We currently have a material weakness in our internal controls, which could cause financial reporting to be unreliable and lead to misinformation being disseminated to the public. Investors relying upon this misinformation may make an uninformed investment decision.

Failure to achieve and maintain an effective internal control environment could cause us to face regulatory action and also cause investors to lose confidence in our reported financial information, either of which could have a material adverse effect on the Company's business, financial condition, results of operations and future prospects.

However, our auditors will not be required to formally attest to the effectiveness of our internal control over financial reporting pursuant to Section 404 until we are no longer a "smaller reporting company".

The cost of being a public company could result in us being unable to continue as a going concern.

As a public company, we are required to comply with numerous financial reporting and legal requirements, including those pertaining to audits and internal control. The costs of maintaining public company requirements could be significant and may preclude us from seeking financing or equity investment on terms acceptable to us and our shareholders. We estimate these costs to be in excess of $250,000 per year and may be higher if our business volume or business activity increases significantly. Our current estimate of costs does not include the necessary expenses associated with compliance, documentation and specific reporting requirements of Section 404 as we will not be subject to the full reporting requirements of Section 404 until we no longer qualify as a "smaller reporting company".

If our revenues are insufficient or non-existent, and/or we cannot satisfy many of these costs through the issuance of shares or debt, we may be unable to satisfy these costs in the normal course of business. This would certainly result in our being unable to continue as a going concern.

Our ability to sell our products and services will be dependent on the quality of our technical support and our failure to deliver high-quality technical support services could have a material adverse effect on our sales and results of operations.

If we do not effectively assist our users in deploying our products and services, succeed in helping our users quickly resolve post-deployment issues and provide effective ongoing support, or it potential customers perceive that we may not be able to achieve the foregoing, our ability to sell our products and services would be adversely affected, and our reputation with potential users could be harmed. In addition, if we expand our operations internationally, our technical support team will face additional challenges, including those associated with delivering support, training and documentation in languages other than the English language. As a result, our failure to deliver and maintain high-quality technical support services to our users could result in customers choosing to use our competitors' products or services in the future.

If we are not able to enhance or introduce new products that achieve market acceptance and keep pace with technological developments, our business, results of operations and financial condition could be harmed.

Our ability to attract new users and increase revenue from existing customers depends in part on our ability to enhance and improve our platforms, increase adoption and usage of our products and introduce new products and features. The success of any enhancements or new products depends on several factors, including timely completion, adequate quality testing, actual performance quality, market-accepted pricing levels and overall market acceptance and demand. Enhancements and new products that we develop may not be introduced in a timely or cost-effective manner, may contain defects, may have interoperability difficulties with our platform, or may not achieve the market acceptance necessary to generate significant revenue. If we are unable to successfully enhance our existing platform and capabilities to meet evolving customer requirements, increase adoption and usage of our platform, develop new products, or if our efforts to increase the usage of our products are more expensive than we expect, then our business, results of operations and financial condition could be harmed.

Customer may experience difficulty in integrating E6 Connect or E6 Apex with third-party applications, which would inhibit sales.

E6 Connect and E6 Apex may serve a customer base with a wide variety of constantly changing hardware, operating system software, packaged software applications and networking platforms. If E6 Connect or E6 Apex fails to gain broad market acceptance due to its inability to support a variety of these platforms, our operating results may suffer. Our business depends, in part, on the following factors:

- Our ability to integrate E6 Connect and/or E6 Apex with multiple platforms and existing systems and to modify our product as new versions of packaged applications are introduced;
- Access to application program interfaces for the third-party software products that are integrated with our products; and
- Our ability to anticipate and support new standards.

Risk Related to the Company's Legal and Regulatory Requirements

Failure to adequately protect our intellectual property and curb the sale of counterfeit merchandise could injure our brand and negatively affect our sales.

Our trademarks, copyrights, patents, designs and other intellectual property rights are important to our success and our competitive position. We devote significant resources to the registration and protection of our trademarks and patents. In spite of our efforts, counterfeiting and design copies may still occur. If we are unsuccessful in challenging the usurpation of these rights by third-parties, this could adversely affect our future sales, financial condition and results of operations. Our efforts to enforce our intellectual property rights can potentially be met with defenses and counterclaims attacking the validity and enforceability of our intellectual property rights. Unplanned increases in legal fees and other costs associated with protecting out intellectual property rights could result in higher operating expenses. Additionally, legal regimes outside the U.S., particularly those in Asia, including China, may not always protect intellectual property rights to the same degree ad U.S. laws, or the time required to enforce our intellectual property rights under these legal regimes may be lengthy and delay our recovery.

We may become subject to product liability lawsuits or claims, which could harm our financial condition and liquidity if we are not able to successfully defend or insure against such claims.

We may be subject to product liability lawsuits and claims that, individually or in the aggregate, could harm our business, prospects, results of operations and financial condition. We may face lawsuits or claims if our products do not perform as expected, malfunction or are used without complying with their specifications. Moreover, a product lawsuit or claim, regardless of merit, could generate negative publicity about our products, which could have a material effect on our brand, business, prospects, results of operations and financial condition. Any lawsuit or claim seeking monetary damages significantly exceeding our coverage or outside of our coverage may have a material adverse effect on our business and financial condition.

Fluctuations in our tax obligations and effective tax rate may have a negative effect on our operating results.

We may be subject to income taxes in multiple jurisdictions. We record tax expense based on our estimates of future payments, which include reserves for uncertain tax positions in multiple tax jurisdictions. At any one time, many tax years may be subject to audit by various taxing jurisdictions. The results of these audits and negotiations with taxing authorities may affect the ultimate settlement of these issues. As a result, we expect that throughout the year there could be ongoing variability in our quarterly tax rates as events occur and exposures are evaluated. Further, our effective tax rate in a given financial period may be materially impacted by changes in mix and level of earnings or by changes to existing accounting rules or regulations. In addition, tax legislation enacted in the future could negatively impact our current or future tax structure and effective tax rates.

We could be subject to changes in tax rates, adoption of new tax laws, additional tax liabilities or increased volatility in our effective tax rate.

We are subject to the tax laws in the U.S. and numerous foreign jurisdictions. Current economic and political conditions make tax laws and regulations, or their interpretation and application, in any jurisdiction subject to significant change. On December 22, 2017, the U.S. enacted the Tax Cuts and Jobs Act (the "Tax Act"), which includes a number of significant changes to previous U.S. tax laws that impact us, including provisions for a one-time transition tax on deemed repatriation of undistributed foreign earnings, and a reduction in the corporate tax rate from 35% to 21% for tax years beginning after December 31, 2017, among other changes. The Tax Act also transitions U.S. international taxation from a worldwide system to a modified territorial system and includes base erosion prevention measures on non-U.S. earnings, which has the effect of subjecting certain earnings of foreign subsidiaries to U.S. taxation.

Portions of our operations may be subject to a reduced tax rate or are free of tax under various tax holidays and rulings. We also utilize rulings and other agreements to obtain certainty in treatment of certain tax matters. These holidays and rulings expire in whole or in part from time to time and may be extended when certain conditions are met or terminated if certain conditions are not met. The impact of any changes in conditions would be the loss of certainty in treatment this potentially impacting our effective income tax rate.

We may also be subject to the examination of our tax returns by the U.S. Internal Revenue Service ("IRS") and other tax authorities. We regularly assess the likelihood of an adverse outcome resulting from these examinations to determine the adequacy of our provision for income taxes. Although we believe our tax provisions are adequate, the final determination of tax audits and any related disputes could be materially different from our historical income tax provisions and accruals. The results of audits or related disputes could have an adverse effect on our financial statements for the period or periods for which the applicable final determinations are made.

To the extent we may rely on endorsements or testimonials, we will review any relevant relationships for compliance with the Endorsement Guides and we will otherwise endeavor to follow the FTC Act and other legal standards applicable to our advertising.

The Federal Trade Commission ("FTC") regulates the use of endorsements and testimonials in advertising as well as relationships between advertisers and social media influencers pursuant to principles described in the FTC's Guides Concerning the Use of Endorsements and Testimonials in Advertising, or the Endorsement Guides. The Endorsement Guides provide that an endorsement must reflect the honest opinion of the endorser and cannot be used to make a claim about a product that the product's marketer couldn't itself legally make. They also say that if there is a connection between an endorser and the marketer that consumers would not expect and it would affect how consumers evaluate the endorsement, that connection should be disclosed. Another principle in the Endorsement Guides applies to ads that feature endorsements from people who achieved exceptional, or even above average, results from using a product. If the advertiser doesn't have proof that the endorser's experience represents what people will generally achieve using the product as described in the ad, then an ad featuring that endorser must make clear to the audience what results they can generally expect to achieve and the advertiser must have a reasonable basis for its representations regarding those generally expected results. Although the Endorsement Guides are advisory in nature and do not operate directly with the force of law, they provide guidance about what the FTC staff generally believes the Federal Trade Commission Act, or FTC Act, requires in the context using of endorsements and testimonials in advertising and any practices inconsistent with the Endorsement Guides can result in violations of the FTC Act's proscription against unfair and deceptive practices.

To the extent we may rely on endorsements or testimonials, we will review any relevant relationships for compliance with the Endorsement Guides and we will otherwise endeavor to follow the FTC Act and other legal standards applicable to our advertising. However, if our advertising claims or claims made by our social media influencers or by other endorsers with whom we have material connection do not comply with the Endorsement Guides or any requirement of the FTC Act or similar state requirements, the FTC and state consumer protection authorities could subject us to investigations and enforcement actions, impose penalties, require us to pay monetary consumer redress, require us to revise our marketing materials and require us to accept burdensome injunctions, all of which harm our business, reputation, financial condition and results of operations.

For as long as we are a "smaller reporting company" we will not be required to comply with certain requirements that apply to other publicly reporting companies. We cannot predict whether the reduced disclosure requirements applicable to smaller reporting companies will make our common shares less attractive to investors.

We are currently a "smaller reporting company". For as long as we continue to be a smaller reporting company, we may choose to take advantage of certain exemptions from reporting requirements applicable to other publicly reporting companies that are not smaller reporting companies. These include not being required to comply with the auditor attestation of our internal controls over financial reporting provided by Section 404 of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, and not being required to provide certain disclosures regarding executive compensation required of larger publicly reporting companies. We cannot predict if investors will find our common shares less attractive if we choose to rely on these exemptions. If some investors find our common shares less attractive as a result of any choices to reduce future disclosure, there may be a less active trading market for our shares and our share price may be more volatile. Further, as a result of these scaled regulatory requirement, our disclosure may be more limited than that of other publicly reporting companies and you may not have the same protections afforded to shareholders of such companies.

Risks Related to Ownership of Our Shares

There is currently limited liquidity of shares of our common stock

We can give no assurance that an active trading market for shares of our common stock will develop on the Nasdaq or if it develops, will be sustained, or that the shares of common stock will trade at or above the public offering price. Failure to develop or maintain a trading market could negatively affect its value and make it difficult or impossible for you to sell your shares. Even if a market for our common stock does develop, the market price of our common stock may be highly volatile. In addition to the uncertainties relating to future operating performance and the profitability of operations, factors such as variations in interim financial results or various, as yet unpredictable, factors, many of which are beyond our control, may have a negative effect on the market price of our common stock. The liquidity of the Company's common stock may be adversely affected by a reverse stock split due to the reduced number of shares outstanding following such an action. This effect could be further compounded if the market price of the Company's common stock does not increase proportionately as a result of the reverse stock split.

Our stock price may be volatile, or may decline regardless of our operating performance, and you could lose all or part of your investment as a result.

You should consider an investment in our securities to be risky, and you should invest in our securities only if you can withstand a significant loss and wide fluctuation in the market value of your investment. The market price of our common shares could be subject to significant fluctuations in response to the factors described in this section and other factors, many of which are beyond our control. Among the factors that could affect our stock price are:

- Actual or anticipated variations in our quarterly and annual operating results or those of companies perceived to be similar to us;
- Weather conditions, particularly during holiday shopping periods;
- Changes in expectations as to our future financial performance, including financial estimates by securities analysts and investors, or differences between our actual results and those expected by investors and securities analysts;
- Fluctuations in the market valuations of companies perceived by investors to be comparable to us;
- The public's response to our or our competitor's filings with the SEC or announcements regarding new products or services, enhancements, significant contracts, acquisitions, strategic investments, litigations, restructurings or other significant matters;
- Speculation about our business in the press or the investment community;
- Future sales of our shares;
- Actions by our competitors;
- Additions or departures of members of our senior management or other key personnel; and
- The passage of legislation or other regulatory developments affecting us or our industry.

In addition, the securities markets have experienced significant price and volume fluctuations that have affected and continue to affect market price of equity securities of many companies. These fluctuations have often been unrelated or disproportionate to the operating performance of particular companies. These broad market fluctuations, as well as general economic, systemic, political and market conditions, such as recessions, loss of investor confidence, interest rate changes, or international currency fluctuations, may negatively affect the market price of our shares.

If any of the foregoing occurs, it could cause our stock price to fall and may expose us to securities class action litigation that, even if unsuccessful, could be costly to defend and a distraction to management.

The trading market for our common shares will be influenced by the research and reports that equity research analysts publish about us and our business. The price of our common shares could decline if one or more securities analysts downgrade our common shares or if those analysts issue a sell recommendation or other unfavorable commentary or cease publishing reports about us or our business. If one or more of the analysts who elect to cover us downgrade our common shares, our share price could decline rapidly. If one or more of these analysts cease coverage of us, we could lose visibility in the market, which in turn could cause our common share price and trading volume to decline.

Future sales of shares of our common stock by existing stockholders could depress the market price of our commons stock.

We had an aggregate of 29,881,672 issued and outstanding shares of Class A common stock as of April 14, 2025. Our current directors and executive officers beneficially own approximately 16.8%, or 5,357,306 shares of our outstanding Class A common stock. The remainder of the outstanding shares may be sold, subject to certain volume limitations, pursuant to Rule 144 or other available exemptions. Also, in the future, we may issue additional securities in connection with financings and acquisitions. The amount of our common stock issued in connection with an investment or acquisition could constitute a material portion of our then outstanding stock. Due to these factors, sales of a substantial number of shares of our common stock in the public market could occur at any time. These sales, or the perception in the market that the holders of a large number of shares intend to sell shares, could reduce the market price of our common stock .

Certain of the Company's large shareholders may be able to exert significant influence on the Company and their interest may conflict with the interest of its shareholders.

Certain of the Company's large shareholders, including our officers and directors, represented approximately 66.3% of the Company's voting rights as of April 14, 2025. Therefore, these shareholders would be able to exert significant influence over certain matters, including matters that must be resolved by the general meeting of shareholders, such as the election of members to the board of directors or the declaration of dividends or other distributions. To the extent that the interests of these shareholders may differ from the interests of the Company's other shareholders, the Company's other shareholders may be disadvantaged by any actions that these shareholders may seek to pursue .

We have received notices of delinquency from the Nasdaq for violations of listing rules and there is no assurance that we will regain compliance and maintain our listing on the Nasdaq.

On August 19, 2024, the Company received a written notification from the Listing Qualifications Department (the "Staff") of the Nasdaq Stock Market ("Nasdaq") notifying the Company that, the Company's stockholders' equity was ($10,508,104), and therefore, the Company was not in compliance with Nasdaq's Listing Rule 5450(b)(1)(A), which requires a $10,000,000 minimum stockholders' equity standard (the "Equity Rule").

Pursuant to Nasdaq Listing Rule, the Company submitted a plan of compliance with Nasdaq, which was accepted, and which provided until March 31, 2025, to evidence compliance with the Equity Rule.. On April 2, 2025, the Company received a delist determination letter from the Staff (the "Nasdaq notice") advising the Company that the Staff had determined that the Company had not regained compliance with the Equity Rule. Accordingly, the Staff indicated that unless the Company requested a hearing panel (a "Panel") appeal of the delist determination, its securities would be delisted. The Company appealed Nasdaq's determination to a Panel pursuant to the procedures set forth in the Nasdaq Listing Rule 5800 Series which stayed the suspension of the Company's securities. The hearing with the Panel is scheduled for May 15, 2025.

On November 5, 2024, the Company received a written notification (the "Bid Notice") from the Staff notifying the Company that, for the 30 consecutive business days ended November 4, 2024, the Company's security did not maintain a minimum bid price of $1 per share. Nasdaq stated in its letter that in accordance with Nasdaq Listing Rule 5810(c)(3)(A), the Company has a compliance period of 180 calendar days from the date of the Bid Notice (the "Compliance Period"), and that it may regain compliance if the closing bid on the Company's security is at least $1 for a minimum of ten consecutive days during the Compliance Period, which will end May 5, 2025. If the Company chooses to implement a reverse stock split, it must complete the split no later then 10 business days prior to the expiration of the Compliance Period, in order to regain compliance.

On November 5, 2024, the Company received an additional written notice (the "MVPHS Notice") from the Staff notifying the Company that, for 30 consecutive business days ended August 8, 2024, the Company's market value of publicly held securities ("MVPHS") closed below the $15,000,000 MVPHS threshold required for continued listing on the Nasdaq Global Market under Nasdaq Listing Rule 5450(b)(2)(C) (the "MVPHS Rule"). Nasdaq stated in its letter that in accordance with Nasdaq Listing Rule 5810(c)(3)(D), the Company has a compliance period of 180 calendar days from the date of the MVPHS Notice, and it may regain compliance if at any time during the Compliance Period the MVPHS closes at $15,000,000 or more for a minimum of ten consecutive business days.

There can be no assurances that the Company will be able to satisfy Nasdaq's continued listing requirements. If the Company's common stock ceases to be listed for trading on the Nasdaq Market, the Company would expect its common stock would be traded on one of the three tiered marketplaces of the OTC Markets Group.

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, our stock price and trading volume could decline.

The trading market for our common stock will depend in part on the research and reports that securities or industry analysts publish about us or our business. Securities and industry analysts do not currently, and may never, publish research on our company. If no securities or industry analysts commence coverage of our company, the trading price for our stock may be negatively impacted. In the event securities or industry analysts initiate coverage, or if one or more of the analysts who covers us downgrades our stock or publishes inaccurate or unfavorable research about our business, our stock price may decline. If one or more of these analysts ceases coverage of our company or fails to publish reports on us regularly, demand for our stock could decrease, which might cause our stock price and trading volume to decline.

If our shares of common stock become subject to penny stock rules, it would become more difficult to trade our shares.

The SEC has adopted rules that regulate broker-dealer practices in connection with transactions in penny stocks. Penny stocks are generally equity securities with a price of less than $5.00, other than securities registered on certain national securities exchanges or authorized for quotation on certain automated quotations systems, provided that current price and volume information with respect to transactions in such securities provided by the exchange or system. If we are unable to maintain or retain a listing on the Nasdaq and if the price of our common stock is less than $5.00, our common stock will be deemed a penny stock. The penny stock rules require a broker-dealer, before a transaction in a penny stock not otherwise exempt from those rules, to deliver a standardized risk disclosure document containing specified information. In addition, the penny stock rules require that before effecting any transaction in a penny stock not otherwise exempt from those rules, a broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive (i) the purchase's written acknowledgment of the receipt of a risk disclosure statement; (ii) a written agreement to transaction involving penny stocks; and (iii) a signed and dated copy of a written suitability statement. These disclosure requirements may have the effect of reducing the trading activity in the secondary market for our common stock, and therefore stockholders may have difficulty selling their shares.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

Risk Management and Strategy

We utilize a Cloud-only architecture which enables us to reduce risk by leveraging the scalability, high availability, and advanced security features of cloud platforms, thereby minimizing the potential for system downtime and data breaches while ensuring seamless disaster recovery options.

All 3rd party vendors' security policies are reviewed and updated as part of our annual Security Risk Assessment. Access to sensitive data is strictly regulated and provided on a need to know basis. Access is granted for the express purpose of assisting our customers with technical and training issues related to the use of our SaaS products; or for the purpose of research, design and development of product related features and bugfixes.

Risk management in software development involves identifying, assessing, and mitigating risks that could impact the project's success. This strategy begins with a thorough risk identification process, where potential issues such as technical challenges, project scope changes, and resource constraints are recognized early. Each risk is then assessed for its probability of occurrence and potential impact on the project. Based on this assessment, risk mitigation strategies are developed and implemented. These strategies might include adopting flexible project management methodologies like Agile, investing in training for team members, implementing robust testing and quality assurance processes, and maintaining open communication channels with all stakeholders. Additionally, regular risk reviews are conducted throughout the project lifecycle to ensure that new risks are identified and managed promptly.

The Company's' Cybersecurity Policies are updated annually and reviewed by Independent 3rd Party Vendors to certify compliance. The Company requires Cybersecurity Awareness training for all new hires and a minimum of an annual review of such policies for all employees. The Company created and deployed an extensive Learning Management System that tracks employee adherence to Cyber Security Awareness, HIPAA and other related content. The Company's' Cybersecurity Incident Response Policy provides specific steps for any employee that detects an attack to take to help stop the propagation of the threat and report the incident to their Superiors, the IT Team and the Security Manager.

While there are significant threats of all types in the modern connected world, studies show that phishing attacks and social engineering through email and other electronic means are of high concern. With the vast majority (some say as high as 95%) of such attacks originating via email, employee education on how to identify and handle suspicious email and other forms of communication is critical in protecting the data and infrastructure.

To date, we have not experienced any cybersecurity incidents that have materially affected our business strategy, results of operations or financial condition.

Governance

The Board is responsible for general risk oversight. The Board reviews and evaluates management's evaluation and mitigation of cyber risks as part of its oversight of the Company's Risk Management program. Management periodically reviews cyber risks, incidents, and risk mitigation plans and activities with the Board.

We engaged an outside consulting firm to conduct a review of our information systems environment and make recommendations to improve security where appropriate. Management shared the report's findings with the Board and periodically updates the Board regarding our progress on implementing the report's recommendations.

ITEM 2. PROPERTIES

Our headquarters are located in Centerville, Utah, where we occupy an office space under a three-year lease that we entered into in December 2022. Pursuant to the lease agreement, the term of the lease ends in November 2025.

Our warehouse is located in North Salt Lake City, Utah, which we occupy under a five-year lease that we entered into in June 2023. Pursuant to the lease agreement, the term of the lease ends in May 2028.

We believe that our existing facilities are adequate for our current needs. When our leases expire, or if we need to hire more employees, we may exercise our renewal option or look for additional or alternate space for our operations and we believe that suitable additional or alternative space will be available in the future on commercially reasonable terms.

ITEM 3. LEGAL PROCEEDINGS

We are currently not a party to any material legal proceedings.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Our Class A Common Stock is listed on the Nasdaq Global Market under the symbol "TRUG". Our Class B Common Stock is not listed or quoted on any market.

Holders

As of April 14, 2025, there were 32 holders of record of our Class A Common Stock which includes CEDE & Co., the nominee of the Depository Trust Company, with 29,881,672 shares of our Class A Common Stock issued and outstanding. Because many of our shares are held by brokers and other institutions on behalf of shareholders, we believe that the actual number of beneficial holders of our common stock is significantly greater than the number of record holders reflected in our stock records.

There were 3 holders of record of our Class B Common Stock, with 1,716,860 shares of our Class B Common Stock issued and outstanding.

Dividend Policy

The Company has never declared or paid dividends on our Common Stock since our formation, and we do not anticipate paying dividends in the foreseeable future. For the year ended December 31, 2022, the Company recorded a charge related to the revaluation of certain warrants which is presents as a Dividend to Common Stockholders, however, no actual dividend was declared or paid.

Securities Authorized for Issuance under Equity Compensation Plans

The information required by this item will be incorporated by reference from our definitive proxy statement to be filed with the SEC pursuant to Regulation 14A.

Sale of Unregistered Securities

All information related to equity securities sold by us during the period covered by this report that were not registered under the Securities Act have been included in our Form 10-Q filings and in our Form 8-K filings.

Issuer Purchases of Equity Securities

None.

ITEM 6. [RESERVED]

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with our financial statements and the related notes contained elsewhere in this Annual Report on Form 10-K and is intended to provide information necessary to understand our audited consolidated financial statements for the year ended December 31, 2024 compared to the year ended December 31, 2023 and highlight certain other information which, will enhance a reader's understanding of our financial condition, changes in financial condition, and results of operations. In particular, the discussion is intended to provide an analysis of significant trends and material changes in our financial position and the operating results of our business during the year ended December 31, 2024, as compared to the year ended December 31, 2023. These historical financial statements may not be indicative of our future performance. This Management's Discussion and Analysis of Financial Condition and Results of Operations contains numerous forward-looking statements, all of which are based on our current expectations and could be affected by the uncertainties and risks described throughout this filing, particularly in "Item 1A. Risk Factors."

Our Business

Since 1983, the Company has been passionate about driving the golf industry with innovative, indoor golf solutions. We build products that capture the spirit of golf. Our mission is to help grow the game by making it more available, more approachable and more affordable, through technology – because we believe golf is for everyone.

Our team has built award-winning video games (including *Links*, a popular sports game for PC), innovative hardware solutions, and an all-new e-sports platform to connect golfers around the world with TruGolf E6 Connect Software, our premier software engine. Since TruGolf's beginning, we have continued to define and redefine what is possible with golf technology.

In addition to offering a variety of custom, professional, and portable golf simulators, TruGolf's latest launch monitor, Apogee, was created to improve accuracy and to make using the launch monitor easier. Features of Apogee include: a unique Apogee Voice Assistant, a voice command system that allows users to navigate their TruGolf E6 Connect Software gameplay within rounds and practice sessions; Laser Launchpad, a laser indicator that shows users where to place the ball and when the system is ready to record a swing and Point-of-Impact (POI) slow-motion replay video.

Our suite of hardware offerings in the golf technology space is expansive, offering something for virtually everyone from gamers to beginners to professionals, and all consumers in between. Hardware offerings are sold through a global network of authorized resellers, retail outlets and direct-to-consumer through a dedicated TruGolf sales team. Our suite of hardware offerings ranges from entry level pricing at just under $400, to well over $100,000 for custom projects, creating a wide range of pricing options for nearly all consumers, and providing TruGolf with a competitive advantage in creating a wide consumer base as compared to its competitors (who often only focus in a narrow consumer price range).

TruGolf creates top golf technology software in the marketplace through its TruGolf E6 Connect and E6 Apex Software. Importantly, TruGolf's software is designed not only for use with our suite of hardware offerings in the golf technology space, but also integrates with more than twenty-four third party golf technology hardware manufacturers, translating to a market integration coverage equal to roughly 90% of golf technology hardware in the global market space, which allows peer-to-peer play across these golf technology hardware manufacturers, allowing for a unification of the golf technology space. TruGolf's software records, on average, over 725,000 indoor golf shots per day. TruGolf's E6 Connect Software is both PC and iOS compatible and can be used both indoors and outdoors.

TruGolf has leveraged its unique position as one of the industry leaders in both hardware and software golf technology solutions to organize and found the Virtual Golf Association (VGA). The VGA is a gamified virtual economy that takes place inside the TruGolf E6 Connect Software. Users have a chance to earn points through play, practice, and more – providing a worldwide leaderboard of connected indoor golfers. Each shot users take rewards them with points. These points can be used to purchase in-game enhancements, or to enter virtual golf tournaments with real world prizes. The VGA is broken into three models:

- Game Analysis – rewards TruGolf software users who measure their game. Users can set specific goals (e.g., shots hit per month, speed and distance gains, dispersion reduction) and earn points for hitting milestones. At the end of each month, users can see how they compared against all other users utilizing the Game Analysis features.
- Connected Golf – rewards users for joining with their friends and playing golf online. Earn points for playing a new course or linking up to play nine holes with another player utilising TruGolf software.
- Virtual Golf Association Events – events are worldwide leaderboard format, flighted by handicap, where users play and compete to shoot the lowest score. These contests include stroke play, closest to the pin, match play, stableford, and more. Users earn points based on how they finish in their division.

In totality, TruGolf's business model is designed to be positioned as the hub of golf technology, with groundbreaking hardware technologies that we believe can become the industry standard and unify the industry as a whole by serving as the leader of golf technology software solutions through its TruGolf's software.

Principal External Factors Affecting Our Operating Results

We believe that our performance and future success depend on many factors that present significant opportunities for us but also pose risks and challenges, including those discussed below and in the section entitled "Risk Factors".

- Market acceptance. The growth of our business depends on our ability to gain broader acceptance of our current products by continuing to make users aware of the significant benefits of our products to generate increased demand and frequency of use, and thus increase our sales. Our ability to grow our business will also depend on our ability to expand our customer base in existing or new target markets, including international markets. Although we have increased the number of users of TruGolf hardware and software product offerings and continue to grow our channels globally through established relationships and focused sales efforts, we cannot provide assurance that our efforts will continue to increase the use of our products.

- Sales force size and effectiveness. The rate at which we grow our sales force and expansion channels and the speed at which newly hired salespeople and sales channels become effective can impact our revenue growth and our costs incurred in anticipation of such growth. We intend to continue to make significant investments in our sales and marketing organization and channels by increasing the number of sales representatives and expanding our international programs to help facilitate further adoption of our products as well as broaden awareness of our products to new customers. We are slowly expanding into EMEA through a quickly growing network of distributors that will each slowly develop their respective territories, sales from EMEA are still below 5% of total sales. We have also signed a Joint Venture agreement with a partner in China to manage all distribution needs across Asia. We are not required to invest in any of these markets, and as such take a lower margin on products sold there, therefore we expect slowly growing impacts on top line revenue from these globalization efforts.

- Product and geographic mix; timing. Our financial results, including our gross margins, may fluctuate from period to period based on the timing of orders, fluctuations in foreign currency exchange rates and the number of available selling days in a particular period, which can be impacted by a number of factors, such as holidays or days of severe inclement weather in a particular geography, the mix of products sold and the geographic mix of where products are sold.

Principal Components of Revenues, Costs and Expenses

Revenues

Our revenues come from the sale of TruGolf software and hardware, which products are sold through a global network of authorized resellers, retail outlets and direct-to-consumer through a dedicated TruGolf sales team.

Cost of Revenues

Cost of revenues consists primarily of costs that are directly related to the delivery of our TruGolf hardware and software products, excluding depreciation but including direct material, labor, manufacturing overhead, reserves for estimated warranty costs and charges to write-down the inventory carrying value when it exceeds the estimated net realizable value.

Operating Expenses

Royalties

We have agreements with certain software golf hardware vendors who bundle our tracking and golf course software with their hardware. We pay them a royalty based on the number of units or subscriptions they sell. The royalty percentages typically range between 20% to 30%. The royalty agreements are for one year, with automatic renewals unless each party gives a thirty-day written notice of the intent to cancel the contract prior to the renewal date.

Salaries, Wages and Benefits

Salaries, wages and benefits are expenses earned by our employees in the executive, information technology, finance and accounting, human resources, administrative functions and outside contractors. Also included in salaries, wages and benefits are employer payroll taxes, health, dental and life insurance expenses.

Selling, General and Administrative

Sales and marketing expenses consist primarily of advertising, training events, brand building, product marketing activities and installation and shipping costs. We expect sales and marketing costs will continue to increase as we expand our international selling and marketing activities, hire additional personnel, and build brand awareness through advertising and training.

General and administrative expenses consist primarily of professional fees paid for legal, accounting, auditing, and consulting services, bad debt, licenses and association dues, facilities (including rent and utilities) bank and credit card processing fees and other expenses related to general and administrative activities.

We anticipate that our general and administrative expenses will continue to increase as we continue hiring to support our growth. We also anticipate that we will incur increased accounting, audit, legal, regulatory, compliance, and investor and public relations expenses associated with operating as a public registrant.

Interest Expense

Interest expense consists of interest expenses associated with issuing notes and balances outstanding under our debt obligations and the gross sales royalty payable, the amortization of debt issuance costs and original issue discounts associated with such borrowings.

Principal Cash Flows

We generate cash primarily from our operating activities and, historically, we have used cash flows from operating activities and available borrowings under certain notes payable as the primary sources of funds to purchase inventory and to fund working capital and capital expenditures, growth and expansion opportunities (see also “Liquidity and Capital Resources” below). The management of our working capital is closely tied to operating cash flows, as working capital can be impacted by, among other things, our accounts receivable activities, the level of inventories, which may increase or decrease in response to current and expected demand, and the size and timing of our trade accounts payable payment cycles.

Critical Accounting Policies and Significant Judgments and Estimates

Our management’s discussion and analysis of financial condition and results of operations is based on our consolidated financial statements. Our consolidated financial statements are prepared in accordance with GAAP. The preparation of our consolidated financial statements and related disclosures requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, costs and expenses, and the disclosure of contingent assets and liabilities in our consolidated 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. We evaluate our estimates and assumptions on an ongoing basis. Our actual results may differ from these estimates under different assumptions or conditions.

Our significant accounting policies are described in Note 3 to our audited consolidated financial statements included elsewhere in this Annual Report.

Disaggregated Revenue

	Year Ended December 31,	
	2024	2023
Revenues:		
Golf Simulators(1)	$ 13,708,760	$ 11,969,498
Content Software Subscriptions	7,852,699	8,493,368
Other(2)	297,405	120,985
Total net revenue	$ 21,858,864	$ 20,583,851

Results of Operations

Comparisons of the Years ended December 31, 2024 and 2023

	2024	2023	Variance
Revenue, net	$ 21,858,864	$ 20,583,851	$ 1,275,013
Cost of revenue	7,271,512	7,825,768	(554,256)
Total gross profit	14,587,352	12,758,083	1,829,269
Operating Expenses:			
Royalties	706,214	709,640	(3,426)
Salaries, wages and benefits	9,314,415	9,681,323	(366,908)
Selling, general and administrative	6,669,684	11,027,332	(4,357,648)
Operating loss	(2,102,961)	(8,660,212)	6,557,251
Other income (expenses)	(6,692,458)	(1,622,897)	(5,069,561)
Loss before income taxes	$ (8,795,419)	$ (10,283,109)	$ 1,487,690

Revenues

Revenues increased by $1,275,013, or 6%, for the year ended December 31, 2024, as compared to the year ended December 31, 2023. The increase is primarily attributable to the increase of our product acceptance and greater penetration in the industry market.

Cost of Revenues

Cost of revenues decreased by $554,256, or 7%, for the year ended December 31, 2024, as compared to the year ended December 31, 2023. The decrease is primarily attributable to a decrease in inventory adjustments of approximately $350,000 and a decrease in various cost of sales expenses of approximately $100,000.

Operating Expenses

Total operating expenses decreased by $4,727,982, or 22%, for the year ended December 31, 2024, as compared to the year ended December 31, 2023. Selling, general and administrative expenses decreased by $4,357,648, or 40%, due to the Company granting the issuance of 821 shares of common stock to two consultants in March 2023 for consulting services with a fair value of approximately $4,500,000.

Other Income (Expenses)

Other income (expenses) increased by $5,069,561, or 312%, for the year ended December 31, 2024, as compared to the year ended December 31, 2023. The increase is primarily attributable to interest expense, amortization expense of the original issue discounts, and the write-off of remaining original issue discounts upon conversion related to the PIPE Convertible loans issued and converted during the year ended December 31, 2024, of approximately $5,900,000. This was partially mitigated by gains on fair value adjustment of warrants and investment of $142,319 and $262,035, respectively.

Liquidity and Capital Resources

As of December 31, 2024, we had cash on hand of $10,882,077 and a working capital deficiency of $982,237, as compared to cash on hand of $5,397,564 and a working capital surplus of $1,988,267 as of December 31, 2023. The decrease in working capital surplus is primarily a result of the reclassification of the dividends note payable from non-current liabilities to current liabilities. This decrease was offset by an increase in cash on hand of approximately $3,000,000.

The Company's operating activities consume the majority of its cash resources. The Company anticipates that it will continue to incur operating losses as it executes its development plans for 2025, as well as other potential strategic and business development initiatives. In addition, the Company has had and expects to have negative cash flows from operations, at least into the near future. The Company has previously funded, and plans to continue funding, these losses with the sale of equity, and convertible notes. The accompanying consolidated financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern.

Working Capital

	December 31, 2024	December 31, 2023
Current assets	$ 14,792,931	$ 12,656,606
Current liabilities	15,775,168	10,668,339
Working capital deficiency	$ (982,237)	$ 1,988,267

The increase in current assets is primarily due to the increase in cash on hand of $5,484,513. The increase in current liabilities is primarily due to the reclassification of the dividends note payable from non-current liabilities to current liabilities during the year ended December 31, 2024. The balance of dividends note payable was $4,023,923 at both December 31, 2024 and 2023.

Cash Flows

	Year Ended December 31,	
	2024	2023
Net cash used in operating activities	$ (3,995,606)	$ (6,133,221)
Net cash provided by (used in) investing activities	741,143	(2,620,558)
Net cash provided by financing activities	8,738,976	4,495,077
Increase (decrease) in cash	$ 5,484,513	$ (4,258,702)

Operating Activities

Net cash used in operating activities was $3,995,606 for the year ended December 31, 2024, and was primarily due to the net loss of $8,795,419, which was partially offset by non-cash expenses of $3,683,361 and an increase in deferred revenue of $1,408,786.

Net cash used in operating activities was $6,133,221 for the year ended December 31, 2023, and was primarily due to the net loss of $10,283,109, which was partially offset by non-cash expenses of $7,101,498.

Investing Activities

Net cash provided by investing activities was $741,143 for the year ended December 31, 2024, which was the result of the Company selling its short-term investments for $2,478,953 which was partially offset by an increase in capitalized software of $2,070,742.

Net cash used in investing activities was $2,620,558 for the year ended December 31, 2023, of which $2,493,145 the purchase of short-term investments.

Financing Activities

Net cash provided by financing activities was $8,738,976 for the year ended December 31, 2024, of which $8,902,681 was net proceeds from PIPE loans.

Net cash provided by financing activities was $4,495,077 for the year ended December 31, 2023, of which $1,980,937 was advances from a line of credit and $2,433,059 was proceeds from notes payable.

Effects of Inflation

We do not believe that inflation has had a material impact on our business, revenue, or operating results during the periods presented.

Convertible Notes

On February 2, 2024, we executed a securities purchase agreement (the "Purchase Agreement") with certain investors (together, the "PIPE Investors"). Pursuant to the terms and conditions of the Purchase Agreement, the PIPE Investors agreed to purchase (i) senior convertible notes in the aggregate principal amount of up to $15,500,000 (the "PIPE Convertible Notes"), (ii) Series A warrants to initially purchase 1,409,091 shares of the Company's Class A common stock (the "Series A Warrants"); and (iii) Series B warrants to initially purchase 1,550,000 shares of the Company's Class A common stock (the "Series B Warrants," and collectively with the Series A Warrants, the "PIPE Warrants") (the "PIPE Financing").

The Purchase Agreement contemplates funding of the investment (the "Investment") across multiple tranches. At the first closing (the "Initial Closing") an aggregate principal amount of $4,650,000 of PIPE Convertible Notes was issued upon the satisfaction of certain customary closing conditions in exchange for aggregate gross proceeds of $4,185,000, representing an original issue discount of 10%. On such date (the "Initial Closing Date"), we also issued the PIPE Investors the Series A Warrants and the Series B Warrants.

In addition, pursuant to the Purchase Agreement, each PIPE Investor has the right, but not the obligation, to require that, upon notice, the Company sell to such PIPE Investor at one or more additional closings such PIPE Investor's pro rata share of up to a maximum aggregate principal amount of $10,850,000 in additional PIPE Convertible Notes (each such additional closing, an "Additional Optional Closing"). On December 16, 2024, one PIPE Investor exercised such right with respect to an aggregate principal amount of $2,100,000 of additional PIPE Convertible Notes (the "Additional Notes") and on such date the Additional Notes were issued in exchange for aggregate gross proceeds of $2,189,000, representing an original issue discount of 10%. On January 8, 2025, one PIPE Investor exercised such right with respect to an aggregate principal amount of $2,800,000 of Additional Notes and on such date the Additional Notes were issued in exchange for aggregate gross proceeds of $2,520,000, representing an original issue discount of 10%.

On August 13, 2024, the Company entered into waiver and amendment agreements (the "Waivers"), pursuant to which the Company and the PIPE Investors agreed to waive certain breaches or defaults by the Company. In connection with the Waiver, the Company issued an aggregate of 192,151 shares in satisfaction of certain registration statement delay payments and issued an aggregate of 157,582 shares in satisfaction of outstanding interest payments. Such payments were made at the "Alternate Conversion Price" set forth in the PIPE Convertible Notes, which is equal to the lesser of (i) the Conversion Price, and (ii) 90% of the lowest volume weighted average price of the Class A common stock during the five consecutive trading days immediately prior to such conversion.

On November 7, 2024, the Company entered into those certain amendments to the Waivers (the "Amendments"). In connection with the Amendment, the Company issued an aggregate of 116,959 shares in satisfaction of certain registration statement delay payments and issued an aggregate of 65,790 shares in satisfaction of outstanding interest payments. Such payments were made at the Alternate Conversion Price.

Conversion Rights of the Notes.

Conversion at Option of Holder. Each holder of PIPE Convertible Notes may convert all, or any part, of the outstanding PIPE Convertible Notes, at any time at such holder's option, into shares of our Class A common stock. The "Conversion Price" of all of the PIPE Convertibles is $1.00 per share, which is subject to proportional adjustment upon the occurrence of any stock split, stock dividend, stock combination and/or similar transactions. Upon the voluntary conversion by the holders of the PIPE Convertible Notes, in addition to the issuance of the Class A common stock issuable upon conversion of the principal amount of PIPE Convertible Notes, the Company shall issue to the holders in Class A common stock the sum of (A) all accrued interest on the PIPE Convertible Notes to date plus (B) all interest that would otherwise have accrued on such principal amount of the PIPE Convertible Notes if such converted principal would be held to the Maturity Date at the Conversion Price (the "Make-Whole Amount"). The Make-Whole Amount is convertible at the "Alternate Conversion Price" equal to the lesser of (i) the Conversion Price, and (ii) 90% of the lowest VWAP of the Class A common stock during the five (5) consecutive trading days immediately prior to such conversion.

With limited exceptions, if the Company at any time while an PIPE Convertible Notes are outstanding, issues any Class A common stock or securities entitling any person or entity to acquire shares of Class A common stock (upon conversion, exercise or otherwise), at an effective price per share less than the Conversion Price then the Conversion Price shall be reduced to the same price as the new investment.

Alternate Conversion Upon Event of Default. Following the occurrence and during the continuance of an Event of Default (as defined below), each holder may alternatively elect to convert all or any portion of such holder's PIPE Convertible Notes at the "Alternate Conversion Price" equal to the lesser of (i) the Conversion Price, and (ii) 90% of the lowest VWAP of the Class A common stock during the five (5) consecutive trading days immediately prior to such conversion.

Redemption Rights of Notes.

Holder Event of Default Redemption. Upon an Event of Default, each holder may elect to redeem all or any portion such holder's PIPE Convertible Notes in cash at a redemption premium of 25% to the greater of (i) the amount then outstanding under such notes, and (ii) the equity value of our Class A common stock underlying the PIPE Convertible Notes. The equity value of our Class A common stock underlying the PIPE Convertible Notes is calculated using the greatest closing sale price of our Class A common stock on any trading day immediately preceding such event of default and the date we make the entire payment required.

Holder Bankruptcy Event of Default Mandatory Redemption. Upon any bankruptcy Event of Default, we shall immediately redeem in cash all amounts due under the PIPE Convertible Notes at a 25% premium unless the holder waives such right to receive such payment.

Holder Change of Control Redemption. Upon a change of control of the Company, each holder may require us to redeem in cash all, or any portion, of the PIPE Convertible Notes at a 5% redemption premium to the greater of the amount then outstanding under the PIPE Convertible Notes to be redeemed, and the equity value of our Class A common stock underlying the PIPE Convertible Notes. The equity value of our Class A common stock underlying the PIPE Convertible Notes is calculated using the greatest closing sale price of our Class A common stock on any trading day immediately preceding the earlier of (i) the public announcement of such change of control and (ii) the consummation of such change of control, and ending on the date we make the entire payment required.

Events of Default. The PIPE Convertible Notes contain standard and customary events of defaults (each, an "Event of Default"), including but not limited: (i) the suspension from trading or the failure to list our Class A common stock within certain time periods; (ii) failure to pay to the holder any amount of principal, Make-Whole Amount, interest, late charges or other amounts when due; (iii) the failure to timely file or make effective a registration statement on Form S-3 pursuant to the Registration Rights Agreement we entered into with the holders, (iv) our failure to cure a conversion failure or failure to deliver shares of our Class A common stock under the PIPE Warrants, or notice of our intention not to comply with a request for conversion of any PIPE Convertible Note or a request for exercise of any PIPE Warrants, and (iv) bankruptcy or insolvency of the Company.

Recently Issued Accounting Pronouncements

Recently Adopted Accounting Pronouncements

In June 2022, the FASB issued ASU 2022-03, *Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions* ("ASU 2022-03"), which clarifies the guidance in Accounting Standards Codification Topic 820, *Fair Value Measurement* ("Topic 820"), when measuring the fair value of an equity security subject to contractual restrictions that prohibit the sale of an equity security and introduces new disclosure requirements for equity securities subject to contractual sale restrictions that are measured at fair value in accordance with Topic 820. ASU 2022-03 is effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years, and early adoption is permitted. Management does not believe the adoption of any of these accounting pronouncements has had or will have a material impact on the Company's consolidated financial statements.

In November 2023, the FASB issued Update 2023-07 - *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*, which requires disclosure of the title and position of the Chief Operating Decision Maker ("CODM"), an explanation of how the CODM uses the reported measure of segment profit or loss in assessing segment performance and deciding how to allocate resources, and disclosure of significant expenses regularly provided to the CODM that are included within the reported measure of segment profit or loss. The amendments of ASU 2023-07 are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. The Company adopted this new guidance for the year-ended December 31, 2024, on a retrospective basis, and the adoption did not have a material effect on the Company's consolidated financial statements. (see Note 15)

Recent Accounting Pronouncements

In December 2023, the FASB issued Update 2023-09 - *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which enhances the disclosure requirements for income tax rate reconciliation, domestic and foreign income taxes paid, and unrecognized tax benefits. The amendments of ASU 2023-09 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 impact on the consolidated financial statements and related disclosures.

In November 2024, the FASB issued ASU 2024-03, *Income Statement — Reporting Comprehensive Income — Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expense*s, to disclose additional information about specific expense categories. In January 2025, the FASB issued ASU 2025-01 *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40)*, which clarified the effective date for ASU 2024-03. These amendments are intended to provided more information about types of expenses in commonly presented expense captions. The amendments in this update are effective for annual periods beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027, and early adoption is permitted. The Company is currently evaluating the impact on the consolidated financial statements and related disclosures.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at dates of the financial statements and the reported amounts of revenue and expenses during the periods. Our significant estimates and assumptions include the recoverability and useful lives of long-lived assets, stock-based compensation, and the valuation allowance related to our deferred tax assets. Certain of our estimates, including the carrying amount of intangible assets and goodwill, could be affected by external conditions, including those unique to us and general economic conditions. It is reasonably possible that these external factors could have an effect on our estimates and could cause actual results to differ from those estimates.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements that have or are reasonably likely to have a material current or future effect on our financial condition, changes in financial condition, revenue or expenses, results of operations, liquidity, capital expenditures, or capital resources.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Because we are a smaller reporting company, we are not required to provide the information called for by this Item.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information called for by Item 8 is included beginning on page F-1 contained in this Annual Report on Form 10-K.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as that term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) that are designed to ensure that information required to be disclosed in our reports under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer, who serves as our principal executive officer, and Chief Financial Officer, who serves as our principal accounting officer, as appropriate, to allow timely decisions regarding required disclosures. In designing disclosure controls and procedures, our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures. The design of any disclosure controls and procedures also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Any controls and procedures, no matter how well designed and operated, can provide only reasonable, not absolute, assurance of achieving the desired control objectives.

Our management, with the participation of our Chief Executive Officer and acting Chief Financial Officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. Based upon that evaluation and subject to the foregoing, our management concluded that, our disclosure controls and procedures were not effective due to the material weaknesses in internal control over financial reporting described below.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is a process designed under the supervision of its principal executive and principal financial officers and effected by our Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of its consolidated financial statements for external reporting purposes in accordance with U.S. generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. In addition, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Material Weakness in Internal Control over Financial Reporting

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2024 based on the framework established in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management has determined that our internal control over financial reporting as of December 31, 2024 was not effective.

A material weakness, as defined in the standards established by the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"), is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

The ineffectiveness of our internal control over financial reporting was due to the following material weaknesses which are indicative of many small companies with small number of staff:

- lack of risk assessment procedures on internal controls to detect financial reporting risks in a timely manner;
- lack of documentation on policies and procedures that are critical to the accomplishment of financial reporting objectives; and
- lack of a Chief Financial Officer and personnel with experience and expertise in public company accounting and internal control over financial reporting.

Management's Plan to Remediate the Material Weakness

Our management plans to implement measures designed to ensure that control deficiencies contributing to the material weakness are remediated, such that these controls are designed, implemented, and operating effectively. The remediation actions planned include:

- identify gaps in our skills base and the expertise of our staff required to meet the financial reporting requirements of a public company;
- develop policies and procedures on internal control over financial reporting and monitor the effectiveness of operations on existing controls and procedures; and
- continue the search for a qualified individual to fill our Chief Financial Officer position.

Our management will continue to monitor and evaluate the relevance of our risk-based approach and the effectiveness of our internal controls and procedures over financial reporting on an ongoing basis and is committed to taking further action and implementing additional enhancements or improvements, as necessary and as funds allow.

This annual report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Our management's report was not subject to attestation by our registered public accounting firm pursuant to rules of the SEC that permit us to provide only management's report in this Annual Report on Form 10-K, which may increase the risk that weaknesses or deficiencies in our internal control over financial reporting go undetected. Our independent registered public accounting firm will not be required to formally attest to the effectiveness of our internal controls over financial reporting for as long as we are a "non-accelerated filer".

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act) during the year ended December 31, 2024 that have materially affected, or that are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

During the three months ended December 31, 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 each term is defined in Item 408(a) of Regulation S-K.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS.

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this item is incorporated by reference to our proxy statement for the 2025 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission within 120 days of the fiscal year ended December 31, 2024, and is incorporated into this Annual Report on Form 10-K by reference.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item is incorporated by reference to our proxy statement for the 2025 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission within 120 days of the fiscal year ended December 31, 2024 and is incorporated into this Annual Report on Form 10-K by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this item is incorporated by reference to our proxy statement for the 2025 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission within 120 days of the fiscal year ended December 31, 2024 and is incorporated into this Annual Report on Form 10-K by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this item is incorporated by reference to our proxy statement for the 2025 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission within 120 days of the fiscal year ended December 31, 2024, and is incorporated into this Annual Report on Form 10-K by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this item is incorporated by reference to our proxy statement for the 2025 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission within 120 days of the fiscal year ended December 31, 2024, and is incorporated into this Annual Report on Form 10-K by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as a part of the report:

(1) For a list of the financial statements included herein, see the index to the financial statements beginning on page F-1 of this Annual Report on Form 10-K, incorporated into this Item by reference.

(2) Financial statement schedules have been omitted because they are either not required or not applicable or the information is included in the consolidated financial statements or the notes thereto.

(b) Exhibits.

Exhibit Number	Exhibit Description	Incorporated by Reference		
		Form	Exhibit	Filing Date
2.1	Amended and Restated Agreement and Plan of Merger, dated as of July 21, 2023, by and among Deep Medicine Acquisition Corp., DMAC Merger Sub Inc., Bright Vision Sponsor LLC, Christopher Jones and TruGolf, Inc.	424B3	Annex C	12/29/23
2.2	First Amendment to Agreement and Plan of Merger, dated as of December 7, 2023, by and among Deep Medicine Acquisition Corp., DMAC Merger Sub Inc., Bright Vision Sponsor LLC, Christopher Jones and TruGolf, Inc.	424B3	Annex B-2	12/29/23
3.1	Third Amended and Restated Certificate of Incorporation of TruGolf Holdings	S-8	3.1	10/24/24
3.2	Bylaws of New TruGolf Holdings, Inc.	8-K	3.2	2/6/24
3.3	Amended and Restated Bylaws of TruGolf Holdings, Inc.	S-8	3.2	2/6/24
4.1	Form of Series A Warrants	8-K	4.2	2/7/24
4.2	Form of Series B Warrants			
4.3	Form of Senior Convertible Notes	8-K	4.1	2/7/24
4.4*	TruGolf Holdings, Inc. 2024 Stock Incentive Plan			
10.1	Securities Purchase Agreement	8-K	10.1	2/7/24
10.2	Registration Rights Agreement	8-K	10.2	2/7/24
10.3	Indemnity Agreement	8-K	10.5	2/6/24
10.4	Form of Waiver and Amended Agreement	10-Q	10.1	11/14/24
10.5	Form of Amendment to Waiver and Amendment Agreement	10-Q	10.2	11/14/24
10.6*	Employment Agreement between TruGolf, Inc. and Christopher Jones, dated as of January 18, 2024			
10.7*	Offer Letter, dated as of January 25, 2024, by and between TruGolf, Inc. and Brenner Adams			
10.8*	Offer Letter, dated as of January 18, 2024, by and between TruGolf, Inc. and Nate Larsen			
10.9	Securities Purchase Agreement, dated February 2, 2024	8-K	10.1	2/7/24
10.10	Registration Rights Agreement, dated February 2, 2024	8-K	10.2	2.7.24
10.11	Form of Lock-Up Agreement	8-K	10.2	04/06/23
19*	Insider Trading Policy			
21.1*	Subsidiaries of the Registrant			
31.1*	Rule 13a-14(a) / 15d-14(a) Certification of Principal Executive Officer and Principal Financial Officer			
32.1**	Section 1350 Certification of Principal Executive Officer and Principal Financial Officer			
97.1*	Incentive Clawback Policy			
101.INS	Inline XBRL Instance Document*			
101.SCH	Inline XBRL Taxonomy Extension Schema*			
101.CAL	Inline XBRL Taxonomy Calculation Linkbase*			
101.LAB	Inline XBRL Taxonomy Label Linkbase*			
101.PRE	Inline XBRL Taxonomy Linkbase Document*			
101.DEF	Inline XBRL Taxonomy Definition Linkbase Document*			

*Filed herewith.
**Furnished herewith.

ITEM 16. FORM 10-K SUMMARY

Not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TRUGOLF HOLDINGS, INC.

By: */s/ Christopher (Chris) Jones*
Name: Christopher (Chris) Jones
Title: Chief Executive Officer, Director, Interim Chief Financial Officer (Principal Executive Officer, Interim Principal Financial Officer and Interim Principal Accounting Officer)
Date: April 15, 2025

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: */s/ Christopher (Chris) Jones*
Name: Christopher (Chris) Jones
Title: Chief Executive Officer, Director, Interim Chief Financial Officer (Principal Executive Officer, Interim Principal Financial Officer and Interim Principal Accounting Officer)
Date: April 15, 2025

By: */s/ Shaun B.Limbers*
Name: B. Shaun Limbers
Title: Director
Date: April 15, 2025

By: */s/ Humphrey P. Polanen*
Name: Humphrey P. Polanen
Title: Director
Date: April 15, 2025

By: */s/ Riley Russell*
Name: Riley Russell
Title: Director
Date: April 15, 2025

By: */s/ AJ Redmer*
Name: AJ Redmer
Title: Director
Date: April 15, 2025

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

TRUGOLF HOLDINGS, INC.
CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2024 AND 2023

TABLE OF CONTENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and
Stockholders of TruGolf Holdings, Inc.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of TruGolf Holdings, Inc. (the Company) as of December, 2024 and 2023, and the related consolidated statements of operations, comprehensive gain (loss), stockholders' deficit, and cash flows for each of the years in the two-year period ended December 31, 2024, and the related notes (collectively referred to as the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2024, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Haynie & Company

We have served as the Company's auditor since 2024
Salt Lake City, Utah
April 15, 2025

TRUGOLF HOLDINGS, INC.
CONSOLIDATED BALANCE SHEETS

	December 31, 2024	December 31, 2023
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 10,882,077	$ 3,297,564
Restricted cash	-	2,100,000
Marketable investment securities	-	2,478,953
Accounts receivable, net	1,399,153	2,398,872
Inventory, net	2,349,345	2,119,084
Prepaid expenses and other current assets	116,619	262,133
Other current assets	45,737	-
Total Current Assets	14,792,931	12,656,606
Property and equipment, net	143,852	234,308
Capitalized software development costs, net	1,540,121	-
Right-of-use assets	634,269	972,663
Other long-term assets	31,023	1,905,983
Total Assets	$ 17,142,196	$ 15,769,560
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current Liabilities:		
Accounts payable	$ 2,819,703	$ 2,059,771
Deferred revenue	3,113,010	1,704,224
Notes payable, current portion	10,001	9,425
Notes payable to related parties, current portion	2,937,000	1,237,000
Line of credit, bank	802,738	802,738
Margin line of credit account	-	1,980,937
Convertible notes payable	-	954,622
Dividend notes payable	4,023,923	-
Accrued interest	661,376	459,872
Accrued and other current liabilities	999,307	1,125,495
Accrued and other current liabilities - assumed in Merger	45,008	-
Lease liability, current portion	363,102	334,255
Total Current Liabilities	15,775,168	10,668,339
Non-current Liabilities:		
Notes payable, net of current portion	9,732	2,402,783
Note payables to related parties, net of current portion	624,000	861,000
PIPE loan payable, net	4,068,953	-
Dividend notes payable	-	4,023,923
Gross sales royalty payable	1,000,000	1,000,000
Lease liability, net of current portion	305,125	668,228
Other liabilities	-	63,015
Total Liabilities	21,782,978	19,687,288
Commitments and Contingencies		
Stockholders' Deficit:		
Preferred stock, $0.0001 par value, 10 million shares authorized; zero shares issued and outstanding, respectively	-	-
Common stock, $0.0001 par value, 100,000,000 shares authorized:		
Common stock - Series A, $0.0001 par value, 90 million shares authorized; 26,120,545 and 13,098 shares issued and outstanding, respectively	2,612	120
Common stock - Series B, $0.0001 par value, 10 million shares authorized; 1,716,860 and 0 shares issued and outstanding, respectively	172	-
Treasury stock at cost, 4,692 shares of common stock held, respectively	(2,037,000)	(2,037,000)
Additional paid-in capital	18,548,931	10,479,738
Accumulated other comprehensive loss	-	(1,662)
Accumulated deficit	(21,155,496)	(12,358,924)
Total Stockholders' Deficit	(4,640,781)	(3,917,728)
Total Liabilities and Stockholders' Deficit	$ 17,142,196	$ 15,769,560

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

TRUGOLF HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Year Ended December 31, 2024	For the Year Ended December 31, 2023
Revenue, net	$ 21,858,864	$ 20,583,851
Cost of revenue	7,271,512	7,825,768
Total gross profit	14,587,352	12,758,083
Operating expenses:		
Royalties	706,214	709,640
Salaries, wages and benefits	9,314,415	9,681,323
Selling, general and administrative	6,669,684	11,027,332
Total operating expenses	16,690,313	21,418,295
Loss from operations	(2,102,961)	(8,660,212)
Other (expenses) income:		
Interest income	106,400	108,011
Interest expense	(6,932,618)	(1,730,908)
Gain on fair value adjustment	142,319	-
Loss on extinguishment of debt	(270,594)	-
Gain on investment	262,035	-
Total other expense	(6,692,458)	(1,622,897)
Loss from operations before provision for income taxes	(8,795,419)	(10,283,109)
Provision for income taxes	-	-
Net loss	$ (8,795,419)	$ (10,283,109)
Net loss per common share Series A - basic and diluted	$ (0.76)	$ (857.35)
Weighted average shares outstanding Series A - basic and diluted	11,634,761	11,994

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

TRUGOLF HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE GAIN (LOSS)

	For the Year Ended December 31, 2024	For the Year Ended December 31, 2023
Net loss	$ (8,795,419)	$ (10,283,109)
Other comprehensive gain (loss):		
Unrealized gain (loss) in fair value of short-term investments	1,662	(1,662)
Comprehensive loss	$ (8,793,758)	$ (10,284,771)

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

TRUGOLF HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT
FOR THE YEAR ENDED DECEMBER 31, 2024 AND 2023

	Preferred Stock		Class A Common Stock		Class B Common Stock		Treasury Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Gain (Loss)	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount				
Balance at December 31, 2022	-	$ -	11,308	$ 100	-	$ -	(4,692)	$(2,037,000)	$ 681,956	$ -	$ (2,075,815)	$ (3,430,759)
Issuance of common stock to consultants for services	-	-	821	9	-	-	-	-	4,493,324	-	-	4,493,333
Issuance of common stock to employees for services	-	-	252	3	-	-	-	-	1,379,193	-	-	1,379,196
Issuance of common stock for conversion of dividend payable	-	-	717	8	-	-	-	-	3,925,265	-	-	3,925,273
Unrealized loss in fair value of short-term investments	-	-	-	-	-	-	-	-	-	(1,662)	-	(1,662)
Net loss	-	-	-	-	-	-	-	-	-	-	(10,283,109)	(10,283,109)
Balance as of December 31, 2023	-	$ -	13,098	$ 120	-	$ -	(4,692)	$(2,037,000)	$10,479,738	$ (1,662)	$ (12,358,924)	$ (3,917,728)
Issuance of common stock exchanged in Merger	-	$ -	(13,098)	$ (120)	-	$ -	-	$ -	$ (3,854,573)	$ -	$ -	$ (3,854,693)
Issuance of common stock - Series A exchanged in Merger	-	-	11,538,252	1,154	-	-	-	-	(1,154)	-	-	-
Issuance of common stock - Series B issued in Merger	-	-	-	-	1,716,860	172	-	-	(172)	-	-	-
Revaluation of costs of merger	-	-	-	-	-	-	-	-	385,000	-	(1,153)	383,847
Issuance of common stock for interest and make good	-	-	723,068	72	-	-	-	-	700,749	-	-	700,821
Issuance of common stock for conversion of notes	-	-	13,787,393	1,379	-	-	-	-	9,988,281	-	-	9,989,660
Stock-based compensation												
- common stock	-	-	71,832	7	-	-	-	-	119,952			119,959
- options	-	-	-	-	-	-	-	-	538,323	-	-	538,323
Debt refinance conversion	-	-	-	-	-	-	-	-	192,787	-	-	192,787
Realized gain in fair value of short-term investments	-	-	-	-	-	-	-	-	-	1,662	-	1,662
Net loss	-	-	-	-	-	-	-	-	-	-	(8,795,419)	(8,795,419)
Balance as of December 31, 2024	-	$ -	26,120,545	$ 2,612	1,716,860	$ 172	(4,692)	$(2,037,000)	$18,548,931	$ -	$ (21,155,496)	$ (4,640,781)

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

TRUGOLF HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Year Ended December 31, 2024	For the Year Ended December 31, 2023
Cash flows from operating activities:		
Net loss	$ (8,795,419)	$ (10,283,109)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	301,442	58,641
Amortization of convertible notes original issue discount	728,278	97,111
Amortization of right-of-use asset	338,394	298,208
Change in fair value of derivative liability	(142,319)	-
Loss on extinguishment of debt	270,594	-
Fair value of warrants in excess of fair value of debt	-	93,530
Bad debt expense	826,207	681,479
Change in OCI	1,662	-
Stock issued for services	119,959	5,872,529
Stock issued for make good provisions on debt conversion	700,821	-
Stock options issued to employees	538,323	-
Changes in operating assets and liabilities:		
Marketable investment securities	-	12,530
Accounts receivable, net	173,512	(1,335,714)
Inventory, net	(230,261)	2,396
Prepaid expenses	145,514	(114,385)
Other current assets	(45,737)	17,840
Other assets	50,001	(1,905,983)
Accounts payable	444,961	596,434
Deferred revenue	1,408,786	(1,008,296)
Accrued interest payable	201,504	615,582
Accrued and other current liabilities	(634,557)	374,819
Other liabilities	(63,015)	63,015
Lease liability	(334,256)	(269,848)
Net cash used in operating activities	(3,995,606)	(6,133,221)
Cash flows from investing activities:		
Purchases of property and equipment	(36,339)	(127,413)
Purchase of short-term investments	-	(2,493,145)
Capitalized software, net	(1,701,471)	-
Sale of short-term investments	2,478,953	-
Net cash provided by (used in) investing activities	741,143	(2,620,558)
Cash flows from financing activities:		
Proceeds from PIPE loans, net of discount	8,902,681	-
Proceeds from loan payable – related party	2,000,000	-
Proceeds from investment fund (PIPE)	2,112,560	-
Cash acquired in Merger	103,818	-
Debt refinance conversion	192,787	-
Proceeds from line of credit	-	1,980,937
Proceeds from notes payable	-	2,433,059
Proceeds from convertible notes	-	185,500
Costs of Merger paid from PIPE loan	(1,947,787)	-
Repayments of line of credit	(1,980,937)	-
Repayments of loans assumed in Merger	(100,000)	-
Repayments of notes payable	(9,146)	(107,569)
Repayments of notes payable - related party	(535,000)	(37,000)
Dividends paid	-	40,150
Net cash provided by financing activities	8,738,976	4,495,077
Net change in cash , cash equivalents and restricted cash	5,484,513	(4,258,702)
Cash, cash equivalents and restricted cash - beginning of year	5,397,564	9,656,266
Cash and cash equivalents - end of year	$ 10,882,077	$ 5,397,564
Supplemental cash flow information:		
Cash paid for:		
Interest	$ 923,975	$ 1,115,332
Income taxes	$ -	$ -
Non-cash investing and financing activities:		
Derivative liability related to warrants	$ 142,319	$ -
PIPE note principal converted to Class A Common Stock	$ 5,832,600	$ -
Convertible notes exchanged for PIPE note	$ 2,419,622	$ -
Class A Common Stock exchanged in Merger	$ 3,854,573	$ -
Class A Common Stock issued in Merger	$ 1,154	$ -
Class B Common Stock issued in Merger	$ 172	$ -
Termination of loan payable	$ 1,875,000	$ -
Conversion of dividend note payable and accrued interest	$ -	$ 3,925,273
Conversion of note payable to line of credit	$ -	$ 257,113
Warehouse lease	$ -	$ 537,994

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

NOTE 1 – NATURE OF THE ORGANIZATION AND BUSINESS

Nature of the Business

For over 40 years, TruGolf Holdings, In. (including its subsidiaries "the Company", "we", "us", or "our") has been creating indoor golf software and hardware and are focused on both the residential and commercial golf simulation industries. We design, develop, manufacture and sell golf simulators for residential and commercial applications. We offer portable, professional, commercial and custom simulators. In addition, to bundling our software with our simulators, we offer our E6 Connect and E6 Apex software as well as other gaming software on a standalone basis. We have leveraged the power of our hardware and software platform to create a collection of multi-sport games including football, soccer, soccer golf, frisbee golf, zombie dodgeball, and cowboy target practice.

TruGolf Nevada has been creating indoor golf software for 40 years. We began as a subsidiary of Access Software, Inc., a video game developer based in Salt Lake City, Utah ("**Access Software**"), which was co-founded in November 1982, by Christopher Jones, the Company's largest stockholder, Chief Executive Officer, President and Chairman. In April 1999, Access Software was purchased by Microsoft Corp., for its expertise in golf software development. Following the acquisition, the core programming and graphics team of Links™, which created Links LS 1999, one of the bestselling PC sports games of 1999, were spun out to TruGolf Nevada.

Since 1999, we have focused on establishing residential and commercial golf simulation as a viable industry, and since 2007, we have focused on fabricating custom golf simulators for luxury clients. Part of our initial strategy included partnering with hardware inventors to provide them world class software. Over time, we found that it was not viable to rely on these early hardware inventors alone, we also began building and selling our own hardware. In addition, we are working with a video game company to utilize their new dynamic graphics engine which will enable us to bring photorealistic golf courses to life through our E6 software (discussed below). In addition, we have developed multiple sources and 3rd party manufacturers for the raw materials or parts for our products, including but not limited to, steel or aluminum frames, fabric, turf, screens, projectors, PCs, cameras, lasers, infrared sensors, and supporting subsystems. The availability of the frames and fabric from our principal provider, Allied ES&A, has been increased as they have moved into a much larger facility directly located in a large employee base community and we have entered into negotiations with a second supplier in order to provide alternative sourcing if needed. A third supplier, Impact Signs, has also been used in the past and TruGolf Nevada believes that it could purchase turf, and screen supplies from them as well if needed. Both turf (Controlled Products), and screen suppliers (Allied), are so specialized that we have come to rely on one vendor for each, respectively. Turf particularly experienced some delivery delays in 2022 that have been rectified, additional inventory has been secured locally, and our highest volume portable simulators have been redesigned to use less raw materials from that vendor, while adding an improved hitting surface from a second vendor, Real Feel, to mitigate risk. Negotiations with a second supplier of screen materials is in progress. Projectors (TV Specialists), PCs, lasers, IR sensors and other systems come from multiple suppliers with no historical delay in supply. We have 2 primary suppliers of cameras, IDS and Basler, and have integrated products from both in the new Apogee unit to ensure the greatest availability possible.

The Company is an "emerging growth company" as that term is used in the Jumpstart our Business Startups Act of 2012, and as such, has elected to comply with certain reduced public company reporting requirements.

Corporate History

On January 31, 2024 the Company completed the previously announced business combination pursuant to the terms of the Agreement and Plan of Merger, dated as of July 21, 2023 (as amended, the "Merger Agreement"), which provided for, Merger Sub to merge with and into TruGolf Nevada, with TruGolf Nevada surviving as a direct, wholly owned subsidiary of Deep Medicine Acquisition Corp. ("DMAQ"), a Delaware corporation and TruGolf's predecessor company as a consequence of the merger (together with the other transactions contemplated by the Merger Agreement, the "Business Combination"). In connection with the consummation of the Business Combination, DMAQ changed its name to TruGolf Holdings, Inc. TruGolf Holdings, Inc.'s Class A common stock commenced trading on The Nasdaq Global Market under the ticker symbol "TRUG" on February 1, 2024.

Trugolf Holdings, Inc. (f/k/a Deep Medicine Acquisition Corp.) (the "Company" or "TruGolf", "we", "us") was incorporated on July 8, 2020 as a Delaware corporation and formed for the purpose of effecting a business combination, with no material operation of its own. Our operations are conducted through our subsidiary TruGolf, Inc., a Nevada Corporation ("TruGolf Nevada"). TruGolf Nevada was formed as a Utah corporation on October 4, 1995, under the name "TruGolf, Incorporated". TruGolf Nevada's original business plan was the creation of golfing video games. On June 9, 1999, the TruGolf Nevada changed its name to "TruGolf, Inc." Effective on April 26, 2016, TruGolf Nevada filed Articles of Merger with the State of Utah, Department of Commerce, and on April 28, 2016, TruGolf Nevada filed Articles of Merger with the Secretary of State of Nevada, pursuant to which TruGolf, Inc., a Utah corporation, merged with and into TruGolf Nevada, pursuant to a Plan of Merger. TruGolf Nevada was the surviving corporation in the merger. In connection with the Plan of Merger, TruGolf Nevada affected a four-for-one forward stock split of its outstanding common stock.

On May 10, 2024 the Company formed TruGolf Links Franchising, LLC ("Links"), a wholly owned subsidiary in the state of Delaware. Links has a sole member, TruGolf, Inc. Links was formed to establish and sell franchises that would use the Company's indoor golf and recreational sports simulators and other equipment. Links offers a Service Area franchise agreement for a single location. It also offers a regional developer franchise agreement that allows the franchisee to sell franchises within its region. The upfront fees range from $45,000 to $100,000. Links has received proceeds of $500,000 from its CEO and $75,000 from a third party to purchase the franchise rights to some regions yet to be determined. As of September 30, 2024, the Company recorded $575,000 of deferred revenue and incurred $306,539 of expenses that are included in selling, general and administrative category.

Material Agreements

On February 2, 2024, the Company executed a securities purchase agreement (the "Purchase Agreement") with certain investors (together, the "PIPE Investors"), and pursuant to the terms and conditions of the Purchase Agreement, the PIPE Investors agreed to purchase from the Company (i) senior convertible notes in the aggregate principal amount of up to $15,500,000 (the "PIPE Convertible Notes"), (ii) Series A warrants to initially purchase 1,409,091 shares of the Company's Class A common stock (the "Series A Warrants"); and (iii) Series B warrants to initially purchase 1,550,000 shares of the Company's Class A common stock (the "Series B Warrants," and collectively with the Series A Warrants, the "PIPE Warrants")(the "PIPE Financing"). See Note 11 – PIPE Convertible Notes for additional details on the PIPE Convertible Notes. See Note 17 – Stockholders' Deficit for warrants issued and deemed to be derivative liabilities.

Nasdaq Compliance

On July 15, 2024, the Company received a deficiency letter from the Listing Qualifications Department (the "Staff") of the Nasdaq Stock Market ("Nasdaq") notifying the Company that since it failed to file its Form 10-Q for the period ended March 31, 2024 it no longer complied with Nasdaq Listing Rule 5250(c)(1). The deficiency letter did not result in the immediate delisting of the Company's common stock from the Nasdaq Capital Market. On August 14, 2024, the Company filed its Quarterly Report in the Form 10-Q for the period ended March 31, 2024 and the Company regained compliance with the applicable Nasdaq rule.

On August 19, 2024, the Company received a written notification (the " Equity Notice") from the Listing Qualifications Department (the "Staff") of the Nasdaq Stock Market ("Nasdaq") notifying the Company that, based on the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2024, the Company's stockholders' equity was ($10,508,104), and therefore, the Company was not in compliance with Nasdaq's Listing Rule 5450(b)(1)(A), which requires a $10,000,000 minimum stockholders' equity standard (the "Global Equity Standard").

Pursuant to Nasdaq Marketplace Rule 5810(c)(2)(C), the Company was provided 45 calendar days, or until November 18, 2024, to supply a specific plan to regain compliance with all Nasdaq Global Market listing requirements and the Company's time frame to complete its plan. The Company submitted its plan of compliance on November 18, 2024, which was accepted by the Staff, and Nasdaq granted an extension of 180 calendar days from the date of the Equity Notice, or until March 31, 2025, to evidence compliance. On April 2, 2025, the Company received a delist determination letter from the Staff (the "Nasdaq Notice") advising the Company that the Staff had determined that the Company had not regained compliance with the Global Equity Standard. Accordingly, the Staff indicated that unless the Company requests a hearing panel (a "Panel") appeal of the delist determination by April 9, 2025, its securities would be delisted on April 11, 2025.

On April 9, 2025, the Company appealed Nasdaq's determination to a Panel pursuant to the procedures set forth in the Nasdaq Listing Rule 5800 Series to stay the suspension of the Company's securities pending the Panel's decision.

On November 5, 2024, the Company received a written notification (the "Bid Notice") from the Staff notifying the Company that, for the 30 consecutive business days ended November 4, 2024, the Company's security did not maintain a minimum bid price of $1 per share. Nasdaq stated in its letter that in accordance with Nasdaq Listing Rule 5810(c)(3)(A), the Company has a compliance period of 180 calendar days from the date of the Bid Notice (the "Compliance Period"), and that it may regain compliance if the closing bid on the Company's security is at least $1 for a minimum of ten consecutive days during the Compliance Period, which will end May 5, 2025. If the Company chooses to implement a reverse stock split, it must complete the split no later than 10 business days prior to the expiration of the Compliance Period, in order to regain compliance.

On November 5, 2024, the Company received an additional written notice (the "MVPHS Notice") from the Staff notifying the Company that, for 30 consecutive business days ended August 8, 2024, the Company's market value of publicly held securities ("MVPHS") closed below the $15,000,000 MVPHS threshold required for continued listing on the Nasdaq Global Market under Nasdaq Listing Rule 5450(b)(2)(C) (the "MVPHS Rule"). Nasdaq stated in its letter that in accordance with Nasdaq Listing Rule 5810(c)(3)(D), the Company has a compliance period of 180 calendar days from the date of the MVPHS Notice, and it may regain compliance if at any time during the Compliance Period the MVPHS closes at $15,000,000 or more for a minimum of ten consecutive business days.

Liquidity

The accompanying consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which contemplates realization of assets and satisfying liabilities in the normal course of business. At December 31, 2024, the Company has an accumulated deficit of approximately $21 million and working capital deficit of approximately $982,000. For the year ended December 31, 2024, the Company had a loss from operations of approximately $2.1 million and negative cash flows from operations of approximately $4.0 million. Although the Company is showing positive revenue growth and gross profit trends, the Company expects to incur further losses through the end of 2025.

To date the Company has been funding operations primarily through the reinvestment of free cash flows generated from our business operations, sale of equity in private placements, PIPE convertible debt instruments and revenues generated by the Company's services. During the year ended December 31, 2024, the Company received $9,045,000 in proceeds from the issuance of PIPE Convertible Notes, net of $1,005,000 in original issue discounts, from a PIPE Convertible Note, $2,000,000 in proceeds from a loan payable with the Company's Chief Executive Officer, and $103,818 in net proceeds from the Company's trust account which was disbursed in connection with the Business Combination.

Based on its current cash resources and commitments, the Company believes it will be able to maintain its current planned development and corresponding level of expenditure for at least twelve months from the date of the issuance of these consolidated financial statements, although no assurance can be given that it will not need additional funds prior to such time.

NOTE 2 – BUSINESS COMBINATION AND PURCHASE PRICE ALLOCATION

On January 31, 2024, the Company consummated the Business Combination contemplated by the Amended and Restated Agreement and Plan of Merger, dated as of July 21, 2023 (as amended, the "Merger Agreement"), by and among the DMAQ, Merger Sub , Bright Vision Sponsor LLC, in the capacity as DMAQ's Representative thereunder, Christopher Jones, in the capacity as TruGolf Nevada's Representative thereunder, and TruGolf Nevada. As a result of the Business Combination, (i) Merger Sub merged with and into TruGolf Nevada (the "Merger"), with TruGolf Nevada surviving as a wholly-owned subsidiary of DMAQ, and (ii) DMAQ's name was changed from Deep Medicine Acquisition Corp. to TruGolf Holdings, Inc. The Company's Class A common stock commenced trading on the Nasdaq Global Market under the ticker symbol "TRUG" on February 1, 2024.

Accounting for the Business Combination

The Business Combination is accounted for as a reverse recapitalization in accordance with U.S. GAAP. Under this method of accounting, DMAQ was treated as the acquired company for accounting purposes, whereas TruGolf Nevada was treated as the accounting acquirer. In accordance with this method of accounting, the Business Combination has been treated as the equivalent of TruGolf Nevada issuing shares for the net assets of DMAQ, accompanied by a recapitalization. The net assets of DMAQ and TruGolf Nevada were stated at historical cost, with no goodwill or other intangible assets recorded, and operations prior to the Business Combination were those of TruGolf Nevada. TruGolf Nevada has been determined to be the accounting acquirer for purposes of the Business Combination based on an evaluation of the following circumstances:

- Legacy TruGolf Nevada stockholders have a majority of the voting power of TruGolf
- TruGolf Nevada comprising the ongoing operations of the combined company
- TruGolf Nevada contributing a majority of the governing body members of New TruGolf, and
- TruGolf Nevada's senior management comprising the senior management of New TruGolf

Exchange of TruGolf Nevada Shares for Shares of TruGolf

Based on 13,098 TruGolf Nevada shares of common stock outstanding immediately prior to the closing of the Business Combination, the Exchange Ratio determined in accordance with the terms of the Merger Agreement is approximately 570.10:1. TruGolf issued 7,467,134 shares of TruGolf common stock to legacy TruGolf Nevada shareholders in the Business Combination, determined as follows:

	TruGolf Nevada shares outstanding as of immediately prior to the Closing
Ordinary Shares, par value $0.01 per share	13,098
Exchange Ratio	570.10:1
Estimated shares of New TruGolf common stock issued to TruGolf Nevada shareholders upon closing	7,467,134

The common shares issued to legacy TruGolf Nevada shareholders consists of 5,750,274 shares of TruGolf Class A common stock and 1,716,860 shares of TruGolf Class B common stock. See Note 17 – Stockholders' Deficit for the detail of the remaining 5,787,978 shares of Class A common stock exchanged in the Merger.

The purchase price for the Merger was allocated to the net assets acquired on the basis of historical costs with no goodwill or other intangible assets recorded. The following summarizes the allocation of the purchase price to net assets acquired in the Merger:

Cash and cash equivalents	$ 103,818
Net proceeds from investment fund (PIPE)	2,237,213.00
Accounts payable and accrued expenses	(310,724)
Loans payable	(1,565,000)
Net assets	$ 465,307
PIPE Convertible Notes Payable assumed in Merger	$ 4,650,000
Less: Original Issue Discount of 10%	(465,000)
PIPE Convertible Notes Payable, net	4,185,000
Payment of closing costs and other expenses	(1,947,787)
Net proceeds from PIPE Convertible Notes Payable assumed in Merger	$ 2,237,213

On November 2, 2023 and December 7, 2023, Deep Medicine Acquisition Corp. ("DMAQ") executed loan agreements with certain accredited investors (together, the "Prior Loan Agreements") pursuant to which such investors agreed to loan DMAQ up to an aggregate $11,000,000 in exchange for the issuance of convertible notes and warrants. On February 2, 2024, TruGolf (f/k/a Deep Medicine Acquisition Corp.) executed a securities purchase agreement (the "Purchase Agreement") with (i) each of the investors party to the Prior Loan Agreements, which replaced, the Prior Loan Agreements in their entirety, and with (ii) additional investors (together, the "PIPE Investors"). Pursuant to the terms and conditions of the Purchase Agreement, the PIPE Investors agreed to purchase from the Company (i) senior convertible notes in the aggregate principal amount of up to $15,500,000 (the "PIPE Convertible Notes"), (ii) Series A warrants to initially purchase 1,409,091 shares of the Company's Class A common stock (the "Series A Warrants"); and (iii) Series B warrants to initially purchase 1,550,000 shares of the Company's Class A common stock (the "Series B Warrants," and collectively with the Series A Warrants, the "PIPE Warrants") (the "PIPE Financing").

The Purchase Agreement contemplated the funding of the investment (the "Investment") across multiple tranches. At the first closing (the "Initial Closing") an aggregate principal amount of $4,650,000 of PIPE Convertible Notes were issued upon the satisfaction of certain customary closing conditions in exchange for aggregate gross proceeds of $4,185,000, representing an original issue discount of 10%. On such date (the "Initial Closing Date"), the Company also issued the PIPE Investors the Series A Warrants and the Series B Warrants.

Subject to satisfying the conditions discussed below, the Company has the right under the Purchase Agreement, but not the obligation, to require that the PIPE Investors purchase additional Notes at up to two additional closings. Upon notice at any time after the 2nd trading day following the Initial Closing Date, the Company may require that the PIPE Investors purchase an additional aggregate principal amount of $4,650,000 of PIPE Convertible Notes, in exchange for aggregate gross proceeds of $4,185,000, if (i) the Registration Statement (as described below) has been filed; and (ii) certain customary closing conditions are satisfied (the "First Mandatory Additional Closing"). Upon notice at any time after the 2nd trading day following the date that the First Mandatory Additional Closing is consummated, the Company may require that the PIPE Investors purchase an additional aggregate principal amount of $6,200,000 of PIPE Convertible Notes, in exchange for aggregate gross proceeds of $5,580,000, if (i) the shareholder approval is obtained (as described below); (ii) the Registration Statement has been declared effective by the SEC; and (iii) certain customary closing conditions are satisfied (the "Second Mandatory Additional Closing").

In addition, pursuant to the Purchase Agreement, as amended by the Waiver (described below) each PIPE Investor has the right, but not the obligation, to require that, upon notice, the Company sell to such PIPE Investor at one or more additional closings such PIPE Investor's pro rata share of up to a maximum aggregate principal amount of $10,850,000 in additional PIPE Convertible Notes (each such additional closing, an "Additional Optional Closing"); provided that, the principal amount of the additional PIPE Convertible Notes issued at each Additional Optional Closing must equal at least $250,000. If a PIPE Investor has not elected to effect an Additional Optional Closing on or prior to August 30, 2025, such PIPE Investor shall have no further right to effect an Additional Optional Closing under the Purchase Agreement.

On August 13, 2024, the Company entered into those certain waiver and amendment agreements (the "Waiver"), pursuant to which the Company and the PIPE Investors agreed to: (i) waive any breaches or defaults caused by the Company's failure to timely file its SEC reports through August 14, 2024; (ii) extend the date by which the Additional Optional Closings may occur until 11 months from the effective date of the initial Registration Statement; (iii) permit the Company to raise debt financing from its affiliates through non-convertible, unsecured notes with a maturity date that is later than the maturity date of the PIPE Convertible Notes; (iv) waive certain registration failures until September 3, 2024 and permit the issuance of common stock to satisfy certain registration failures; and (v) allow the Company to satisfy the interest payments due April 1, 2024, July 1, 2024 and October 1, 2024 from the issuance of common stock or by allowing such amounts to be added to the principal amount of the PIPE Convertible Notes, at the option of the PIPE Investors. In addition, certain PIPE Investors agreed to acquire additional PIPE Convertible Notes without regard to any volume or price requirements in the instruments. In connection with the Waiver, the Company issued an aggregate of 192,151 shares in satisfaction of certain registration statement delay payments and issued an aggregate of 157,582 shares in satisfaction of outstanding interest payments. Such payments were made at the "Alternate Conversion Price" set forth in the PIPE Convertible Notes, which is equal to the lesser of (i) the Conversion Price, and (ii) 90% of the lowest volume weighted average price of the Class A common stock during the five consecutive trading days immediately prior to such conversion. Additionally, the Company issued 190,586 shares to a PIPE Investor as a result of language in the PIPE Convertible Note related to ownership percentage prior to the Merger.

On November 7, 2024, the Company entered into those certain amendments to the Waivers (the "Amendments"), pursuant to which the Company and the PIPE Investors agreed to: (i) waive any breaches or defaults caused by the Company's failure to timely file its SEC reports through August 21, 2024; and (ii) waive certain registration failures until October 3, 2024. In addition, the PIPE Investors waived any breaches or defaults that may have occurred or will occur solely as a result of the Company's failure to comply with the continued listing requirements of the Nasdaq Stock Market due to: (i) the Company's failure to meet the stockholders' equity requirement for continued listing, provided that the foregoing waiver shall expire on January 15, 2025, (ii) the Company's failure to meet the market value of publicly held shares requirement for continued listing, provided that the foregoing waiver shall expire on January 15, 2025, and/or (iii) the Company's failure to meet the minimum bid price requirement for continued listing; provided that the foregoing waiver shall expire on January 15, 2025, provided further that to the extent the Company is in compliance with all other Nasdaq Stock Market listing requirements and has filed a preliminary proxy statement to hold a special meeting to vote on a reverse stock split to remedy the bid price failure, the waiver shall be extended to March 15, 2025. In connection with the Amendment, the Company issued an aggregate of 116,959 shares in satisfaction of certain registration statement delay payments and issued an aggregate of 65,790 shares in satisfaction of outstanding interest payments. Such payments were made at the "Alternate Conversion Price" set forth in the PIPE Convertible Notes, which is equal to the lesser of (i) the Conversion Price, and (ii) 90% of the lowest volume weighted average price of the Class A common stock during the five consecutive trading days immediately prior to such conversion.

On November 7, 2024, certain PIPE Investors agreed to purchase additional PIPE Convertible Notes in aggregate principal amount of $3,300,000 for aggregate proceeds of $2,970,000. In connection with the foregoing, the Company agreed to repay an aggregate of $2,496,686 in outstanding debt and transaction expenses.

On December 6, 2024, a certain PIPE Investor agreed to purchase additional PIPE Convertible Notes in the aggregate principal amount of $2,100,000 for aggregate proceeds of $1,890,000.

As of December 31, 2024, the Company recorded PIPE Convertible Notes payable of $4,068,953, net of discounts. For the year ended December 31, 2024 the Company recorded interest expense on the PIPE Convertible Notes of $5,922,451, which included $4,216,986 in make whole interest as a result of debt conversions, and interest expense relating to the amortization of the OID of $516,239.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The summary of significant accounting policies presented below is designed to assist in understanding the Company's consolidated financial statements. Such consolidated financial statements and accompanying notes are the representations of the Company's management, who is responsible for their integrity and objectivity. The Company operates in one business segment, which is Golf Simulators.

Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

Reclassifications

Certain reclassifications have been made to the financial statements for the year ended December 31, 2023 to conform to the financial statement presentation for the year ended December 31, 2024. These reclassifications had no effect on net loss or cash flows as previously reported.

Use of Estimates

Preparing financial statements in conformity with GAAP requires management to make estimates, judgments, and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates these estimates and judgments. Actual results could differ from those estimates.

Key estimates relate primarily to determining the net realizable value and demand for inventory, useful lives associated with property and equipment and capitalized software, valuation allowances with respect to deferred tax assets, contingencies, and the valuation and assumptions underlying share-based compensation and equity warrants. On an ongoing basis, management evaluates its estimates compared to historical experience and trends, which form the basis for making judgments about the carrying value of assets and liabilities.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of 90 days or less to be cash equivalents. Cash equivalents primarily consist of institutional money market funds, U.S. Treasury securities, certificates of deposit, and commercial paper and are carried at cost, which approximates fair value.

Concentration of Credit Risk

The Company maintains the majority of its cash and cash equivalents in accounts with large financial institutions. At times, balances in these accounts may exceed federally insured limits; however, to date, the Company has not incurred any losses on its deposits of cash and cash equivalents.

Marketable Investment Securities

The Company generally invests its excess cash in investments in corporate fixed income securities and U.S. Treasury securities. Such investments are included in cash and cash equivalents or marketable investment securities on the accompanying consolidated balance sheets and are classified based on original maturity. The Company considers all highly liquid investments with an original maturity date of 90 days or less to be cash equivalents and considers all highly liquid investments with an original maturity greater than 90 days and less than one year to be marketable securities.

Marketable fixed income securities are classified as available-for-sale and reported at fair value with unrealized gains and losses included in accumulated other comprehensive income (loss). Realized gains and losses on the sale of marketable securities are determined using the average cost method on a first-in, first-out basis and recorded in total other income (expense), net in the statements of operations and comprehensive loss. Each reporting period, the Company evaluates whether declines in fair value below carrying value are due to expected credit losses, as well as its ability and intent to hold the investment until a forecasted recovery of the carrying value occurs. Expected credit losses are recorded as an allowance through other income (expense), net on the Company's consolidated statements of operations.

During the year ended December 31, 2024, the Company sold and liquidated most of its marketable securities resulting in a gain of $1,662 recorded in the consolidated statements of comprehensive gain (loss). Marketable investment securities had a balance of $10,114 and $55,217 as of December 31, 2024 and 2023, respectively, and are included with cash and cash equivalents on the consolidated balance sheets.

Accounts Receivable, net

Accounts receivable are reported at their outstanding unpaid principal balances, net of allowances for doubtful accounts. The Company periodically assesses its accounts and other receivables for collectability on a specific identification basis. The Company estimates its allowance using a rate loss model based on delinquency. The estimated loss rate is based on historical experience with specific customers, understanding of the Company's current economic circumstances, reasonable and supportable forecasts, and the Company's judgment as to the likelihood of ultimate payment based upon available data. Management believes the Company's credit risk is mitigated by the geographically diverse customer base and its credit evaluation procedures. The actual rate of future credit losses, however, may not be similar to past experience. The Company writes off accounts receivable against the allowance for doubtful accounts when a balance is determined to be uncollectable. As of December 31, 2024 and 2023, the Company's allowance for doubtful accounts was $1,470,868 and $1,227,136.

Inventory, net

The Company's inventory consists of raw materials and are valued at the lower of historical cost or net realizable value, where net realizable value is considered to be the estimated selling price in the ordinary course of business, less reasonably predictable cost of completion, disposal and transportation. Historic inventory costs are calculated on an average or specific cost basis. The Company records inventory write-downs for excess or obsolete inventories based upon assumptions on current and future demand forecasts. As of December 31, 2024 and 2023, the Company had $448,360 and $429,050, respectively, reserved for obsolete inventory.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation is calculated over the estimated useful lives of the related assets using the straight-line method. Amortization of leasehold improvements is computed using the straight-line method over the shorter of the remaining lease term (including renewals that are reasonably assured) or the estimated useful lives of the improvements. For internal-use software, external costs and employee payroll expenses directly associated with developing new or enhancing existing software applications are capitalized subsequent to the preliminary stage of development. Internal-use software costs are amortized using the straight-line method over the estimated useful life of the software when the project is substantially complete and ready for its intended use.

Category	Estimated Useful Life
Computer equipment and software	3 - 10 years
Furniture and fixtures	3 - 15 years
Vehicles	5 years
Equipment	5 - 10 years

Expenditures for major additions and improvements are capitalized, and minor replacements, maintenance, and repairs are expensed as incurred. When property and equipment are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gains or losses are included in the Company's results of operations for the respective period.

Capitalized Software Development Costs

The Company capitalizes certain costs related to the development of our software used in our simulators. In accordance with authoritative guidance, including the Financial Accounting Standards Board's Accounting Standards Codification ("ASC") 985-20, *Software – Costs of Software to be Sold, Leased, or Marketed*, the Company began to capitalize these costs when the technological feasibility was established and preliminary development efforts were successfully completed, management authorized and committed project funding, and it was probable that the project would be completed and the software would be used as intended. Such costs are amortized when placed in service, on a straight-line basis over the estimated life of the related asset, estimated to be three years beginning on February 1, 2024. Costs incurred prior to meeting these criteria together with costs incurred for training and maintenance are expensed as incurred and recorded in selling, general and administrative expenses on our consolidated statements of operations. The Company does not capitalize any testing or maintenance costs. The accounting for these capitalized software costs requires management to make significant judgments, assumptions and estimates related to the timing and amount of recognized capitalized software development costs. The balance of capitalized software development costs, net of accumulated amortization, at December 31, 2024 and 2023, was $1,540,121 and $0, respectively. The Company recorded amortization of capitalized software costs of $224,648 and $0 for the years ended December 31, 2024 and 2023, respectively.

Impairment of Long-Lived Assets

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Conditions that would necessitate an impairment assessment include a significant decline in the observable market value of an asset, a significant change in the extent or manner in which an asset is used, or any other significant adverse change that would indicate that the carrying amount of an asset or group of assets may not be recoverable. For asset groups held and used, the carrying value of the asset group is considered recoverable when the estimated undiscounted future cash flows expected to be generated from the use and eventual disposition of the asset group exceed the respective carrying value. In the event the carrying value is not recoverable, an impairment charge would be recognized for the asset group to be held and used equal to the excess of the carrying value above the estimated fair value of the asset group. Impairment charges are recognized within selling, general and administrative expenses in the consolidated statements of operations. The Company did not record a loss on impairment during the years ended December 31, 2024 and 2023, respectively.

Advertising and Marketing Costs

The Company expenses advertising and marketing costs as they are incurred. Advertising and marketing expenses were $736,744 and $395,941 for the years ended December 31, 2024 and 2023, respectively, and are recorded in operating expenses on the consolidated statements of operations.

Debt with Warrants

In accordance with ASC 470-20-25, when the Company issued debt with warrants, the Company treats the fair value of the warrants as a debt discount, recorded as a contra-liability against the debt, and amortizes the balance over the life of the underlying debt as amortization of debt discount expense in the consolidated statements of operations using the straight-line method. The offset to the contra-liability is recorded as either equity or liability in the Company's consolidated balance sheets depending on the accounting treatment of the warrants. If the debt is retired early, the associated debt discount is then recognized immediately as amortization of debt discount expense in the consolidated statements of operations.

Fair Value Measurements

As defined in ASC 820, *Fair Value Measurements and Disclosures*, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). The Company utilizes market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable. ASC 820 establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). This fair value measurement framework applies at both initial and subsequent measurement.

Level 1: Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Pricing inputs are other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reported date. Level 2 includes those financial instruments that are valued using models or other valuation methodologies. These models are primarily industry-standard models that consider various assumptions, including quoted forward prices for commodities, time value, volatility factors and current market and contractual prices for the underlying instruments, as well as other relevant economic measures. Substantially all of these assumptions are observable in the marketplace throughout the full term of the instrument, can be derived from observable data or are supported by observable levels at which transactions are executed in the marketplace.

Level 3: Pricing inputs include significant inputs that are generally less observable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value. The significant unobservable inputs used in the fair value measurement for nonrecurring fair value measurements of long-lived assets include pricing models, discounted cash flow methodologies and similar techniques.

Fair Value of Financial Instruments

The carrying value of cash, accounts receivable, accounts payable and accrued expenses, and other current liabilities approximate their fair values using Level 3 inputs, based on the short-term maturity of these instruments. The carrying amount of notes payable approximate the estimated fair value for this financial instrument as management believes that such debt and interest payable on the notes approximates the Company's incremental borrowing rate. The following table shows the Company's cash, cash equivalents, restricted cash, marketable securities, and derivative liabilities by significant investment category as of December 31, 2024 and 2023:

	Fair Value	Level 1	Level 2	Level 3
Fair Value at December 31, 2022	$ -	$ -	$ -	$ -
Money market funds	55,216	55,216	-	-
Corporate fixed income securities	452,682	-	452,682	-
U.S. treasury securities	2,026,271	-	2,026,271	-
Fair value at December 31, 2023	$ 2,534,169	$ 55,216	$ 2,478,953	$ -
Money market funds	(45,102)	(45,102)	-	-
Corporate fixed income securities	(452,682)	-	(452,682)	-
U.S. treasury securities	(2,026,271)	-	(2,026,271)	-
Derivative liability[(1)]	-	-	-	-
Fair value at December 31, 2024	$ 10,114	$ 10,114	$ -	$ -

(1) During the year ended December 31, 2024, the Company recorded a derivative liability related to the PIPE Warrants of $142,319. During the year ended December 31, 2024, the Company recorded a gain on fair value remeasurement of $142,319. See Note 17 – Stockholders' Deficit for additional details.

Leases

A lease is defined as a contract that conveys the right to control the use of identified property, plant or equipment for a period of time in exchange for consideration.

In accordance with ASC 842, *Leases*, the Company recognized a right-of-use ("ROU") asset and corresponding lease liability on its balance sheets for its office space and warehouse. See Note 19 – Leases for further discussion, including the impact on the Company's financial statements and related disclosures.

ROU assets include any prepaid lease payments and exclude any lease incentives and initial direct costs incurred. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term. The lease terms may include options to extend or terminate the lease if it is reasonably certain that the Company will exercise that option.

Leases in which the Company is the lessee are comprised of office and warehouse rental. All of the leases are classified as operating leases. The Company has two lease agreements with remaining terms of 3.4 years and 11 months.

Income Taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets, including tax loss and credit carry forwards, and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The Company utilizes ASC 740, *Income Taxes*, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated financial statements or tax returns. The Company accounts for income taxes using the asset and liability method to compute the differences between the tax basis of assets and liabilities and the related financial amounts, using currently enacted tax rates. A valuation allowance is recorded when it is "more likely than not" that a deferred tax asset will not be realized. At December 31, 2024 and 2023, the Company's net deferred tax asset has been fully reserved.

For uncertain tax positions that meet a "more likely than not" threshold, the Company recognizes the benefit of uncertain tax positions in the consolidated financial statements. The Company's practice is to recognize interest and penalties, if any, related to uncertain tax positions in income tax expense in the consolidated statements of operations when a determination is made that such expense is likely.

Revenue Recognition

Revenue Recognition Policy

Revenue is recognized upon satisfaction of all contractual performance obligations and transfer of control to the customer and is measured as the amount of consideration to which the Company expects to be entitled to in exchange for corresponding goods or services. Each sales transaction results in an implicit contract with the customer to deliver a product or service at the point of sale. The Company has two distinct revenue streams: golf simulators and content software subscriptions.

Performance obligations under our contracts consist of hardware, software consisting of perpetual licenses and subscription licenses, and support within a single operating segment.

Golf Simulators – Substantially all the Company's sales are multiple performance obligation arrangements for its golf simulators, for which the transaction price is equivalent to the stated price of the product or service, net of any stated discounts applicable at a point in time. Golf simulators are bundled and are comprised of both hardware, a software license (for the software to operate the simulator), and a content software subscription license. Revenue from golf simulators is recognized at the point in time when installation (hardware and software) has occurred and has been accepted by the customer. For transactions where the Company utilizes a third-party to complete the installation, the Company recognizes revenue solely for the simulator hardware upon delivery to the customer or third-party installer and then recognizes the remainder of the revenue upon installation and customer acceptance.

Perpetual License – Golf simulators require specific proprietary software to run the simulations. The Company records revenue from the proprietary software products under perpetual licenses. Revenue from the perpetual licenses is recognized at the time of installation and customer acceptance.

Content Software Subscriptions – The Company offers content software subscriptions for one and twelve months. We recognize revenue from these transactions when control has passed to the customer and the performance obligations have been satisfied. Control is considered to have passed to the customer when the software license has been delivered and accepted by the customer. The content software subscription revenue is recognized over the term of the contract.

Deferred Revenue

Deferred revenue represents either customer advance payments or performance obligations that have not yet been met.

Revenue from golf simulators and perpetual software licenses is deferred and primarily recognized upon the installation of the golf simulators and acceptance from the customer. Revenue from content software subscriptions is deferred and recognized ratably over the life of the subscription (one or twelve months). During the year ended December 31, 2024, the Company recognized $1,704,224 of golf simulator and subscription services revenue, respectively, that was included in deferred revenue balances at the beginning of the year.

Remaining Performance Obligations

As of December 31, 2024, approximately $3.1 million of revenue is expected to be recognized from remaining performance obligations. The Company expects to recognize 100% of this revenue over the next 12 months.

Disaggregated Revenue

	Year Ended December 31,	
	2024	2023
Revenues:		
Golf Simulators[1]	$ 13,708,760	$ 11,969,498
Content Software Subscriptions	7,852,699	8,493,368
Other[2]	297,405	120,985
Total net revenue	$ 21,858,864	$ 20,583,851

(1) Includes items such as simulator hardware and proprietary perpetual licenses.
(2) Includes items such as shipping and installation revenue.

Cost of Revenues

Cost of revenue includes direct materials, labor, manufacturing overhead costs and reserves for estimated warranty cost (excluding depreciation). Cost of revenues also includes charges to write down the carrying value of the inventory when it exceeds its estimated net realizable value and to provide for on-hand inventories that are either obsolete or in excess of forecasted demand, as consistently reviewed by the Company. During the years ended December 31, 2024 and 2023, the Company recorded an expense of $0 and $721,000 in inventory write-down, respectively.

Royalties

The Company has royalty agreements with certain software suppliers to pay royalties based on the number of units and subscriptions sold. The royalty percentages range between 20% and 30%. Royalty expense for the years ended December 31, 2024 and 2023, was $706,214 and $709,640, respectively.

Net Loss per Common Share

Net loss per common share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. All outstanding options and warrants are considered potentially outstanding common stock. The dilutive effect, if any, of stock options or warrants is calculated using the treasury stock method. All outstanding convertible notes are considered common stock at the beginning of the period or at the time of issuance, if later, pursuant to the if-converted method.

The following table sets forth the computations of loss per share:

	Year Ended December 31,	
	2024	2023
Numerators:		
Net loss	$ (8,795,419)	$ (10,283,109)
Denominator:		
Weighted-average common shares Series A outstanding, basic and diluted	11,634,761	11,994
Net loss per common share Series A, basic and diluted	$ (0.76)	$ (857.35)

Since the effect of common stock equivalents is anti-dilutive with respect to losses, the options, warrants and shares issuable upon conversion have been excluded from the Company's computation of net loss per common share for the years ended December 31, 2024 and 2023.

The following table summarizes the securities that were excluded from the diluted per share calculation because the effect of including these potential shares was anti-dilutive due to the Company's net loss position even though the exercise price could be less than the average market price of the common shares:

Stock Options	1,131,000
PIPE Convertible Notes[(1)]	928,700
Common Stock - Series A warrants	1,409,092
Common stock - Series B warrants	1,550,000
Earnout shares - Earned in three Tranches over three years (assumes achievement of revenue and VWAP targets)	4,500,000
Underwriter warrants to I-Bankers convertible at $12.00/common share	632,500
Total dilutive	10,151,292

(1) Does not include shares for interest or make-whole amounts as the number of shares is undeterminable since the calculation is based on variable floating factors

Stock-based Compensation

The Company has the ability to grant employees a number of different stock-based awards, including restricted shares of common stock, restricted stock units, stock options, and stock appreciation rights to purchase common stock, under the TruGolf Holdings, Inc. 2024 Incentive Plan (the "2024 Plan"). The Company records stock-based compensation expense based on the fair value of stock awards at the grant date and recognizes the expense over the employees' service periods. For performance-based awards, recognition of stock-based compensation expense also includes management's estimate of the probability of performance criteria as of the end of each reporting period. Stock-based compensation expense is recognized net of estimated forfeitures and expense is not recognized for awards that do not vest if service or performance conditions are not satisfied.

Pursuant to Accounting Standards Update ("ASU") 2018-07, *Compensation – Stock Compensation (Topic 718): Improvements to Non-employee Share-Based Payment Accounting*, the Company accounts for stock options issued to non-employees for their services in accordance with ASC 718. The Company uses valuation methods and assumptions to value the stock options that are in line with the process for valuing employee stock options noted above.

Emerging Growth Company Status

The Company is an emerging growth company, as defined in the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"). Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until those standards apply to private companies. The Company has elected to use this extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date that it is (i) no longer an emerging growth company or (ii) affirmatively and irrevocably opts out of the extended transition period provided in the JOBS Act. As a result, these consolidated financial statements may not be comparable to companies that comply with the new or revised accounting pronouncements as of public company effective dates. The JOBS Act does not preclude an emerging growth company from early adopting new or revised accounting standards. The Company expects to use the extended transition period for any new or revised accounting standards during the period which the Company remains an emerging growth company.

Segment Reporting

The Company currently operates as one business segment, which is also the sole reportable segment, focusing on the manufacturing and sales of indoor golf simulators. The Company's business offerings have similar economic and other characteristics, including the nature of products, manufacturing, types of customers, and distribution methods. The determination of a single business segment is consistent with the consolidated financial information regularly provided to the Company's chief operating decision maker ("CODM"). The Company's CODM is its Principal Executive and Financial Officer and Director, who reviews and evaluates consolidated profit and loss and total assets for the purpose of assessing performance, making operating decisions, allocating resources, and planning and forecasting for future periods.

Warrants

The fair value of the warrants is estimated on the date of issuance using the Black-Scholes option pricing model, which requires the input of subjective assumptions, including the expected term of the warrants, expected stock price volatility, and expected dividends. These estimates involve inherent uncertainties and the application of management's judgment. Expected volatilities used in the valuation model are based on the average volatility of the comparable publicly traded on recognized stock exchanges. The risk-free rate for the expected term of the option is based on the United States Treasury yield curve in effect at the time of the grant.

Recently Adopted Accounting Pronouncements

In June 2022, the FASB issued ASU 2022-03, *Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions* ("ASU 2022-03"), which clarifies the guidance in Accounting Standards Codification Topic 820, *Fair Value Measurement* ("Topic 820"), when measuring the fair value of an equity security subject to contractual restrictions that prohibit the sale of an equity security and introduces new disclosure requirements for equity securities subject to contractual sale restrictions that are measured at fair value in accordance with Topic 820. ASU 2022-03 is effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years, and early adoption is permitted. Management does not believe the adoption of any of these accounting pronouncements has had or will have a material impact on the Company's consolidated financial statements.

In November 2023, the FASB issued Update 2023-07 - *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*, which requires disclosure of the title and position of the Chief Operating Decision Maker ("CODM"), an explanation of how the CODM uses the reported measure of segment profit or loss in assessing segment performance and deciding how to allocate resources, and disclosure of significant expenses regularly provided to the CODM that are included within the reported measure of segment profit or loss. The amendments of ASU 2023-07 are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. The Company adopted this new guidance for the year-ended December 31, 2024, on a retrospective basis, and the adoption did not have a material effect on the Company's consolidated financial statements. (see Note 15)

Recent Accounting Pronouncements

In December 2023, the FASB issued Update 2023-09 - *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which enhances the disclosure requirements for income tax rate reconciliation, domestic and foreign income taxes paid, and unrecognized tax benefits. The amendments of ASU 2023-09 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 impact on the consolidated financial statements and related disclosures.

In November 2024, the FASB issued ASU 2024-03, *Income Statement — Reporting Comprehensive Income — Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expense*s, to disclose additional information about specific expense categories. In January 2025, the FASB issued ASU 2025-01 *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40)*, which clarified the effective date for ASU 2024-03. These amendments are intended to provided more information about types of expenses in commonly presented expense captions. The amendments in this update are effective for annual periods beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027, and early adoption is permitted. The Company is currently evaluating the impact on the consolidated financial statements and related disclosures.

NOTE 4 – ACCOUNTS RECEIVABLE, NET

Accounts receivable and allowance for doubtful accounts consisted of the following as of December 31:

	2024	2023
Trade accounts receivable	$ 2,870,021	$ 3,458,625
Other	-	167,383
	2,870,021	3,626,008
Less allowance for doubtful accounts	(1,470,868)	(1,227,136)
Total accounts receivable, net	$ 1,399,153	$ 2,398,872

NOTE 5 – INVENTORY, NET

The following summarizes inventory as of December 31:

	2024	2023
Inventory - raw materials	$ 2,797,705	$ 2,548,134
Less reserve allowance for obsolescence	(448,360)	(429,050)
Inventory, net	$ 2,349,345	$ 2,119,084

NOTE 6 – MARKETABLE INVESTMENT SECURITIES

In February 2023, the Company entered into a brokerage agreement and deposited $2,500,000. In February 2023, we purchased $450,751 in corporate fixed income securities (corporate bonds) and $1,981,061 in government securities (Treasury securities). The Company terminated the brokerage agreement during the year ended December 31, 2024, liquidated the vast majority of its investments and has $10,114 recorded in cash and cash equivalents on its balance sheet as December 31, 2024. As of December 31, 2023, the marketable securities consisted of the following:

Corporate fixed income securities, weighted average yield and maturity of 5.39% and 2.38 years, respectively	$ 452,682
Government securities, weighted average yield and maturity of 4.91% and 3.25 years, respectively	2,026,271
Total marketable investment securities	$ 2,478,953

NOTE 7 – OTHER LONG-TERM ASSETS

The following summarizes other long-term assets as of December 31:

	2024	2023
Security deposit - Ethos Management loan[(1)]	$ -	$ 1,875,000
Security deposits - leased facilities	31,023	30,983
Total other long-term assets	$ 31,023	$ 1,905,983

(1) See Note 10 – Notes Payable – Ethos Management Inc.

NOTE 8 – PROPERTY AND EQUIPMENT, NET

The following summarizes property and equipment as of December 31:

	2024	2023
Software and computer equipment	$ 795,369	$ 809,031
Furniture and fixtures	230,883	230,883
Vehicles	59,545	59,545
Equipment	15,873	15,873
	1,101,670	1,115,332
Less accumulated depreciation	(957,818)	(881,024)
Total other long-term assets	$ 143,852	$ 234,308

Total depreciation expense was $76,794 and $58,641 for the years ended December 31, 2024 and 2023, respectively.

The following summarizes capitalized software development costs as of December 31, 2024:

Capitalized software - beginning balance, December 31, 2023	$ -
Capitalized software development costs - 2024	1,701,471
Less accumulated amortization	(161,350)
	$ 1,540,121

Total amortization expense for the years ended December 31, 2024 and 2023, was $161,350 and $0, respectively.

NOTE 9 – ACCRUED AND OTHER CURRENT LIABILITIES

Accrued and other current liabilities consist of the following amounts as of December 31:

	2024	2023
Accrued payroll	$ 108,945	$ 326,515
Credit cards	55,180	240,989
Warranty reserve	140,000	140,000
Sales tax payable	105,563	43,891
Other accrued liabilities	589,619	374,100
Total accrued and other current liabilities	$ 999,307	$ 1,125,495

Accrued liabilities and other current liabilities assumed in Merger as of December 31, 2024:

Accrued tax payable	$ 45,008
Total accrued and other current liabilities assumed in Merger	$ 45,008

NOTE 10 – NOTES PAYABLE

Notes payable consisted of the following as of December 31:

Revenue from golf simulators and perpetual software licenses is deferred and primarily recognized upon the installation of the golf simulators and acceptance from the customer. Revenue from content software subscriptions is deferred and recognized ratably over the life of the subscription (one or twelve months).

	2024	2023
Note payable - Ethos Management Inc.	$ -	$ 2,499,999
Note payable - Mercedez-Benz	19,733	29,149
	19,733	2,529,148
Less deferred loan fees - Ethos Management Inc.	-	(116,940)
Less current portion	(10,001)	(9,425)
Note payable long-term portion	$ 9,732	$ 2,402,783

Ethos Management Inc.

In January 2023, the Company entered into a financing agreement with Ethos Asset Management Inc. (the “Ethos Loan” or “Ethos”) in the principal amount of up to $10 million. Pursuant to the terms of the Ethos Loan, the Company may draw down financing proceeds equal to $833,333 each month beginning in April 2023, up to the $10 million amount. Interest associated with the Ethos Loan is fixed at 4% per annum and has a three-year grace period for principal and interest payments. Annual principal and interest payments will commence in 2027 and continue through 2034. As a condition to funding, the Company provided Ethos with a $1,875,000 deposit as collateral (the “Deposit Collateral”) for the note (See Note 7 – Other Long-Term Assets).

The Ethos Loan stipulates that fundings should happen approximately every 30 banking days, subject to Ethos completing periodic internal audits to ensure the Company was in compliance with the terms of the loan agreement. In August 2023, Ethos informed the Company that unrelated to the Company, Ethos was undergoing a routine audit of its portfolio, and pending the close of the audit, borrowers may experience delays in drawing on funds when requested. In February 2024, due to the lack of additional fundings and in accordance with the terms of the Ethos Loan, the Company sent Ethos a notice of termination for materially breaching the Ethos Loan agreement. Based on the termination for default clause in the Ethos Loan, the Company was entitled to retain all funds disbursed by Ethos and Ethos must release the Deposit Collateral. At the date of the Ethos Loan termination the principal and accrued interest owed on the Ethos Loan was $2,383,059 and $81,560, respectively. As a result of the Ethos Loan termination, the outstanding principal and accrued interest was offset by the Deposit Collateral leaving $589,619, which is included in Accrued and other current liabilities on the consolidated balance sheets at December 31, 2024 (See Note 9 – Accrued and Other Current Liabilities).

Mercedes-Benz

In November 2020, the Company entered into a $59,545, 5.90% annual interest rate note payable with Mercedez-Benz for a delivery van. The note matures on November 20, 2026, and is secured by the van. The Company makes a monthly payment of $908, which includes both principal and interest. The outstanding principal on the note at December 31, 2024 and 2023, was $19,733 and $29,149, respectively.

JPMorgan Chase

In June 2021, the Company entered into a $500,000, 3.00% annual interest rate note payable with JPMorgan Chase Bank, N.A. ("JPMorgan") and has a maturity date of June 8, 2026. The Company makes a monthly principal and interest payment in the amount of $8,994. There is no prepayment penalty.

In December 2023, the Company entered into a one-year line of credit facility with JPMorgan. See Note 13 – Lines of Credit. The outstanding note payable balance of $257,113 was transferred to the new line of credit.

Notes Assumed in Merger

As a successor to DMAQ, the Company assumed notes payable from the Merger in the amount of $1,565,000, which was comprised of: (i) an unsecured promissory note in the aggregate principal amount of $1,265,000 issued to two affiliates of the Sponsor on October 15, 2022, in connection with the First Extensions, from October 29, 2022 to January 29, 2023, and (ii) an unsecured promissory note in the principal amount of $300,000 issued to an affiliate of the Sponsor on February 9, 2023 in connection with the Second Extension, from January 29, 2023, to July 29, 2023, pursuant to which a monthly payment of $50,000 had been deposited in the Trust Account after January 29, 2023 for six months. Pursuant to the fully executed Promissory Notes, each of the Promissory Notes bears no interest and is due upon the earlier of the consummation of DMA's initial business combination or the date of the liquidation of DMAQ. During the year ended December 31, 2024, the Company made a principal payment of $100,000 to one of the note holders.

On December 31, 2024, using the proceeds from the November 7, 2024, funding of additional PIPE Convertible Notes (See Note 11 – PIPE Convertible Notes) the Company repaid the remaining balance of such notes in full. The extinguishment of one of the convertible notes resulted in extinguishment accounting. See Note 11 – PIPE Convertible Notes for additional details.

NOTE 11 – PIPE CONVERTIBLE NOTES

On November 2, 2023 and December 7, 2023, DMAQ executed loan agreements with certain accredited investors (together, the "Prior Loan Agreements") pursuant to which such investors agreed to loan DMAQ up to an aggregate $11 million in exchange for the issuance of convertible notes and warrants. On February 2, 2024, the Company executed a securities purchase agreement (the "Purchase Agreement") with each of the investors that executed the Prior Loan Agreements, which replaced the Prior Loan Agreements in their entirety, and with additional investors (together, the "PIPE Investors"). Pursuant to the terms and conditions of the Purchase Agreement, the PIPE Investors agreed to purchase from the Company (i) senior convertible notes in the aggregate principal amount of up to $15.5 million (the "PIPE Convertible Notes"), (ii) Series A warrants to initially purchase 1,409,091 shares of the Company's Class A common stock (the "Series A Warrants"), and (iii) Series B warrants to initially purchase 1,550,000 shares of the Company's Class A common stock (the "Series B Warrants," and collectively with the Series A Warrants, the "PIPE Warrants") (the "PIPE Financing").

Under the terms of the Purchase Agreement, the Company has the right, but not the obligation, to require that the PIPE Investors purchase additional PIPE Convertible Notes at up to two additional closings. On February 6, 2024, the first additional closing (the "First Mandatory Additional Closing") occurred for the sale of $4.65 million in additional PIPE Convertible Notes with an Original Issue Discount of $465,000 for gross proceeds of $4.185 million, subject to the filing of a registration statement and satisfaction of customary closing conditions.

The second additional closing (the "Second Mandatory Additional Closing") may occur upon notice any time following the second trading day after the First Mandatory Additional Closing, and provides for the sale of up to $6.2 million in additional PIPE Convertible Notes for gross proceeds of $5.58 million, subject to the effectiveness of the registration statement, receipt of required shareholder approvals, and satisfaction of customary closing conditions.

In addition, pursuant to the Purchase Agreement, as amended, each PIPE Investor has the right, but not obligation, to require the Company to sell to such investor its pro rata share of up to an aggregate principal amount of $10.85 million of additional PIPE Convertible Notes in one or more "Additional Optional Closings," provided that the principal amount issued in each such closing is no less than $250,000. These optional rights expire on August 30, 2025, if not exercised.

On August 13, 2024, the Company entered into waiver and amendment agreements (the "Waiver") with the PIPE Investors. Under the Waiver, the parties agreed to, among other things: to (i) waive any defaults caused by the Company's failure to timely file SEC reports through August 14, 2024, (ii) extend the deadline for Additional Optional Closings to 11 months following the effectiveness of the initial registration statement, (iii) permit the Company to raise non-convertible, unsecured debt financing from its affiliates, (iv) waive certain registration failures through September 3, 2024, and allow such failures to be cured through the issuance of common stock, and (v) allow interest payments due April 1, July 1, and October 1, 2024, to be paid in shares of common stock or added to the principal of the PIPE Convertible Notes, at the election of the applicable PIPE Investor. In connection with the Waiver, the Company issued 192,151 shares of Class A common stock to satisfy registration delay penalties and 157,582 shares of Class A common stock to satisfy accrued interest obligations. These issuances were made at the "Alternate Conversion Price" set forth in the PIPE Convertible Notes, which is defined as the lesser of the fixed conversion price or 90% of the lowest volume weighted average price (VWAP) of the Company's Class A common stock over the five consecutive days prior to conversion. Additionally, the Company issued 190,586 shares to a PIPE Investor as a result of language in the PIPE Convertible Note related to ownership percentage prior to the Merger.

On November 7, 2024, the Company and certain PIPE Investors entered into further amendments to the Waiver (the "Amendments") under which the PIPE Investors agreed to waive any breaches or defaults resulting from the Company's failure to timely file SEC reports through August 21, 2024, and extended the waiver for certain registration failures through October 3, 2024. The PIPE Investors also waived defaults related to the Company's non-compliance with the continued listing requirements of the Nasdaq Stock Market, including (i) failure to meet the minimum stockholders' equity threshold, (ii) failure to meet the minimum market value of publicly held shares, and (iii) failure to meet the minimum bid price requirement. These waivers are effective through January 15, 2025, but may be extended through March 15, 2025, solely with respect to the bid price deficiency, provided the Company remains in compliance with all other listing requirement and files a preliminary proxy statement to seek shareholder approval of a reverse stock split. In connection with these Amendments, the Company issued 116,959 shares of Class A common stock to satisfy additional registration delay penalties and 65,790 shares of Class A common stock for unpaid interest, also at the Alternate Conversion Price.

Also on November 7, 2024, certain PIPE Investors agreed to purchase an additional $3.3 million in principal amount of PIPE Convertible Notes with an Original Issue Discount of $330,000 for gross proceeds of $2.97 million. The Company used approximately $2.5 million of the proceeds from this issuance to repay outstanding debt and cover related transaction expenses.

One of the November 7, 2024, PIPE Notes was exchanged for a convertible note payable and an unsecured note payable that were issued to the same PIPE Investor. The exchange resulted in debt extinguishment accounting as the present value of the future cash flows of the new PIPE Convertible Note was greater than 10% of the remaining present value of the cash flows of the exchanged notes. As a result, the Company recorded a loss on extinguishment of debt of $270,594 on the consolidated statements of operations for the year ended December 31, 2024.

On December 16, 2024, a certain PIPE Investor agreed to purchase an additional $2.1 million in the principal amount of a PIPE Convertible Note with an Original Issue Discount of $210,000 for gross proceeds of $1.89 million.

PIPE Convertible Notes payable consisted of the following as of December 31, 2024:

PIPE Convertible Note - Tranche 1 - February 7, 2024	$ 4,650,000
PIPE Convertible Note - Tranche 2 - November 7, 2024	3,570,594
PIPE Convertible Note - Tranche 2 - December 16, 2024	2,100,000
	10,320,594
Less Debt Discount associated with OID and Warrants	(1,147,319)
PIPE Convertible Notes, net	9,173,275
Less gross PIPE Convertible Note principal converted into Class A common stock	(5,832,600)
Add accretion of debt discount	728,278
Total PIPE Convertible Notes, net	$ 4,068,953

During the year ended December 31, 2024, the Company converted an aggregate principal amount of $5,832,600 and $4,224,860 in accrued and make-whole interest related to the PIPE Convertible Notes into 13,787,393 shares of the Company's Class A common stock. During the year ended December 31, 2024, amortization expense related to the Original Issue Discount of the PIPE Convertible Notes was $728,278. The principal balance net of Debt Discounts and accrued interest related to the PIPE Convertible Notes at December 31, 2024, was $4,068,953 and $154,500, respectively.

NOTE 12 – RELATED PARTY NOTES AND LOANS PAYABLE

Related party notes payable consisted of the following as of December 31:

	2024	2023
Note payable - ARJ Trust	$ 650,000	$ 650,000
Note payable - McKettrick	800,000	1,300,000
Note payable - Carver	111,000	148,000
Loan - Chris Jones	2,000,000	-
	3,561,000	2,098,000
Less current portion	(2,937,000)	(1,237,000)
Note payable long-term portion	$ 624,000	$ 861,000

Future maturities of related party notes and loan payables as of December 31, 2024:

2025	$ 2,937,000
2026	287,000
2027	337,000
Total	$ 3,561,000

ARJ Trust

In December 2008, the Company entered into a note payable with ARJ Trust, a trust that is indirectly controlled by the Company's chief executive officer. The note has a principal amount of $500,000, an interest rate of 8.50% per annum, and a maturity date of March 31, 2024. The Company is required to make monthly interest-only payments of $3,541.

In June 2010, the Company entered into a second note payable with ARJ Trust. The note has a principal amount of $150,000, an interest rate of 8.50% per annum, and a maturity date of March 31, 2024. The Company is required to make monthly interest-only payments of $1,063.

On March 31, 2024, the maturity date of the notes was extended to March 31, 2025.

The Company made interest-only payments of $55,248 during the years ended December 13, 2024 and 2023, respectively. The principal balance of the notes was $650,000 at December 31, 2024 and 2023.

McKettrick

In May 2019, the Company entered into a $1,750,000, zero interest rate note payable with a former shareholder to repurchase all their owned shares in the Company. The note is payable in annual installments of $250,000 due on December 21 of each year. The note matures on December 1, 2027. If the annual installment is not paid within 10 days of the due date a late fee of 5% is charged. During the year ended December 31, 2024, the Company paid the December 2024 and 2023 installments totaling $500,000 and $50,000 in a negotiated extension fee for the 2023 installment. The principal balance of the note payable was $800,000 and $1,300,000 at December 31, 2024 and 2023, respectively.

Carver

In January 2021, the Company entered into a $222,000, zero interest rate note payable with a former shareholder to repurchase all their owned shares in the Company. The note is payable in semi-annual installments of $18,500 due on March 31 and September 30 each year and matures on October 1, 2027. The Company made the required installments totaling $37,000 for the years ended December 31, 2024 and 2023. The principal balance of the note payable was $111,000 and $148,000 at December 31, 2024 and 2023, respectively.

Chris Jones

During the year ended December 31, 2024, the Company chief executive officer loaned the Company an aggregate of $2 million for operating expenses. The loaned amount has a zero interest rate and no stated maturity date. The Company made no payments towards the loan during the year ended December 31, 2024, however, the Company expects to pay back the loan in full. The principal balance of the loan payable was $2,000,000 at December 31, 2024.

NOTE 13 – LINES OF CREDIT

JPMorgan Chase

In December 2023, the Company entered into a $2,000,000 variable rate line of credit with JPMorgan. The purpose of the new line of credit was to consolidate the balances outstanding on the note payable and the previous line of credit, which had matured. The line of credit matures on December 31, 2024. The line of credit has an annual interest rate of the Adjusted SOFR (Secured Overnight Financing Rate) Rate plus 3.00%.

The line of credit is secured by a pledge of $2,100,000 in the Company's deposit accounts (restricted cash) at JPMorgan. The outstanding principal balance on the line of credit was $802,738 at December 31, 2024 and 2023.

Morgan Stanley

During February 2023, the Company entered into a variable rate line of credit with Morgan Stanley which was secured by the marketable securities held in our brokerage account (See Note 6 – Marketable Investment Securities). The Company terminated the brokerage agreement during the year ended December 31, 2024, liquidated the vast majority of its investments and has $10,114 recorded in cash and cash equivalents on its balance sheet as December 31, 2024. The outstanding balance of the line of credit at December 31, 2023 was $1,980,937.

NOTE 14 – CONVERTIBLE NOTES PAYABLE

In May 2022, the Company entered into two separate but identical $300,000 (total $600,000) convertible notes payable (the "Convertible Notes") with an interest rate of 10% per annum with two individual consultants (the "Noteholders") to assist with services including an initial public offering preparation and listing to Nasdaq or other national exchange, assist the Company and its counsel in preparing a code of conduct and employment agreements, franchise development, and valuation increase through growth among other services. The original terms of each note include a 15% original issue discount ("OID"), 292 warrants to purchase common stock, no prepayment penalty and a maturity date of February 25, 2023.

The warrants were exercisable at $4,800 per share for five years and a cashless option and a mandatory exercise over $9,600 with no prepayment penalty. The warrants were non-exercisable for one year from issuance. The valuation assumptions used in the Black-Scholes model to determine the fair value of each warrant awarded in 2022: expected stock price volatility ranged from 40.06% to 80.17%; expected term in years 5.00 with a discount for the one-year lockout period; and risk-free interest rate 2.95%.

The Noteholder has the right, at any time on or after the issuance date and prior to the maturity date, to convert all or any portion of the then outstanding and unpaid principal plus any accrued interest thereon into shares of TruGolf Nevada's common stock. The per share conversion price will be convertible into shares of common stock equal to 70% multiplied by the lower of (i) the volume weighted average of the closing sales price of the common stock on the date that TruGolf Nevada's listing on the Nasdaq Global Market or other national exchange ("Uplisting") is successfully consummated or (ii) the lowest closing price for the five trading days following the date of Uplisting, not including the Uplisting day.

In the event the Company (i) makes a public announcement that it intends to be acquired by, consolidate or merge with any other corporation or entity (other than a merger in which the Company is the surviving or continuing corporation and its capital stock is unchanged) or sell or transfer all or substantially all of the assets of the Company; or (ii) any person, group or entity (including the Company) publicly announces a tender offer to purchase 50% or more of the common stock, then the conversion price will be equal to the lower of the conversion price and a 25% discount to the announced acquisition provided, that, the conversion will never be less than a price that is the lower of (iii) the closing price (as reflected on Nasdaq.com) immediately preceding the signing of these notes; or (iv) the average closing price of the Company's common stock (as reflected on Nasdaq.com) for the five trading days immediately preceding the signing of these notes.

In 2022 and at the time off issuance, the Company elected to follow the relative fair value method to allocate the proceeds to the warrants, OID, and convertible notes (collectively the "Financial Instruments"). Total estimated fair value of the Financial Instruments was $1,387,060. The pro-rata allocation of the $450,000 total proceeds was $282,109 to the warrants, $21,899 to the OID and $145,992 to the convertible notes. The fair value of the warrants exceeded the pro-rata allocation of proceeds to the warrants and the convertible notes by $445,032, which the Company recorded as interest expense at the time of issuance.

Based on an estimated 70% discounted conversion price, the Company recorded $192,857 in interest expense and a corresponding increase in the notes payable. The Company has elected to account for the convertible notes at fair market value. The fair market value will be adjusted at each reporting period. The total outstanding balance for each convertible note as of December 31, 2022, was $225,000 (total $450,000) and accrued interest was $16,480. In March 2023, we extended each note's maturity to July 31, 2023 and increased each note's borrowing limit to $375,000.

In July 2023, the Company and Convertible Noteholders entered into Warrant Cancellation Agreements, whereby the warrants were canceled when the Merger (business combination) with Deep Medicine Acquisition Corp. was completed. Also in July 2023, the convertible notes were modified whereby the maturity date was extended by up to an additional eight months (February 29, 2024), to be in two extensions of four months each. Five days prior to the extension deadline the Company was to issue 9,000 shares (total 18,000 shares if the Company elects the two extensions) of TruGolf Nevada's stock. The Company did elect the extension. The Company has not issued the shares as of the date of this filing.

There was zero OID related to the Convertible Notes remaining as of December 31, 2024 and 2023, and there was no OID interest expense or amortization recorded during the years ended December 31, 2024 and 2023.

As of December 31, 2024 and 2023, the balance of the Convertible Notes was $0 and $954,622, respectively. The Convertible Notes were paid off in connection with the November 7, 2024, funding of the additional PIPE Convertible Notes referenced in Note 11. The extinguishment of one of the convertible notes resulted in extinguishment accounting. See Note 11 – PIPE Convertible Notes for additional details.

NOTE 15 – DIVIDEND NOTES PAYABLE

Prior to the Merger, TruGolf Nevada filed its tax returns as an S Corporation. Historically, all income tax liabilities and benefits of TruGolf Nevada are passed through to the shareholders annually through distributions. No dividends were declared during 2023 or 2022. During 2021, the Board of Directors declared $7,395,694 in dividends to the shareholders, payable in cash as the Company's liquidity allows. During 2022, TruGolf Nevada paid the shareholders an aggregate amount of $1,965,706. In November 2022, each shareholder agreed to defer the accrued dividends payable by entering into 6.00% interest rate dividend notes payable. All outstanding and accrued interest is due and payable when the dividend notes payable mature on December 31, 2025. Interest commenced accruing on January 1, 2023.

Dividends declared, distributed, and accrued are as follows as of December 31:

	2024	2023
Accrued interest on dividends payable	$ 515,677	$ 274,242
Dividends payable	$ 4,023,923	$ 4,023,923

NOTE 16 – GROSS SALES ROYALTY PAYABLE

In June 2015, the Company entered into a Royalty Purchase Agreement (the "Royalty Agreement") with a purchaser ("Purchaser") for a gross sales royalty. The Purchaser agreed to purchase a sales royalty for the sum of $1,000,000 plus applicable taxes. Upon mutual agreement the Purchaser may purchase one or more additional royalties in an aggregate amount of up to $1,000,000. For the period June 2015 through May 2017, the Company paid a monthly payment of $20,833. Effective June 1, 2017, all subsequent monthly royalty payments has been equal to the greater of $20,833 plus the amount determined in accordance with the following:

i. If the trailing twelve-month revenue of the Company is equal to or less than $6,110,000, 3.60% of the Company's monthly revenues, in perpetuity (unless terminated in accordance with the Royalty Agreement);

ii. If the trailing twelve-month revenue of the Company is equal to or greater than $17,200,000, 1.30% of the Company's monthly revenues, in perpetuity (unless terminated in accordance with the Royalty Agreement); or

iii. If the trailing twelve-month revenue of the Company is greater than $6,110,000 but less than $17,200,000, such percentage of monthly revenue determined by dividing $220,060 by the amount of the trailing twelve-month revenue and multiplying the result by 100, in perpetuity (unless terminated in accordance with the Royalty Agreement).

The royalty percentage was fixed at 3.6% based on the trailing twelve-month revenue at the time of executing the Royalty Agreement. On June 1, 2017, the royalty percentage was changed to 2.4% based on the trailing twelve-month revenues at the time as outlined in the table above.

The Royalty Agreement contains an option for a one-time buy down of the royalty rate. At any time following the date on which the Purchaser has received royalty payments that are, in the aggregate, equal to two times the then applicable Aggregate Installment Amount ($1,000,000), the Company may purchase and extinguish 75% (but no more nor less) of all amounts owing or to become owing to the Purchaser hereunder. In the event the Company wants to exercise the buy down option, the Company would pay the Purchaser $750,000. The adjusted royalty rate going forward would then be 0.6% (75% of the 2.4%).

The Royalty Agreement also contains an option for a buyout upon the change of control. If pursuant to a proposed change of control the acquirer under such transaction requires, as a condition to the completion of such transaction, that the Company purchase and extinguish all amounts owing or to become owing to the Purchaser hereunder, the Company will pay the greater of:

i. An amount equal to two times the aggregate installment amount as at the date of the change of control buyout notice; and
ii. An amount equal to A multiplied by B multiplied by C, where:

    a. A is equal to the aggregate installment amount as at the date of the change in control divided by $22,500,000;
    b. B is equal to 0.8; and
    c. C is equal to the net equity value of the Company; or in the case of a proposed asset sale, the proposed net purchase price of all or substantially all of the Company's assets.

The Royalty Agreement does not contain a stated maturity date or bear interest. The agreement provides for a perpetual payment obligation, whereby the Company is required to remit a royalty equal to either 2.4% or 0.6% of applicable revenue, depending on whether the royalty rate buy-down option has been exercised. While the royalty percentage may be reduced pursuant to the terms of the buy-down provision, the only mechanism for terminating the Royalty Agreement is through a buyout that may be required by an acquirer in connection with a change of control transaction. In the absence of such a change of control, the Royalty Agreement remains in effect indefinitely.

Because the gross sales royalty payable has no stated fixed interest rate or maturity date, it is considered variable interest perpetual debt. The periodic variable payments to the Purchaser are recorded in interest expense. The outstanding balance at December 31, 2024 and 2023, was $1,000,000. During the years ended December 31, 2024 and 2023, the Company incurred $545,268 and $601,064, respectively.

NOTE 17 – STOCKHOLDERS' DEFICIT

Preferred Stock

The Company has authorized preferred stock of 10,000,000 shares with a par value of $0.0001. As of December 31, 2024 and 2023, there were no shares of preferred stock issued and outstanding.

Pre-Merger Common Stock

During the year ended December 2023, TruGolf Nevada issued an aggregate of 821 shares of common stock with a fair value of $5,473 per share, to consultants for services rendered.

During the year ended December 2023, TruGolf Nevada issued an aggregate of 252 shares of common stock with a fair value of $5,473 per share, to two executives as compensation.

On December 31, 2023, TruGolf Nevada issued an aggregate of 717 shares of common stock with a fair value of $5,475 per share, to certain shareholders for conversion of notes payable and related accrued interest in the aggregate amount of $3,925,273.

Post-Merger Common Stock

Prior to the Merger, the TruGolf Nevada had 13,098 shares of common stock outstanding. As described in Note 2 – Business Combination and Purchase Price Allocation, based on the 13,098 TruGolf Nevada shares of common stock outstanding immediately prior to the closing of the Business Combination, the Exchange Ratio determined in accordance with the terms of the Merger Agreement is approximately 570.10:1. TruGolf issued 7,467,134 shares of New TruGolf common stock to legacy TruGolf Nevada shareholders in the Business Combination.

Upon the closing of the Business Combination, the ownership of TruGolf's common stock was as follows:

	Accrual Redemptions	
	Number of Shares Owned	**% Ownership**
TruGolf Nevada shareholders - Series A	5,750,274	43.4%
TruGolf Nevada shareholders - Series B	1,716,860	13.0%
Private Placement Investors[1]	571,450	4.3%
DMAQ Public stockholders[2]	1,460,077	11.0%
DMAQ Directors and officers	280,000	2.1%
DMAQ Sponsor[3]	3,162,500	23.9%
I-Bankers[4]	313,951	2.4%
Total	13,255,112	100%

(1) DMAQ's Insiders had an aggregate of 406,500 units, which contain 406,500 Private Placement Shares and 406,500 Private Rights. I-Bankers had an aggregate of 113,000 units, which contain 113,000 Private Placement Shares and 113,000 Private Rights. Each holder of a Private Right received one-tenth of one share of DMAQ Class A common stock upon consummation of the initial business combination. Private placement shares were the shares of DMAQ Class A common stock. The 519,500 shares of DMAQ Class A common stock and 519,500 Private Rights were exchanged for a total of 571,450 shares of New TruGolf Class A Common Stock upon the closing of the Business Combination.

(2) Prior to and in connection with the approval of the Business Combination, holders of 378,744 DMAQ Class A Shares properly exercised their right to have such shares redeemed for a full pro rata portion of the trust account holding the proceeds from the IPO. In addition, in connection with the January 26, 2024, meeting to amend certain provisions of DMA's corporate documents allowing DMAQ to extend its existence, an additional 943 shares were redeemed, resulting in actual redemptions of 379,687 shares out of the total 574,764 shares of DMAQ common stock subject to redemption. Upon the closing of the Business Combination, 1,265,000 shares of New TruGolf Class A common stock were issued upon the conversion of 12,650,000 Public Rights.

(3) In connection with the Business Combination, 3,162,500 shares of DMAQ Class A common stock held by the Sponsor and its affiliates were converted into 3,162,500 shares of New TruGolf Class A common stock.

(4) Reflects the payment of the transaction fee pursuant to the BCMA Amendment due at Closing, which was paid to I-Bankers equal to (i) $2,000,000 in cash and (ii) 212,752 New TruGolf Class A Common Shares, and an aggregate of 101,200 Representative Shares issued in connection with the IPO were exchanged to New TruGolf Class A common stock upon the Closing.

Class A Common Stock

During the year ended December 31, 2024, the Company issued an aggregate of 723,068 shares of Class A Common Stock with fair values ranging from $0.52 - $0.98 per share to PIPE Convertible Note holders in lieu of cash for interest and make good provisions (See Note 11 – PIPE Convertible Notes).

During the year ended December 31, 2024, the Company issued and aggregate of 13,787,393 shares of Class A Common Stock with fair values ranging from $0.55 - $1.03 per share to PIPE Convertible Note holders for conversion of outstanding PIPE Convertible Notes and related accrued interest and make good provisions (See Note 11 – PIPE Convertible Notes).

Class B Common Stock

The Class B Common stock has voting rights of 25 votes per share, and votes as a single class together with the Class A Common Stock.

Outside of the 1,716,860 shares of Class B Common Stock issued in connection with the exchange of TruGolf Nevada shares of Class B Common Stock at the time of the Business Combination, no shares of Class B Common Stock were issued during the year ended December 31, 2024.

Warrant and Option Valuation

The Company has computed the fair value of warrants and options granted using the Black-Scholes option pricing model. The expected term for warrants and options issued to non-employees is the contractual life and the expected term used for options issued to employees and directors is the estimated period of time that options granted are expected to be outstanding. The Company utilizes the "simplified" method to develop an estimate of the expected term of "plain vanilla" employee option grants. The Company is utilizing an expected volatility figure based on a review of the historical volatilities, over a period of time, equivalent to the expected life of the instrument being valued, of similarly positioned public companies within its industry. The risk-free interest rate was determined from the implied yields from U.S. Treasury zero-coupon bonds with a remaining term consistent with the expected term of the instrument being valued.

Warrant Offerings

During the year ended December 31, 2024, the Company issued 2 separate series of warrants as part of the PIPE Convertible Notes (see Note 11 – PIPE Convertible Notes); Series A Warrants and Series B Warrants.

Series A Warrants

In applying the Black-Scholes option pricing model to Series A Warrants granted or issued, the Company used the following assumptions:

	December 31, 2024
Risk free interest rate	4.03%
Expected term (years)	5.00
Expected volatility	53.12%
Expected dividends	0.00%

On February 2, 2024, the Company issued five-year immediately vested warrants to purchase an aggregate of 1,409,092 shares of the Company's Class A Common Stock in association with the issuance of the PIPE Convertible Notes (the "Series A Warrants"). The Series A Warrants have an exercise price of $13.00 per share. The Series A Warrants had an aggregate grant date fair value of $126,819. The Series A Warrants met the definition of a liability per ASC 815 – Derivatives and Hedging. See Note 18 – Derivative Liability for additional details.

The weighted average estimated fair value of the Series A Warrants granted during the year ended December 31, 2024, was approximately $0.09 per share.

Series B Warrants

In applying the Black-Scholes option pricing model to Series B Warrants granted or issued, the Company used the following assumptions:

	December 31, 2024
Risk free interest rate	4.14%
Expected term (years)	2.50
Expected volatility	49.40%
Expected dividends	0.00%

On February 2, 2024, the Company issued two-and-a-half-year immediately vested warrants to purchase an aggregate of 1,550,000 shares of the Company's Class A Common Stock in association with the issuance of the PIPE Convertible Notes (the "Series B Warrants"). The Series B Warrants have an exercise price of $10.00 per share. The Series B Warrants had an aggregate grant date fair value of $15,500. The Series B Warrants met the definition of a liability per ASC 815 – Derivatives and Hedging. See Note 18 – Derivative Liability for additional details.

The weighted average estimated fair value of the Series A Warrants granted during the year ended December 31, 2024, was approximately $0.01 per share.

A summary of the warrant activity during the year ended December 31, 2024 is presented below:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Life In Years	Aggregate Intrinsic Value
Outstanding, January 1, 2024	-	$ -		
Granted	2,959,092	11.43		
Exercised	-	-		
Forfeited	-	-		
Outstanding, December 31, 2024	2,959,092	$ 11.43	2.8	$ -
Exercisable, December 31, 2024	2,959,092	$ 11.43	2.8	$ -

The following table presents information related to stock warrants at December 31, 2024:

Warrants Outstanding			Warrants Exercisable	
Exercise Price		Outstanding Number of Warrants	Weighted Average Remaining Life In Years	Exercisable Number of Warrants
$	10.00	1,550,000	1.6	1,550,000
$	13.00	1,409,092	4.1	1,409,092
		2,959,092		2,959,092

NOTE 18 – DERIVATIVE LIABILITY

The following table sets forth a summary of the changes in the fair value of Level 3 derivative liabilities that are measured at fair value on a recurring basis:

Beginning balance as of January 1, 2024	$ -
Issuance of derivative liabilities	142,319
Change in fair value of derivative liabilities	(142,319)
Ending balance as of December 31, 2024	$ -

In applying the Black-Scholes option pricing model to derivatives issued and outstanding during the year ended December 31, 2024, the Company used the following assumptions:

	For The Year Ended December 31, 2024
Risk free interest rate	3.58% - 4.38%
Expected term (years)	1.50 – 5.00
Expected volatility	49.40% - 60.19%
Expected dividends	0.00%

During the year ended December 31, 2024, the Company recorded new derivative liabilities in the aggregate amount of $142,319 related to the PIPE Warrants associated with the PIPE Convertible Notes. See Note 11 – PIPE Convertible Notes for additional details. See Note 17 – Stockholders' Deficit for warrants issued and deemed to be derivative liabilities.

During the year ended December 31, 2024, the Company recomputed the fair value of the derivative liabilities to be $0. The Company recorded a gain on the change in fair value of these derivative liabilities of $142,319 for the year ended December 31, 2024.

NOTE 19 – STOCK-BASED COMPENSATION

The Company accounts for its stock-based compensation in accordance with the fair value recognition of ASC 718.

Stock Issued For Compensation

On April 17, 2024, the Company issued 71,832 shares of Class A Common Stock to the former chief financial officer for services rendered with a fair value of $1.67 per share.

2024 Stock Incentive Plan

On October 24, 2024, the Company filed a Form S-8 to register 1,600,000 shares of the Company's Class A Common Stock to participants in the TruGolf Holdings, Inc. 2024 Stock Incentive Plan (the "2024 Plan"). Awards to be made under the 2024 Plan consist of covering up to the sum of (i) 1,600,000 shares; and (ii) an annual increase commencing on January 1, 2025 and continuing annually on each anniversary thereof through (and including) January 1, 2035, equal to the lesser of (A) 5% of the shares of Company Common Stock outstanding on a fully diluted basis on the last day of the immediately preceding fiscal year and (B) such smaller number of shares as determined by the Board or the Committee (the "Overall Share Limit"). Shares issued or delivered under the 2024 Plan may consist of authorized but unissued shares of common stock, shares purchased on the open market or treasury shares.

On October 11, 2024, the Company granted options to purchase an aggregate of 1,131,000 shares of Class A Common Stock at an exercise price of $0.93 per share and a fair value of $538,323. Vesting terms of these options are as follows: (i) 1,076,000 options vest upon issuance and (ii) 55,000 options vest 50% upon issuance and 50% on the one-year anniversary of the grant date. The options were valued using the Black-Scholes option pricing model under the following assumptions as found in the table below.

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Life In Years	Intrinsic Value
Outstanding, January 1, 2024	-	$ -		
Granted	1,131,000	0.93		
Exercised	-	0		
Forfeited	-	0		
Outstanding, December 31, 2024	1,131,000	$ 0.93	4.8	$ -
Exercisable, December 31, 2024	783,500	$ 0.93	4.8	$ -

The weighted average grant date fair value of the options granted and vested during the year ended December 31, 2024, was $538,323 and $524,960, respectively. The weighted average non-vested grant date fair value of non-vested options was $13,368 at December 31, 2024.

The following table summarizes information about options to purchase shares of the Company's Class A Common Stock outstanding and exercisable at December 31, 2024:

Options Outstanding			Options Exerciseable	
Exercise Price		Outstanding Number of Options	Weighted Average Remaining Life In Years	Exerciseable Number of Options
$	0.93	1,131,000	4.8	783,500
		1,131,000		783,500

In applying the Black-Scholes option pricing model to stock options granted, the Company used the following assumptions:

	For the Years Ended December 31,	
	2024	2023
Risk free interest rate	3.88%	0.00%
Expected term (years)	5.00 - 5.25	-
Expected volatility	53.49%	0.00%
Expected dividends	0.00%	0.00%

Stock-Based Compensation Expense

The following table presents information related to stock-based compensation expense:

	For the Year Ended Decemebr 31,	Unrecognized at December 31,	Weighted Average Remaining Amortization Period
	2024	2024	(Years)
General and administrative	$ 538,323	$ 13,368	1.00
Total	$ 538,323	$ 13,368	1.00

NOTE 20 – LEASES

The Company is party to two leases: (i) office space in Centerville, Utah (the “Centerville Lease”) and (ii) a warehouse in North Salt Lake City, Utah (the “SLC Lease”). The Centerville lease is scheduled to expire in May 2028 and the SLC Lease is scheduled to expire in November 2025.

The Company has operating leases for its corporate headquarters and warehouse. The Company determines if an arrangement contains a lease at inception based on the ability to control a physically distinct asset. Operating lease right-of-use assets are recorded in the consolidated balance sheets on the initial measurement of the lease liability as adjusted to include prepaid rent and initial direct costs less any lease incentives received. Lease liabilities are measured at the commencement date based on the present value of the lease payments over the lease term. The Company separately accounts for lease and non-lease components within lease agreements. The Company uses its incremental borrowing rate to present value the lease liability as key inputs to determine the interest rate implicit in the lease are not shared by lessors.

Operating lease expense is recorded on a straight-line basis over the lease term. Right-of-use assets and lease liabilities for short-term leases are not recognized in the consolidated balance sheets. Payments for short-term leases are recognized in the consolidated statements of operations on a straight-line basis over the lease term.

When measuring lease liabilities for leases that were classified as operating leases, the Company discounted lease payments using its estimated incremental borrowing rate at lease inception point. The weighted average incremental borrowing rate applied was 8.39%. As of December 31, 2024, the Company’s leases had a remaining weighted average term of 2.39 years.

The following table presents net lease cost and other supplemental lease information:

	2024	2023
Lease cost		
Operating lease cost (cost resulting from lease payments)	$ 403,109	$ 322,102
Net lease costs	$ 403,109	$ 322,102
Operating lease - operating cash flows (fixed payments)	$ 403,109	$ 322,102
Operating lease - operating cash flows (liability reduction)	$ 334,254	$ 254,945
Non-current leases - right-of-use assets	$ 634,269	$ 972,663
Current liabilities - operating lease liabilities	$ 363,102	$ 334,255
Non-current liabilities - operating lease liabilities	$ 305,125	$ 668,228

Future minimum payments under non-cancelable leases for operating leases for the remaining terms of the leases following the year ended December 31, 2024, are as follows:

Fiscal Year	Operating Leases
2025	$ 406,990
2026	140,163
2027	144,227
2028	60,808
Total future minimum lease payments	$ 752,188
Amount representing interest	(83,961)
Present value of net future minimum lease payments	$ 668,227

NOTE 21 – SEGMENT INFORMATION

The Company currently operates as one business segment, which is also the sole reportable segment, focusing on the manufacturing and sales of indoor golf simulators. The Company's business offerings have similar economic and other characteristics, including the nature of products, manufacturing, types of customers, and distribution methods. The determination of a single business segment is consistent with the consolidated financial information regularly provided to the Company's chief operating decision maker ("CODM"). The Company's CODM is its Principal Executive and Financial Officer and Director, who reviews and evaluates consolidated profit and loss and total assets for the purpose of assessing performance, making operating decisions, allocating resources, and planning and forecasting for future periods.

In addition to the significant expense categories included within net loss presented on the Company's Consolidated Statements of Operations, see below for disaggregated amounts that comprise consulting, contract labor, personnel, business development, royalty, and marketing expenses:

	Years Ended December 31,	
	2024	2023
Consulting expenses	$ 1,226,900	$ 554,036
Contract labor	1,365,640	1,282,583
Personnel expenses	9,314,415	9,681,323
Business development expenses	528,264	729,466
Royalty expenses	706,214	709,640
Marketing expenses	710,658	395,941
Other expenses*	2,828,222	8,065,306
Total operating expenses	$ 16,690,313	$ 21,418,295

* Other expenses materially comprised of rent, insurance, stock-based compensation, depreciation and amortization, licenses, dues and subscriptions, travel and entertainment, and merchant fees.

NOTE 22 – COMMITMENTS AND CONTINGENCIES

Legal Claims

There are no material pending legal proceedings in which the Company or any of its subsidiaries is a party or in which any director, officer or affiliate of the Company, any owner of record or beneficially of more than 5% of any class of its voting securities, or security holder is a party adverse to the Company, or has a material interest adverse to the Company.

NOTE 23 – INCOME TAXES

During the Year ended December 31, 2023 and prior, the Company was an S Corporation for federal and state income tax purposes with all income tax liabilities and/or benefits of the Company being passed through to the stockholders. As such, no recognition of federal or state income taxes for the Company has been provided for in the accompanying financial statements for 2023. Any uncertain tax positions taken by the stockholders on their individual returns was not an uncertain position of the Company.

The following is a reconciliation of the statutory federal income tax rate applied to pre-tax net loss compared to the income taxes in the consolidated statement of operations as of December 31:

	2024
Income tax benefit at statutory U.S. federal rate	(21)%
State income taxes, net of federal benefit	(0.95)%
Stock-based compensation	0.60%
Non-deductible derivative liability change	0.40%
Change in valuation allowance	21%
Total tax expense	-%

Deferred income taxes reflect the net effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The following table sets forth deferred income tax assets and liabilities for the year ended December 31:

	2024
Deferred tax assets:	
Net operating losses	$ 1,628,300
Stock compensation expense	132,400
Accrued expenses	162,700
Extinguishment of debt	66,600
Depreciation	18,900
Amortization	179,100
Allowance for doubtful accounts	188,900
Deferred tax assets:	2,376,900
Deferred tax liabilities:	
Prepaid expenses	(28,700)
Other	(64,400)
Deferred tax liabilities:	(93,100)
Valuation allowance	(2,283,800)
Net deferred tax asset/(liability)	$ -

The valuation allowance recorded by the Company as of December 31, 2024, resulted from the uncertainties of the future utilization of deferred tax assets relating primarily to net operating loss ("NOL") carryforwards for federal and state income tax purposes. Realization of the NOL carryforwards is contingent on future taxable earnings. The deferred tax asset was reviewed for expected utilization using a "more likely than not" approach by assessing the available positive and negative evidence surrounding its recoverability. Accordingly, a full valuation allowance continues to be recorded against the Company's deferred tax assets, as it was determined based upon past and projected future losses that it was "more likely than not" that the Company's deferred tax assets would not be realized. The cumulative valuation allowance as of December 31, 2024, is $2.3 million, which will be reduced if and when the Company determines that the deferred income tax assets are more likely than not to be realized.

Management does not believe that there are significant uncertain tax positions in 2024. There are no interest and penalties related to uncertain tax positions in 2024.

The Company has federal net operating loss carryforwards of $6,580,951 as of December 31, 2024. $6,580,951 of the federal net operating loss has an indefinite carry forward period. The Company has State net operating loss carryforwards totaling $6,853,334 at December 31, 2024. The Company has various state net operating loss carryforwards. The determination of the state net operating loss carryforwards is dependent upon apportionment percentages and state laws that can change from year to year and impact the amount of such carryforwards. If such net operating loss carryforwards are not utilized, they will begin to expire in 2031.

The following table sets forth the tax years subject to examination for the major jurisdictions where the Company conducted business as of December 31, 2024:

Federal	2024
Utah	2024

Federal and state laws impose substantial restrictions on the utilization of NOL carryforwards in the event of an ownership change for income tax purposes, as defined in Section 382 of the Internal Revenue Code (“IRC”). Pursuant to IRC Section 382, annual use of the Company’s NOL carryforwards may be limited in the event a cumulative change in ownership of more than 50% occurs within a three-year period. The Company has not completed an IRC Section 382 analysis regarding the limitation of NOL carryforwards.

However, it is possible that past ownership changes will result in the inability to utilize a significant portion of the Company’s NOL carryforward that was generated prior to any change of control. The Company’s ability to use its remaining NOL carryforwards may be further limited if the Company experiences an IRC Section 382 ownership change in connection with future changes in the Company’s stock ownership.

The Tax Cuts and Jobs Act (“TCJA”) requires taxpayers to capitalize and amortize research and experimental expenditures under IRC Section 174 for tax years beginning after December 31, 2021. This rule became effective for the Company during the year ended December 31, 2024 and resulted in the capitalization of research and development costs of $2,745,033 during the year ended December 31, 2024. Before the TCJA, businesses have had the option of deducting Section 174 expenses in the year incurred or capitalizing and amortizing the costs over five years. The Company will amortize these costs for tax purposes over five years if the research and development was performed in the U.S. and over 15 years if research and development was performed outside the U.S.

On August 16, 2022, the Inflation Reduction Act was enacted into law. This Act includes a 15.0 percent book minimum tax on the adjusted financial statement income of applicable corporations, a number of clean-energy tax credits, and a 1.0 percent excise tax on certain stock buybacks. The Company does not expect these changes to have a material impact on the provision for income taxes or the financial statements.

As of the date of this filing, the Company has not filed its 2024 federal and state corporate income tax returns. The Company expects to file these documents as soon as practicable.

NOTE 24 – CONCENTRATION OF CREDIT RISK

Cash Deposits

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash deposits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to $250,000. As of December 31, 2024 and 2023, the Company had approximately $9,662,000 and $4,251,124, respectively, in excess of the FDIC insured limit.

Purchasing

During the year ended December 31, 2024, six manufacturers accounted for approximately 50% of our purchases.

During the year ended December 31, 2023, five manufacturers accounted for approximately 52% of our purchases.

NOTE 25 – SUBSEQUENT EVENTS

PIPE Convertible Notes

One January 8, 2025, a PIPE Investor exercised its right, pursuant to the February 2, 2024, Purchase Agreement (see Note 11 – PIPE Convertible Notes) to purchase an additional $2.8 million in the principal amount of a PIPE Convertible Note with an Original Issue Discount of $280,000 for gross proceeds of $2.52 million.

On January 16, 2025, the Company and certain holders of the PIPE Convertible Notes entered into an amendment to the November Waiver (the "January Waiver") to extend the date by which the Company was required to comply with the continued listing requirements of the Nasdaq Stock Market to February 28, 2025 (see Note 1 – Nature of the Organization and Business); provided that, with respect to the minimum bid price requirement, to the extent the Company was in compliance with all other Nasdaq Stock Market listing requirements and had filed a preliminary proxy statement to hold a special meeting to vote on a reverse stock split to remedy the bid price failure, the waiver for such deficiency shall be extended to April 30, 2025.

During January 2025, the Company issued an aggregate of 2,672,854 shares of Class A common stock with fair values ranging from $0.396 - $2.50 per share to PIPE Convertible Note holders in connection with the conversion of outstanding PIPE Convertible Notes and accrued interest.

During February 2025, the Company issued 1,088,273 shares of Class A common stock with fair values ranging from $0.3393 - $2.50 per share to PIPE Convertible Note holders in connection with the conversion of outstanding PIPE Convertible Notes and accrued interest.

Exhibit 4.2

REGISTRANT'S SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

The following is a description of the capital stock and certain warrants of TruGolf Holdings, Inc. ("TRUG," the "Company," "we," "us," and "our") and certain provisions of our Third amended and restated certificate of incorporation (the "Charter"), bylaws, and the General Corporation Law of the State of Delaware (the "DGCL"). This description is summarized from, and qualified in its entirety by reference to, our certificate of incorporation, bylaws, and the applicable provisions of the DGCL. Certain terms used but not otherwise defined herein shall have the meanings ascribed to them in our Annual Report on Form 10-K filed with the Securities and Exchange Commission (the "SEC"), of which this Exhibit 4.2 is a part.

The Charter authorizes the issuance of 110,000,000 shares, of which 90,000,000 shares are shares of TruGolf Class A common stock, par value $0.0001 per share, 10,000,000 shares are shares of TruGolf Class B common stock, par value $0.0001 per share, and 10,000,000 shares are shares of preferred stock, par value $0.0001 per share.

TruGolf Common Stock

Class A Common Stock

Voting Power

Holders of TruGolf Class A common stock are entitled to cast one vote per share of TruGolf Class A common stock. Generally, holders of all classes of TruGolf common stock vote together as a single class, and an action will be approved by TruGolf stockholders if the number of votes cast in favor of the action exceeds the number of votes cast in opposition to the action, while directors are elected by a plurality of the votes cast. Holders of TruGolf Class A common stock are not be entitled to cumulate their votes in the election of directors.

Dividends

Subject to applicable law, the rights, if any, of the holders of any outstanding series of preferred stock or any class or series of stock having a preference over TruGolf Class A commons stock, the holders of shares of TruGolf Class A commons stock is entitled to receive such dividends and other distributions (payable in cash, property or capital stock of TruGolf) when, as and if declared thereon by the TruGolf Board from time to time out of any assets or funds of TruGolf legally available therefor and will share equally on a per share basis in such dividends and distributions.

Liquidation, Dissolution and Winding Up

Subject to applicable law, the rights, if any, of the holders of any outstanding series of the preferred stock or any class or series of stock having a preference over TruGolf Class A commons stock, in the event of any voluntary or involuntary liquidation, dissolution or winding up of TruGolf, after payment or provision for payment of the debts and other liabilities of the Corporation, the holders of shares of TruGolf Common Stock shall be entitled to receive all the remaining assets of TruGolf available for distribution to its stockholders, ratably in proportion to the number of shares of TruGolf A common stock (on an as converted basis with respect to the TruGolf B common stock) held by them.

Preemptive or Other Rights

No shares of TruGolf Class A common stock are subject to redemption or have preemptive rights to purchase additional shares of TruGolf Class A common stock. Holders of shares of TruGolf Class A common stock do not have subscription, redemption or conversion rights. All the outstanding shares of TruGolf Class A common stock are validly issued, fully paid and non-assessable.

Class B Common Stock

Issuance of TruGolf Class B Common Stock

Shares of TruGolf Class B common stock may be issued only to, and registered in the name of, Christopher Jones, Steven R. Johnson, and David Ashby (the "**TruGolf Founders**") and any entities wholly owned by a TruGolf Founder (including all subsequent successors, assigns and permitted transferees), which we collectively refer to as "**Permitted Class B Owners**".

Voting Rights

Holders of TruGolf Class B common stock are entitled to cast 25 votes per share of TruGolf Class B common stock. Generally, holders of all classes of TruGolf common stock will vote together as a single class, and an action will be approved by TruGolf stockholders if the number of votes cast in favor of the action exceeds the number of votes cast in opposition to the action, while directors are elected by a plurality of the votes cast. Holders of TruGolf Class B common stock will not be entitled to cumulate their votes in the election of directors.

Dividend Rights

Subject to applicable law, the rights, if any, of the holders of any outstanding series of preferred stock or any class or series of stock having a preference over TruGolf Class B commons stock, the holders of shares of TruGolf Class B commons stock will be entitled to receive such dividends and other distributions (payable in cash, property or capital stock of TruGolf) when, as and if declared thereon by the TruGolf Board from time to time out of any assets or funds of TruGolf legally available therefor and will share equally on a per share basis in such dividends and distributions.

Liquidation Rights

Subject to applicable law, the rights, if any, of the holders of any outstanding series of the preferred stock or any class or series of stock having a preference over TruGolf Class B common stock, in the event of any voluntary or involuntary liquidation, dissolution or winding up of TruGolf, after payment or provision for payment of the debts and other liabilities of the Corporation, the holders of shares of TruGolf Class B common stock shall be entitled to receive all the remaining assets of TruGolf available for distribution to its stockholders, ratably in proportion to the number of shares of TruGolf B common stock on an as converted basis held by them.

Voluntary Conversion of Class B Common Stock.

Each share of TruGolf Class B common stock shall be convertible into one fully paid and nonassessable share of TruGolf Class A common stock at the option of the holder thereof at any time upon written notice to TruGolf. In order to effectuate a conversion of shares of TruGolf Class B common stock, a holder shall (a) submit a written election to TruGolf that such holder elects to convert shares of TruGolf Class B common stock, the number of such shares elected to be converted and (b) (if such shares are certificated), along with such written election, surrender to TruGolf the certificate or certificates representing the shares being converted, duly assigned or endorsed for transfer to TruGolf (or accompanied by duly executed stock powers relating thereto) or, in the event the certificate or certificates are lost, stolen or missing, accompanied by an affidavit of loss executed by the holder. The conversion of such shares hereunder shall be deemed effective as of the date of surrender of such TruGolf Class B common stock certificate or certificates, delivery of such affidavit of loss or the written election to convert for uncertificated shares. Upon the receipt by TruGolf of a written election and, if applicable, the surrender of such certificate(s) and accompanying materials, TruGolf shall as promptly as practicable (but in any event within 10 days thereafter) either (a) deliver to the relevant holder (i) a certificate in such holder's name (or the name of such holder's designee as stated in the written election) for the number of shares of TruGolf Class A common stock to which such holder shall be entitled upon conversion of the applicable shares as calculated pursuant to this Section 4.2 and, if applicable (ii) a certificate in such holder's (or the name of such holder's designee as stated in the written election) for the number of shares of TruGolf Class B common stock (including any fractional share) represented by the certificate or certificates delivered to TruGolf for conversion but otherwise not elected to be converted pursuant to the written election or (b) note the conversion of the shares on the stock ledger of TruGolf. All shares of capital stock issued hereunder by TruGolf shall be duly and validly issued, fully paid and nonassessable, free and clear of all taxes, liens, charges and encumbrances with respect to the issuance thereof. Each share of Class B Common Stock that is converted pursuant the Charter will be retired by the Corporation and shall not be available for reissuance.

Automatic Conversion of Class B Common Stock

Each share of TruGolf Class B common stock will automatically convert into one (1) share of TruGolf Class A common stock any sale, pledge or other transfer, whether or not for value, by the initial registered holder thereof, upon any transfer, other than in each case any transfer to a Permitted Class B Owner. Notwithstanding anything to the contrary set forth herein, any holder of TruGolf Class B common stock may pledge his, her or its shares of TruGolf Class B common stock to a pledgee pursuant to a bona fide pledge of the shares as collateral security for indebtedness due to the pledgee so long as the shares are not transferred to or registered in the name of the pledgee. In the event of any pledge meeting these requirements, the pledged shares will not be converted automatically into shares of TruGolf Class A common stock. If the pledged shares of TruGolf Class B common stock become subject to any foreclosure, realization or other similar action by the pledgee, they will be converted automatically into shares of TruGolf Class A common stock upon the occurrence of that action.

Other Matters

No shares of TruGolf Class B common stock will be subject to redemption or have preemptive rights to purchase additional shares of TruGolf Class B common stock. All outstanding shares of TruGolf Class B common stock will be validly issued, fully paid and non-assessable.

Preferred Stock

The Charter provides that the TruGolf Board has the authority, without action by the stockholders, to designate and issue shares of preferred stock in one or more classes or series, and the number of shares constituting any such class or series, and to fix the voting powers, designations, preferences, limitations, restrictions and relative rights of each class or series of preferred stock, including, without limitation, dividend rights, dividend rates, conversion rights, exchange rights, voting rights, rights and terms of redemption, dissolution preferences, and treatment in the case of a merger, business combination transaction, or sale of TruGolf' assets, which rights may be greater than the rights of the holders of the TruGolf common stock.

Representative's Warrants

The Representative's Warrants are exercisable at $12.00 per share. The warrant may be exercised for cash or on a cashless basis, at the holder's option, at any time during the period commencing on the later of the first anniversary of the effective date of our IPO Prospectus and the Closing, and terminate on the fifth anniversary of the commencement date of sales in our IPO. The Representative's Warrants grant to holders demand and "piggy back" rights for periods of five and seven years, respectively, from the commencement date of sales in our IPO with respect to the registration under the Securities Act of the shares of Class A common stock issuable upon exercise of the Representative's Warrants. The exercise price and number of shares issuable upon exercise of the warrants may be adjusted in certain circumstances including in the event of a share dividend, or our recapitalization, reorganization, merger or consolidation. However, the Representative's Warrants will not be adjusted for issuances of common stock at a price below its exercise price. There will be no obligation to net cash settle the exercise of the Representative's Warrants. The holder of the Representative's Warrants will not be entitled to exercise the warrants for cash unless a registration statement covering the securities underlying the warrants is effective or an exemption from registration is available.

Certain Anti-Takeover Provisions of Delaware Law

So long as the outstanding shares of TruGolf Class B common stock represent a majority of the combined voting power of TruGolf Common Stock, the TruGolf Founders will effectively control all matters submitted to TruGolf stockholders for a vote, as well as the overall management and direction of TruGolf, which will have the effect of delaying, deferring or discouraging another person from acquiring control of TruGolf.

After such time as the shares of TruGolf Class B common stock no longer represent a majority of the combined voting power of TruGolf Common Stock, the provisions of Delaware law, the Charter and Proposed Bylaws may have the effect of delaying, deferring or discouraging another person from acquiring control of TruGolf.

Section 203 of the Delaware General Corporation Law

TruGolf is subject to Section 203 of the Delaware General Corporation Law, which prohibits a person deemed an "interested stockholder" from engaging in a "business combination" with a publicly held Delaware corporation for three years following the date such person becomes an interested stockholder unless the business combination is, or the transaction in which the person became an interested stockholder was, approved in a prescribed manner or another prescribed exception applies. Generally, an "interested stockholder" is a person who, together with affiliates and associates, owns, or within three years prior to the determination of interested stockholder status did own, 15% or more of a corporation's voting stock. Generally, a "business combination" includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. The existence of this provision may have an anti-takeover effect with respect to transactions not approved in advance by the TruGolf Board, such as discouraging takeover attempts that might result in a premium over the price of TruGolf Common Stock.

Dual Class Stock

As described above, the Charter provides for a dual class common stock structure, which provides the TruGolf Founders, with the ability to control the outcome of matters requiring stockholder approval, even if they own significantly less than a majority of the shares of TruGolf Common stock, including the election of directors and significant corporate transactions, such as a merger or other sale of TruGolf or its assets.

Special Meetings of Stockholders

The Charter and the Proposed Bylaws provide that a special meeting of stockholders may be called only by the Chairman of the TruGolf Board, the Chief Executive Officer of the TruGolf, or a majority of the TruGolf Board then in office.

Advance Notice Requirements for Stockholder Proposals and Director Nominations

The Charter and the Proposed Bylaws establish advance notice procedures with respect to stockholder proposals and the nomination of candidates for election as directors, other than nominations made by or at the direction of the TruGolf Board or a committee of the TruGolf Board.

Stockholder Action by Written Consent

The Charter does not provide the right of stockholders to act by written consent without a meeting.

Authorized but Unissued Shares

The ability to authorize undesignated preferred stock makes it possible for the TruGolf Board to issue preferred stock with voting or other rights or preferences that could impede the success of any attempt to change control of TruGolf. These and other provisions may have the effect of deterring hostile takeovers or delaying changes in control or management of our company.

Exclusive Forum Selection

The Charter and the Proposed Bylaws provide that the Court of Chancery of the State of Delaware shall be the sole and exclusive forum for any state law claims for: (a) any derivative action or proceeding brought on behalf of the TruGolf; (b) any action asserting a claim of breach of a fiduciary duty owed by, or other wrongdoing by, any director, officer, stockholder, employee or agent of the TruGolf. TruGolf or TruGolf's stockholders; (c) any action asserting a claim against the TruGolf or any director, officer, stockholder, employee or agent of the TruGolf arising pursuant to any provision of the DGCL, the Charter or Proposed Bylaws or as to which the DGCL confers jurisdiction on the Court of Chancery of the State of Delaware; (d) any action to interpret, apply, enforce or determine the validity of the Charter or Proposed Bylaws; or (e) any action asserting a claim against the TruGolf or any director, officer, stockholder, employee or agent of the TruGolf governed by the internal affairs doctrine.

Section 27 of the Exchange Act creates exclusive federal jurisdiction over all suits brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder. As a result, the exclusive forum provisions will not apply to suits brought to enforce any duty or liability created by the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction. In addition, the Existing Charter and the Charter provide that, unless Deep Medicine consents in writing to the selection of an alternative forum, the federal district courts of the United States of America will, to the fullest extent permitted by law, be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act, or the rules and regulations promulgated thereunder. We note, however, that there is uncertainty as to whether a court would enforce this provision and that investors cannot waive compliance with the federal securities laws and the rules and regulations thereunder. Section 22 of the Securities Act creates concurrent jurisdiction for state and federal courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder

Although the Charter or Proposed Bylaws contain the choice of forum provision described above, it is possible that a court could rule that such provisions are inapplicable for a particular claim or action or that such provisions are unenforceable.

Transfer Agent and Registrar

The transfer agent and registrar for our Common Stock is Continental Stock Transfer & Trust Company.

Trading Symbols and Market

Our Class A Common Stock is listed for trading on The Nasdaq Stock Market under the symbols "TRUG".

EX-99.1 6 ex99-1.htm

TRUGOLF HOLDINGS, INC.
2024 STOCK INCENTIVE PLAN

ARTICLE I.
PURPOSE

The Plan's purpose is to enhance the Company's ability to attract, retain and motivate persons who make (or are expected to make) important contributions to the Company by providing these individuals with equity ownership opportunities and to align their interests and efforts to the long-term interests of the Company's stockholders.

ARTICLE II.
DEFINITIONS

As used in the Plan, the following words and phrases have the meanings specified below, unless the context clearly indicates otherwise:

2.1 "Administrator" means the Board or a Committee to the extent that the Board's powers or authority under the Plan have been delegated to such Committee. With reference to the Board's or a Committee's powers or authority under the Plan that have been delegated to one or more officers pursuant to Section 4.2, the term "Administrator" shall refer to such officer(s) unless and until such delegation has been revoked.

2.2 "Applicable Law" means any applicable law, including without limitation: (a) provisions of the Code, the Securities Act, the Exchange Act and any rules or regulations thereunder; (b) corporate, securities, tax or other laws, statutes, rules, requirements or regulations, whether federal, state, local or foreign; and (c) rules of any securities exchange or automated quotation system on which the Shares are listed, quoted or traded.

2.3 "Award" means an Option, Stock Appreciation Right, Restricted Stock award, Restricted Stock Unit award, Performance Stock Unit award, Dividend Equivalents award or Other Stock or Cash Based Award granted to a Participant under the Plan.

2.4 "Award Agreement" means an agreement evidencing an Award, which may be written or electronic, that contains such terms and conditions as the Administrator determines, consistent with and subject to the terms and conditions of the Plan.

2.5 "Board" means the Board of Directors of the Company.

2.6 "Cause" shall have the meaning ascribed to such term, or term of similar effect, in any offer letter, employment, severance or similar agreement, including any Award Agreement, between the Participant and the Company or any Subsidiary; provided, that in the absence of an offer letter, employment, severance or similar agreement containing such definition, Cause means, with respect to a Participant, the occurrence of any of the following: (a) an act of dishonesty made by the Participant in connection with the Participant's responsibilities as a Service Provider; (b) the Participant's conviction of, or plea of *nolo contendere* to, a felony or any crime involving fraud, embezzlement or any other act of moral turpitude, or a material violation of federal or state law (or equivalent in any non-U.S. jurisdiction) by the Participant that the Administrator reasonably determines has had or will have a material detrimental effect on the Company's reputation or business; (c) the Participant's gross misconduct; (d) the Participant's unauthorized use or disclosure of any proprietary information or trade secrets of the Company or any other party to whom the Participant owes an obligation of nondisclosure as a result of the Participant's relationship with the Company or any Subsidiary; (e) the Participant's breach of any material obligations under any written agreement or covenant with the Company or any Subsidiary; (f) the Participant's continued substantial failure to perform the Participant's duties as a Service Provider (other than as a result of the Participant's physical or mental incapacity) after the Participant has received a written demand for performance that specifically sets forth the factual basis for the determination that the Participant has not substantially performed the Participant's duties and has failed to cure such non-performance to the Administrator's reasonable satisfaction within 30 business days after receiving such notice; (g) the Participant's violation of the Company's code of ethics; or (h) the Participant's disregard of the policies of the Company or any Subsidiary so as to cause loss, harm, damage or injury to the property, reputation or employees of the Company or a Subsidiary.

2.7 "Change in Control" means any of the following:

(a) The consummation of a transaction or series of transactions (other than an offering of Common Stock to the general public through a registration statement filed with the Securities and Exchange Commission) whereby any "person" or related "group" of "persons" (as such terms are used in Sections 13(d) and 14(d)(2) of the Exchange Act) directly or indirectly acquires beneficial ownership (within the meaning of Rules 13d-3 and 13d-5 under the Exchange Act) of the Company's securities possessing more than 50% of the total combined voting power of the Company's securities outstanding immediately after such acquisition; provided, however, that the following acquisitions shall not constitute a Change in Control: (i) any acquisition by the Company or any of its Subsidiaries; (ii) any acquisition by an employee benefit plan maintained by the Company or any of its Subsidiaries, (iii) any acquisition which complies with clauses (c)(i), (c)(ii) and (c)(iii) of this definition; or (iv) in respect of an Award held by a particular Participant, any acquisition by the Participant or any group of persons including the Participant (or any entity controlled by the Participant or any group of persons including the Participant);

(b) The Incumbent Directors cease for any reason to constitute a majority of the Board;

(c) The consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) of (x) a merger, consolidation, reorganization, or business combination, (y) a sale or other disposition of all or substantially all of the Company's assets in any single transaction or series of related transactions or (z) the acquisition of assets or stock of another entity, in each case other than a transaction:

(i) which results in the Company's voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company's assets or otherwise succeeds to the business of the Company (the Company or such person, the "Successor Entity")) directly or indirectly, at least a majority of the combined voting power of the Successor Entity's outstanding voting securities immediately after the transaction;

(ii) after which no person or group beneficially owns voting securities representing 50% or more of the combined voting power of the Successor Entity; provided, however, that no person or group shall be treated for purposes of this clause (c)(ii) as beneficially owning 50% or more of the combined voting power of the Successor Entity solely as a result of the voting power held in the Company prior to the consummation of the transaction; and

(iii) after which at least a majority of the members of the board of directors (or the analogous governing body) of the Successor Entity were Board members at the time of the Board's approval of the execution of the initial agreement providing for such transaction; or

(d) The completion of a liquidation or dissolution of the Company.

Notwithstanding the foregoing, in no event will the transactions contemplated by the Merger Agreement or the transactions occurring in connection therewith constitute a Change in Control, and if a Change in Control constitutes a payment event with respect to any Award (or any portion of an Award) that provides for the deferral of compensation that is subject to Section 409A, to the extent required to avoid the imposition of additional taxes under Section 409A, the transaction or event described in subsection (a), (b), (c) or (d) of this definition with respect to such Award (or portion thereof) shall only constitute a Change in Control for purposes of the payment timing of such Award if such transaction also constitutes a "change in control event," as defined in Treasury Regulation Section 1.409A-3(i)(5).

The Administrator shall have full and final authority, which shall be exercised in its sole discretion, to determine conclusively whether a Change in Control has occurred pursuant to the above definition, the date of such Change in Control and any incidental matters relating thereto; provided that any exercise of authority in conjunction with a determination of whether a Change in Control is a "change in control event" as defined in Treasury Regulation Section 1.409A-3(i)(5) shall be consistent with such regulation.

2.8 "Code" means the U.S. Internal Revenue Code of 1986, as amended, and all regulations, guidance, compliance programs and other interpretative authority issued thereunder.

2.9 "Committee" means one or more committees or subcommittees of the Board, which may include one or more Company directors or executive officers, to the extent permitted by Applicable Law. To the extent required to comply with the provisions of Rule 16b-3, it is intended that each member of the Committee will be, at the time the Committee takes any action with respect to an Award that is subject to Rule 16b-3, a "non-employee director" within the meaning of Rule 16b-3; however, a Committee member's failure to qualify as a "non-employee director" within the meaning of Rule 16b-3 will not invalidate any Award granted by the Committee that is otherwise validly granted under the Plan.

2.10 "Common Stock" means the common stock of the Company.

2.11 "Company" means Trugolf Holdings, Inc., a Delaware corporation, or any successor.

2.12 "Consultant" means any person, including any adviser, engaged by the Company or a Subsidiary to render services to such entity if the consultant or adviser: (i) renders bona fide services to the Company or a Subsidiary; (ii) renders services not in connection with the offer or sale of securities in a capital-raising transaction and does not directly or indirectly promote or maintain a market for the Company's securities; and (iii) is a natural person.

2.13 "Designated Beneficiary" means, if permitted by the Company, the beneficiary or beneficiaries the Participant designates, in a manner the Company determines, to receive amounts due or exercise the Participant's rights if the Participant dies. Without a Participant's effective designation, "Designated Beneficiary" will mean the Participant's estate or legal heirs.

2.14 "Director" means a Board member.

2.15 "Disability" means a permanent and total disability under Section 22(e)(3) of the Code.

2.16 "Dividend Equivalents" means a right granted to a Participant to receive the equivalent value (in cash or Shares) of dividends paid on a specified number of Shares. Such Dividend Equivalent shall be converted to cash or additional Shares, or a combination of cash and Shares, by such formula and at such time and subject to such limitations as may be determined by the Administrator.

2.17 "DRO" means a "domestic relations order" as defined by the Code or Title I of the Employee Retirement Income Security Act of 1974, as amended, or the rules thereunder.

2.18 "Effective Date" has the meaning set forth in Section 11.3.

2.19 "Employee" means any employee of the Company or any of its Subsidiaries.

2.20 "Equity Restructuring" means a nonreciprocal transaction between the Company and its stockholders, such as a stock dividend, stock split (including a reverse stock split), spin-off or recapitalization through a large, nonrecurring cash dividend, that affects the number or kind of Shares (or other Company securities) or the share price of Common Stock (or other Company securities) and causes a change in the per share value of the Common Stock underlying outstanding Awards.

2.21 "Exchange Act" means the U.S. Securities Exchange Act of 1934, as amended, and all regulations, guidance and other interpretative authority issued thereunder.

2.22 "Fair Market Value" means, as of any date, the value of a Share determined as follows: (i) if the Common Stock is listed on any established stock exchange, the value of a Share will be the closing sales price for a Share as quoted on such exchange for such date, or if no sale occurred on such date, the last day preceding such date during which a sale occurred, as reported in *The Wall Street Journal* or another source the Administrator deems reliable; (ii) if the Common Stock is not listed on an established stock exchange but is quoted on a national market or other quotation system, the value of a Share will be the closing sales price for a Share on such date, or if no sales occurred on such date, then on the last date preceding such date during which a sale occurred, as reported in *The Wall Street Journal* or another source the Administrator deems reliable; or (iii) if the Common Stock is not listed on any established stock exchange or quoted on a national market or other quotation system, the value established by the Administrator in its sole discretion.

2.23 "Greater Than 10% Stockholder" means an individual then owning (within the meaning of Section 424(d) of the Code) more than 10% of the total combined voting power of all classes of stock of the Company or any parent corporation or subsidiary corporation of the Company, as determined in accordance with Section 424(e) and (f) of the Code, respectively.

2.24 "Incentive Stock Option" means an Option that meets the requirements to qualify as an "incentive stock option" as defined in Section 422 of the Code.

2.25 "Incumbent Directors" means, for any period of 12 consecutive months, individuals who, at the beginning of such period, constitute the Board together with any new Director(s) (other than a Director designated by a person who shall have entered into an agreement with the Company to effect a transaction described in clause (a) or (c) of the Change in Control definition) whose election or nomination for election to the Board was approved by a vote of at least a majority (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for Director without objection to such nomination) of the Directors then still in office who either were Directors at the beginning of the 12-month period or whose election or nomination for election was previously so approved. No individual initially elected or nominated as a director of the Company as a result of an actual or threatened election contest with respect to Directors or as a result of any other actual or threatened solicitation of proxies by or on behalf of any person other than the Board shall be an Incumbent Director.

2.26 "Merger Agreement" means the Agreement and Plan of Merger by and among Deep Medicine Acquisition Corp., DMAC Merger Sub Inc., Bright Vision Sponsor LLC, Christopher Jones and Trugolf, Inc. dated as of March 31, 2023.

2.27 "Non-Employee Director" means a Director who is not an Employee.

2.28 "Nonqualified Stock Option" means an Option that is not an Incentive Stock Option.

2.29 "Option" means a right granted under Article VI to purchase a specified number of Shares at a specified price per Share during a specified time period. An Option may be either an Incentive Stock Option or a Nonqualified Stock Option.

2.30 "Other Stock or Cash Based Awards" means cash awards, awards of Shares, and other awards valued wholly or partially by referring to, or are otherwise based on, Shares or other property.

2.31 "Overall Share Limit" has the meaning set forth in Section 5.1 below.

2.32 "Participant" means a Service Provider who has been granted an Award.

2.33 "Performance Stock Unit" means a right granted to a Participant pursuant to Section 8.1 and subject to Section 8.2, to receive Shares, the payment of which is contingent upon achieving certain performance goals or other performance-based targets established by the Administrator.

2.34 "Permitted Transferee" means, with respect to a Participant, any "family member" of the Participant, as defined in the General Instructions to Form S-8 Registration Statement under the Securities Act (or any successor form thereto), or any other transferee specifically approved by the Administrator after taking into account Applicable Law.

2.35 "Plan" means this 2023 Stock Incentive Plan.

2.36 "Restricted Stock" means Shares awarded to a Participant under Article VII, subject to certain vesting conditions and other restrictions.

2.37 "Restricted Stock Unit" means an unfunded, unsecured right granted to a Participant under Article VII to receive, on the applicable settlement date, one Share or an amount in cash or other consideration determined by the Administrator to be of equal value as of such settlement date, subject to certain vesting conditions and other restrictions.

2.38 "Rule 16b-3" means Rule 16b-3 promulgated under the Exchange Act.

2.39 "Section 409A" means Section 409A of the Code and the regulations promulgated thereunder by the United States Treasury Department, as amended or as may be amended from time to time.

2.40 "Securities Act" means the Securities Act of 1933, as amended, and all regulations, guidance and other interpretative authority issued thereunder.

2.41 "Service Provider" means an Employee, Consultant or Director.

2.42 "Shares" means shares of Common Stock.

2.43 "Stock Appreciation Right" or "SAR" means a right granted under Article VI to receive a payment equal to the excess of the Fair Market Value of a specified number of Shares on the date the right is exercised over the exercise price set forth in the applicable Award Agreement.

2.44 "Subsidiary" means any entity (other than the Company), whether U.S. or non-U.S., in an unbroken chain of entities beginning with the Company if each of the entities other than the last entity in the unbroken chain beneficially owns, at the time of the determination, securities or interests representing at least 50% of the total combined voting power of all classes of securities or interests in one of the other entities in such chain.

2.45 "Substitute Awards" means Awards granted or Shares issued by the Company in assumption of, or in substitution or exchange for, awards previously granted, or the right or obligation to make future awards, in each case by a company or other entity acquired by the Company or any Subsidiary or with which the Company or any Subsidiary combines.

2.46 "Tax-Related Items" means any U.S. and non-U.S. federal, state and/or local taxes (including, without limitation, income tax, social insurance contributions, fringe benefit tax, employment tax, stamp tax and any employer tax liability which has been transferred to a Participant) for which a Participant is liable in connection with Awards and/or Shares.

2.47 "Termination of Service" means:

(a) As to a Consultant, the time when the engagement of a Participant as a Consultant to the Company or a Subsidiary is terminated for any reason, with or without cause, including, without limitation, by resignation, discharge, death or retirement, but excluding terminations where the Consultant simultaneously commences or remains in employment or service with the Company or any Subsidiary.

(b) As to a Non-Employee Director, the time when a Participant who is a Non-Employee Director ceases to be a Director for any reason, including, without limitation, a termination by resignation, failure to be elected, death or retirement, but excluding terminations where the Participant simultaneously commences or remains in employment or service with the Company or any Subsidiary.

(c) As to an Employee, the time when the employee-employer relationship between a Participant and the Company or any Subsidiary is terminated for any reason, including, without limitation, a termination by resignation, discharge, death, disability or retirement; but excluding terminations where the Participant simultaneously commences or remains in employment or service with the Company or any Subsidiary.

The Company, in its sole discretion, shall determine the effect of all matters and questions relating to any Termination of Service, including, without limitation, whether a Termination of Service has occurred, whether a Termination of Service resulted from a discharge for Cause and all questions of whether particular leaves of absence constitute a Termination of Service. For purposes of the Plan, a Participant's employee-employer relationship or consultancy relationship shall be deemed to be terminated in the event that the Subsidiary employing or contracting with such Participant ceases to remain a Subsidiary following any merger, sale of stock or other corporate transaction or event (including, without limitation, a spin-off), even though the Participant may subsequently continue to perform services for that entity.

ARTICLE III.
ELIGIBILITY

Service Providers are eligible to be granted Awards under the Plan, subject to the limitations described herein. No Service Provider shall have any right to be granted an Award pursuant to the Plan and neither the Company nor the Administrator is obligated to treat Service Providers, Participants or any other persons uniformly.

ARTICLE IV.
ADMINISTRATION AND DELEGATION

4.1 Administration.

(a) The Plan is administered by the Administrator. The Administrator has authority to determine which Service Providers receive Awards, grant Awards and set Award terms and conditions, subject to the conditions and limitations in the Plan. The Administrator also has the authority to take all actions and make all determinations under the Plan, to interpret the Plan and Award Agreements and to adopt, amend and repeal Plan administrative rules, guidelines and practices as it deems advisable. The Administrator may correct defects and ambiguities, supply omissions, reconcile inconsistencies in the Plan or any Award and make all other determinations that it deems necessary or appropriate to administer the Plan and any Awards. The Administrator (and each member thereof) is entitled to, in good faith, rely or act upon any report or other information furnished to it, him or her by any officer or other employee of the Company or any Subsidiary, the Company's independent certified public accountants, or any executive compensation consultant or other professional retained by the Company to assist in the administration of the Plan. The Administrator's determinations under the Plan are in its sole discretion and will be final, binding and conclusive on all persons having or claiming any interest in the Plan or any Award.

(b) Without limiting the foregoing, the Administrator has the exclusive power, authority and sole discretion to: (i) designate Participants; (ii) determine the type or types of Awards to be granted to each Participant; (iii) determine the number of Awards to be granted and the number of Shares to which an Award will relate; (iv) subject to the limitations in the Plan, determine the terms and conditions of any Award and related Award Agreement, including, but not limited to, the exercise price, grant price, purchase price, any performance criteria, any restrictions or limitations on the Award, any schedule for vesting, lapse of forfeiture restrictions or restrictions on the exercisability of an Award, and accelerations, waivers or amendments thereof; (v) determine whether, to what extent, and under what circumstances an Award may be settled in, or the exercise price of an Award may be paid in cash, Shares, or other property, or an Award may be canceled, forfeited, or surrendered; and (vi) make all other decisions and determinations that may be required pursuant to the Plan or as the Administrator deems necessary or advisable to administer the Plan.

4.2 Delegation of Authority. To the extent permitted by Applicable Law, the Board or any Committee may delegate any or all of its powers under the Plan to one or more Committees or officers of the Company or any of its Subsidiaries; provided, however, that in no event shall an officer of the Company or any of its Subsidiaries be delegated the authority to grant Awards to, or amend Awards held by, the following individuals: (a) individuals who are subject to Section 16 of the Exchange Act, or (b) officers of the Company or any of its Subsidiaries or Directors to whom authority to grant or amend Awards has been delegated hereunder. Any delegation hereunder shall be subject to the restrictions and limits that the Board or Committee specifies at the time of such delegation or that are otherwise included in the applicable organizational documents, and the Board or Committee, as applicable, may at any time rescind the authority so delegated or appoint a new delegatee. At all times, the delegatee appointed under this Section 4.2 shall serve in such capacity at the pleasure of the Board or the Committee, as applicable, and the Board or the Committee may abolish any committee at any time and re-vest in itself any previously delegated authority. Further, regardless of any delegation, the Board or a Committee may, in its discretion, exercise any and all rights and duties as the Administrator under the Plan delegated thereby, except with respect to Awards that are required to be determined in the sole discretion of the Committee under the rules of any securities exchange or automated quotation system on which the Shares are listed, quoted or traded.

ARTICLE V.
STOCK AVAILABLE FOR AWARDS

5.1 Number of Shares. Subject to adjustment under Article IX and the terms of this Article V, Awards may be made under the Plan covering up to the sum of (i) 1,600,000 Shares; and (ii) an annual increase commencing on January 1, 2025 and continuing annually on each anniversary thereof through (and including) January 1, 2035, equal to the lesser of (A) 5% of the Shares outstanding on a fully diluted basis on the last day of the immediately preceding fiscal year and (B) such smaller number of Shares as determined by the Board or the Committee (the "Overall Share Limit"). Shares issued or delivered under the Plan may consist of authorized but unissued Shares, Shares purchased on the open market or treasury Shares.

5.2 Share Recycling.

(a) If all or any part of an Award expires, lapses or is terminated, exchanged for or settled in cash, surrendered, repurchased, canceled without having been fully exercised or forfeited, in any case, in a manner that results in the Company acquiring Shares covered by the Award at a price not greater than the price (as adjusted to reflect any Equity Restructuring) paid by the Participant for such Shares or not issuing any Shares covered by the Award, the unused Shares covered by the Award will, as applicable, become or again be available for Awards under the Plan. The payment of Dividend Equivalents in cash in conjunction with any outstanding Awards shall not count against the Overall Share Limit.

(b) Notwithstanding the foregoing, the following Shares issued or delivered under this Plan shall not again be available for future grants of Awards: (i) Shares tendered by a Participant or withheld by the Company in payment of the exercise price of an Option; (ii) Shares tendered by the Participant or withheld by the Company to satisfy any tax withholding obligation with respect to an Award; (iii) Shares that are repurchased by the Company with Option proceeds; and (iv) Shares subject to a Stock Appreciation Right that are not issued in connection with the stock settlement of the Stock Appreciation Right on exercise thereof. Notwithstanding the provisions of this Section 5.2(b), no Shares may again be optioned, granted or awarded pursuant to an Incentive Stock Option if such action would cause such Option to fail to qualify as an incentive stock option under Section 422 of the Code.

5.3 Incentive Stock Option Limitations. Notwithstanding anything to the contrary herein, no more than 1,600,000 Shares (as adjusted to reflect any Equity Restructuring) may be issued pursuant to the exercise of Incentive Stock Options.

5.4 Substitute Awards. In connection with an entity's merger or consolidation with the Company or any Subsidiary or the Company's or any Subsidiary's acquisition of an entity's property or stock, the Administrator may grant Awards in substitution for any options or other stock or stock-based awards granted before such merger or consolidation by such entity or its affiliate. Substitute Awards may be granted on such terms and conditions as the Administrator deems appropriate, notwithstanding limitations on Awards in the Plan. Substitute Awards will not count against the Overall Share Limit (nor shall Shares subject to a Substitute Award be added to the Shares available for Awards under the Plan as provided above), except that Shares acquired by exercise of substitute Incentive Stock Options will count against the maximum number of Shares that may be issued pursuant to the exercise of Incentive Stock Options under the Plan. Additionally, in the event that a company acquired by the Company or any Subsidiary or with which the Company or any Subsidiary combines has shares available under a pre-existing plan approved by stockholders and not adopted in contemplation of such acquisition or combination, the shares available for grant pursuant to the terms of such pre-existing plan (as appropriately adjusted to reflect the transaction) may be used for Awards under the Plan and shall not reduce the Shares authorized for grant under the Plan (and Shares subject to such Awards may again become available for Awards under the Plan as provided under Section 5.2 above); provided that Awards using such available shares shall not be made after the date awards or grants could have been made under the terms of the pre-existing plan, absent the acquisition or combination, and shall only be made to individuals who were not Employees, Directors or Consultants prior to such acquisition or combination.

5.5 Non-Employee Director Award Limit. Notwithstanding any provision to the contrary in the Plan or in any policy of the Company regarding non-employee director compensation, the sum of the grant date fair value (determined as of the grant date in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, or any successor thereto) of all equity-based Awards and the maximum amount of cash that may become payable to a Service Provider as compensation for services as a Non-Employee Director during any calendar year shall not exceed $750,000, increased to $1,000,000 in the calendar year of a non-employee Director's initial service as a non-employee Director. The Administrator may make exceptions to this limit for Non-Employee Directors in extraordinary circumstances, as the Administrator may determine in its discretion, provided that the Non-Employee Director receiving such additional compensation may not participate in the decision to award such compensation or in other contemporaneous compensation decisions involving Non-Employee Directors.

ARTICLE VI.
STOCK OPTIONS AND STOCK APPRECIATION RIGHTS

6.1 General. The Administrator may grant Options or Stock Appreciation Rights to one or more Service Providers, subject to such terms and conditions not inconsistent with the Plan as the Administrator shall determine. The Administrator will determine the number of Shares covered by each Option and Stock Appreciation Right, the exercise price of each Option and Stock Appreciation Right and the conditions and limitations applicable to the exercise of each Option and Stock Appreciation Right. A Stock Appreciation Right will entitle the Participant (or other person entitled to exercise the Stock Appreciation Right) to receive from the Company upon exercise of the exercisable portion of the Stock Appreciation Right an amount determined by multiplying the excess, if any, of the Fair Market Value of one Share on the date of exercise over the exercise price per Share of the Stock Appreciation Right by the number of Shares with respect to which the Stock Appreciation Right is exercised, subject to any limitations of the Plan or that the Administrator may impose and payable in cash, Shares valued at Fair Market Value on the date of exercise or a combination of the two as the Administrator may determine or provide in the Award Agreement.

6.2 Exercise Price. The Administrator will establish each Option's and Stock Appreciation Right's exercise price and specify the exercise price in the Award Agreement. Subject to Section 6.6, the exercise price will not be less than 100% of the Fair Market Value on the grant date of the Option or Stock Appreciation Right. Notwithstanding the foregoing, in the case of an Option or Stock Appreciation Right that is a Substitute Award, the exercise price per share of the Shares subject to such Option or Stock Appreciation Right, as applicable, may be less than the Fair Market Value per share on the date of grant; provided that the exercise price of any Substitute Award shall be determined in accordance with the applicable requirements of Sections 424 and 409A of the Code.

6.3 Duration of Options. Subject to Section 6.6, each Option or Stock Appreciation Right will be exercisable at such times and as specified in the Award Agreement, provided that the term of an Option or Stock Appreciation Right will not exceed ten years; provided, further, that, unless otherwise determined by the Administrator or specified in the Award Agreement, (a) no portion of an Option or Stock Appreciation Right which is unexercisable at a Participant's Termination of Service shall thereafter become exercisable and (b) the portion of an Option or Stock Appreciation Right that is unexercisable at a Participant's Termination of Service shall automatically expire on the date of such Termination of Service. In addition, in no event shall an Option or Stock Appreciation Right granted to an Employee who is a non-exempt employee for purposes of overtime pay under the U.S. Fair Labor Standards Act of 1938 be exercisable earlier than six months after its date of grant. Notwithstanding the foregoing, if the Participant, prior to the end of the term of an Option or Stock Appreciation Right, commits an act of Cause (as determined by the Administrator prior to or after the Participant's Termination of Service), or violates any non-competition, non-solicitation or confidentiality provisions of any employment contract, confidentiality and nondisclosure agreement or other agreement between the Participant and the Company or any of its Subsidiaries, the right to exercise the Option or Stock Appreciation Right, as applicable, may be terminated by the Company and the Company may suspend the Participant's right to exercise the Option or Stock Appreciation Right when it reasonably believes that the Participant may have participated in any such act or violation.

6.4 Exercise. Options and Stock Appreciation Rights may be exercised by delivering to the Company (or such other person or entity designated by the Administrator) a notice of exercise, in a form and manner the Company approves (which may be written, electronic or telephonic and may contain representations and warranties deemed advisable by the Administrator), signed or authenticated by the person authorized to exercise the Option or Stock Appreciation Right, together with, as applicable, (a) payment in full of the exercise price for the number of Shares for which the Option is exercised in a manner specified in Section 6.5 and (b) satisfaction in full of any withholding obligation for Tax-Related Items in a manner specified in Section 10.5. The Administrator may, in its discretion, limit exercise with respect to fractional Shares and require that any partial exercise of an Option or Stock Appreciation Right be with respect to a minimum number of Shares.

6.5 Payment Upon Exercise. The Administrator shall determine the methods by which payment of the exercise price of an Option shall be made, including, without limitation:

(a) Cash, check or wire transfer of immediately available funds;

(b) If there is a public market for Shares at the time of exercise, unless the Company otherwise determines, (i) delivery (including electronically or telephonically to the extent permitted by the Company) of a notice that the Participant has placed a market sell order with a broker acceptable to the Company with respect to Shares then issuable upon exercise of the Option and that the broker has been directed to deliver promptly to the Company funds sufficient to pay the exercise price, or (ii) the Participant's delivery to the Company of a copy of irrevocable and unconditional instructions to a broker acceptable to the Company to deliver promptly to the Company an amount sufficient to pay the exercise price by cash, wire transfer of immediately available funds or check; provided that such amount is paid to the Company at such time as may be required by the Company;

(c) To the extent permitted by the Administrator, delivery (either by actual delivery or attestation) of Shares owned by the Participant valued at their Fair Market Value on the date of delivery;

(d) To the extent permitted by the Administrator, surrendering Shares then issuable upon the Option's exercise valued at their Fair Market Value on the exercise date;

(e) Any other lawful consideration permitted by the Administrator; or

(f) To the extent permitted by the Administrator, any combination of the above payment forms.

6.6 Additional Terms of Incentive Stock Options. The Administrator may grant Incentive Stock Options only to employees of the Company, any of its present or future parent or subsidiary corporations, as defined in Sections 424(e) or (f) of the Code, respectively. If an Incentive Stock Option is granted to a Greater Than 10% Stockholder, the exercise price will not be less than 110% of the Fair Market Value on the Option's grant date, and the term of the Option will not exceed five years. All Incentive Stock Options (and Award Agreements related thereto) will be subject to and construed consistently with Section 422 of the Code. By accepting an Incentive Stock Option, if requested the Participant agrees to give prompt notice to the Company of dispositions or other transfers (other than in connection with a Change in Control) of Shares acquired under the Option made within (a) two years from the grant date of the Option or (b) one year after the transfer of such Shares to the Participant, specifying the date of the disposition or other transfer and the amount the Participant realized, in cash, other property, assumption of indebtedness or other consideration, in such disposition or other transfer. Neither the Company nor the Administrator will be liable to a Participant, or any other party, if an Incentive Stock Option fails or ceases to qualify as an "incentive stock option" under Section 422 of the Code. Any Incentive Stock Option or portion thereof that fails to qualify as an "incentive stock option" under Section 422 of the Code for any reason, including becoming exercisable with respect to Shares having a fair market value exceeding the $100,000 limitation under Treasury Regulation Section 1.422-4, will be a Nonqualified Stock Option.

ARTICLE VII.
RESTRICTED STOCK; RESTRICTED STOCK UNITS

7.1 General. The Administrator may grant Restricted Stock, or the right to purchase Restricted Stock, to any Service Provider, subject to forfeiture or the Company's right to repurchase all or part of the underlying Shares at their issue price or other stated or formula price from the Participant if conditions the Administrator specifies in the Award Agreement are not satisfied before the end of the applicable restriction period or periods that the Administrator establishes for such Award. In addition, the Administrator may grant Restricted Stock Units, which may be subject to vesting and forfeiture conditions during the applicable restriction period or periods, as set forth in an Award Agreement, to Service Providers. The Administrator shall establish the purchase price, if any, and form of payment for Restricted Stock and Restricted Stock Units; provided, however, that if a purchase price is charged, such purchase price shall be no less than the par value, if any, of the Shares to be purchased, unless otherwise permitted by Applicable Law. In all cases, legal consideration shall be required for each issuance of Restricted Stock and Restricted Stock Units to the extent required by Applicable Law. The Award Agreement for each Award of Restricted Stock and Restricted Stock Units shall set forth the terms and conditions not inconsistent with the Plan as the Administrator shall determine.

7.2 Restricted Stock.

(a) Stockholder Rights. Unless otherwise determined by the Administrator, each Participant holding shares of Restricted Stock will be entitled to all the rights of a stockholder with respect to such Shares, subject to the restrictions in the Plan and the applicable Award Agreement, including the right to receive all dividends and other distributions paid or made with respect to the Shares to the extent such dividends and other distributions have a record date that is on or after the date on which such Participant becomes the record holder of such Shares; provided, however, that with respect to a share of Restricted Stock subject to restrictions or vesting conditions, except in connection with a spin-off or other similar event as otherwise permitted under Section 9.2, dividends which are paid to Company stockholders prior to the removal of restrictions and satisfaction of vesting conditions shall only be paid to the Participant to the extent that the restrictions are subsequently removed and the vesting conditions are subsequently satisfied and the share of Restricted Stock vests.

(b) Stock Certificates. The Company may require that the Participant deposit in escrow with the Company (or its designee) any stock certificates issued in respect of shares of Restricted Stock, together with a stock power endorsed in blank.

(c) Section 83(b) Election. If a Participant makes an election under Section 83(b) of the Code to be taxed with respect to the Restricted Stock as of the date of transfer of the Restricted Stock rather than as of the date or dates upon which such Participant would otherwise be taxable under Section 83(a) of the Code, such Participant shall be required to deliver a copy of such election to the Company promptly after filing such election with the Internal Revenue Service along with proof of the timely filing thereof.

7.3 Restricted Stock Units. The Administrator may provide that settlement of Restricted Stock Units will occur upon or as soon as reasonably practicable after the Restricted Stock Units vest or will instead be deferred, on a mandatory basis or at the Participant's election, subject to compliance with Applicable Law.

ARTICLE VIII.
OTHER TYPES OF AWARDS

8.1 General. The Administrator may grant Performance Stock Unit awards, Dividend Equivalents or Other Stock or Cash Based Awards, to one or more Service Providers, in such amounts and subject to such terms and conditions not inconsistent with the Plan as the Administrator shall determine.

8.2 Performance Stock Unit Awards. Each Performance Stock Unit award shall be denominated in a number of Shares or in unit equivalents of Shares or units of value (including a dollar value of Shares) and may be linked to any one or more of performance or other specific criteria, including service to the Company or Subsidiaries, determined to be appropriate by the Administrator, in each case on a specified date or dates or over any period or periods determined by the Administrator. In making such determinations, the Administrator may consider (among such other factors as it deems relevant in light of the specific type of award) the contributions, responsibilities and other compensation of the particular Participant.

8.3 Dividend Equivalents. If the Administrator provides, an Award (other than an Option or Stock Appreciation Right) may provide a Participant with the right to receive Dividend Equivalents. Dividend Equivalents may be paid currently or credited to an account for the Participant, settled in cash or Shares and subject to the same restrictions on transferability and forfeitability as the Award with respect to which the Dividend Equivalents are granted and subject to other terms and conditions as set forth in the Award Agreement. Notwithstanding anything to the contrary herein, Dividend Equivalents with respect to an Award subject to vesting shall either (i) to the extent permitted by Applicable Law, not be paid or credited or (ii) be accumulated and subject to vesting to the same extent as the related Award. All such Dividend Equivalents shall be paid at such time as the Administrator shall specify in the applicable Award Agreement.

8.4 Other Stock or Cash Based Awards. Other Stock or Cash Based Awards may be granted to Participants, including Awards entitling Participants to receive cash or Shares to be delivered in the future and annual or other periodic or long-term cash bonus awards (whether based on specified performance criteria or otherwise), in each case subject to any conditions and limitations in the Plan. Such Other Stock or Cash Based Awards will also be available as a payment form in the settlement of other Awards, as standalone payments and as payment in lieu of compensation to which a Participant is otherwise entitled. Other Stock or Cash Based Awards may be paid in Shares, cash or other property, as the Administrator determines. Subject to the provisions of the Plan, the Administrator will determine the terms and conditions of each Other Stock or Cash Based Award, including any purchase price, performance goal(s), transfer restrictions, and vesting conditions, which will be set forth in the applicable Award Agreement. Except in connection with a spin-off or other similar event as otherwise permitted under Article IX, dividends that are paid prior to vesting of any Other Stock or Cash Based Award shall only be paid to the applicable Participant to the extent that the vesting conditions are subsequently satisfied and the Other Stock or Cash Based Award vests.

8.5 Performance Goals and Criteria. Performance goals or performance criteria established by the Administrator for any Award may be described in terms of Company-wide objectives or objectives that are related to the performance of a Subsidiary, division, business unit, department, region or function within the Company or Subsidiary in which the Participant is employed or in terms of the performance of the individual Participant and may be based on the following criteria: revenues, earnings from operations, operating income, income before taxes, net income, cash flow, earnings per share, return on total capital, return on invested capital, return on equity, return on assets, total return to shareholders, earnings before or after interest, taxes, depreciation, amortization or extraordinary or special items, return on investment, free cash flow, cash conversion cycle, cash flow return on investment (discounted or otherwise), net cash provided by operations, cash flow in excess of cost of capital, operating margin, profit margin, contribution margin, stock price, new customers, order intake, cost controls, operating efficiencies, strategic partnerships or transactions (including in-licensing and out-licensing of intellectual property, milestones related to research development (including, but not limited to, preclinical and clinical studies), product development and manufacturing, implementation or completion of projects or processes (including, without limitation, clinical trial initiation, clinical trial enrollment and dates, clinical trial results, regulatory filing submissions, regulatory filing acceptances, regulatory or advisory committee interactions, regulatory approvals, and product supply), submission to, or approval by, a regulatory body (including, but not limited to the U.S. Food and Drug Administration) of an applicable filing or a product, market penetration, geographic business expansion, cost targets, productivity, corporate value and sustainability metrics (including, without limitation, environmental, social and governance matters), human capital metrics (including, without limitation, employee satisfaction, management of employment practices, employee benefits, retention and safety), supervision of litigation or labor negotiations, dealings with regulatory bodies, acquisitions or divestitures, customer satisfaction, strategic business criteria related to a Participant's area or areas of responsibility, or any other criteria established by the Administrator.

ARTICLE IX.
ADJUSTMENTS FOR CHANGES IN COMMON STOCK AND CERTAIN OTHER EVENTS

9.1 Equity Restructuring. In connection with any Equity Restructuring, notwithstanding anything to the contrary in this Article IX, the Administrator will equitably adjust the terms of the Plan and each outstanding Award as it deems appropriate to reflect the Equity Restructuring, which may include (a) adjusting the number and type of securities subject to each outstanding Award or with respect to which Awards may be granted under the Plan (including, but not limited to, adjustments of the limitations in Article V hereof on the maximum number and kind of shares that may be issued); (b) adjusting the terms and conditions of (including the grant or exercise price), and the performance goals or other criteria included in, outstanding Awards; and (iii) granting new Awards or making cash payments to Participants. The adjustments provided under this Section 9.1 will be nondiscretionary and final and binding on all interested parties, including the affected Participant and the Company; provided that the Administrator will determine whether an adjustment is equitable.

9.2 Corporate Transactions. In the event of any extraordinary dividend or other distribution (whether in the form of cash, Common Stock, other securities, or other property), reorganization, merger, consolidation, split-up, spin off, combination, amalgamation, repurchase, recapitalization, liquidation, dissolution, or sale, transfer, exchange or other disposition of all or substantially all of the assets of the Company, or sale or exchange of Common Stock or other securities of the Company, Change in Control, issuance of warrants or other rights to purchase Common Stock or other securities of the Company, other similar corporate transaction or event (including the sale, merger or other corporate transaction involving a Subsidiary), other unusual or nonrecurring transaction or event affecting the Company or its financial statements or any change in any Applicable Law or accounting principles, the Administrator, on such terms and conditions as it deems appropriate, either by the terms of the Award or by action taken prior to the occurrence of such transaction or event (except that action to give effect to a change in Applicable Law or accounting principles may be made within a reasonable period of time after such change), is hereby authorized to take any one or more of the following actions whenever the Administrator determines that such action is appropriate in order to (x) prevent dilution or enlargement of the benefits or potential benefits intended by the Company to be made available under the Plan or with respect to any Award granted or issued under the Plan, (y) to facilitate such transaction or event or (z) give effect to such changes in Applicable Law or accounting principles:

(a) To provide for the cancellation of any such Award in exchange for either an amount of cash or other property with a value equal to the amount that could have been obtained upon the exercise or settlement of the vested portion of such Award or realization of the Participant's rights under the vested portion of such Award, as applicable; provided that, if the amount that could have been obtained upon the exercise or settlement of the vested portion of such Award or realization of the Participant's rights, in any case, is equal to or less than zero, then the Award may be terminated without payment;

(b) To provide that such Award shall vest and, to the extent applicable, be exercisable as to all Shares (or other property) covered thereby, notwithstanding anything to the contrary in the Plan or the provisions of such Award;

(c) To provide that such Award be assumed by the successor or survivor corporation or entity, or a parent or subsidiary thereof, or shall be substituted for by awards covering the stock of the successor or survivor corporation or entity, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and applicable exercise or purchase price, in all cases, as determined by the Administrator;

(d) To make adjustments in the number and type of shares of Common Stock (or other securities or property) subject to outstanding Awards or with respect to which Awards may be granted under the Plan (including, but not limited to, adjustments of the limitations in Article V hereof on the maximum number and kind of shares which may be issued) or in the terms and conditions of (including the grant or exercise price), and the criteria included in, outstanding Awards;

(e) To replace such Award with other rights or property selected by the Administrator; or

(f) To provide that the Award will terminate and cannot vest, be exercised or become payable after the applicable event.

9.3 Change in Control.

(a) Notwithstanding any other provision of the Plan, in the event of a Change in Control, unless the Administrator elects to (i) terminate an Award in exchange for cash, rights or property, pursuant to Section 9.2, or (ii) cause an Award to become fully exercisable and no longer subject to any forfeiture restrictions prior to the consummation of a Change in Control, pursuant to Section 9.2, (A) such Award (other than any portion subject to performance-based vesting) shall continue in effect or be assumed or an equivalent Award substituted by the successor corporation or a parent or subsidiary of the successor corporation and (B) the portion of such Award subject to performance-based vesting shall be subject to the terms and conditions of the applicable Award Agreement and, in the absence of applicable terms and conditions, the Administrator's discretion.

(b) In the event that the successor corporation in a Change in Control refuses to assume or substitute for an Award, the Administrator shall cause such Award to become fully vested and, if applicable, exercisable immediately prior to the consummation of such transaction, and with respect to Awards with performance-based vesting, all performance goals or other vesting criteria will be deemed achieved at the greater of: (i) one hundred percent (100%) of target levels, or (ii) the actual level of achievement of all relevant performance goals against target measured through the date immediately prior to the Change in Control (or as close to such date as administratively practicable), unless specifically provided otherwise under the applicable Award Agreement or otherwise determined by the Administrator, and all forfeiture restrictions on such Award to lapse and, to the extent unexercised upon the consummation of such transaction, to terminate in exchange for cash, rights or other property. The Administrator shall notify the Participant of any Award that becomes exercisable pursuant to the preceding sentence that such Award shall be fully exercisable for a period of at least 10 days from the date of such notice (or such shorter period as required to permit a timely closing of the transaction), contingent upon the occurrence of the Change in Control, or that such Award shall be settled for an amount of cash or securities equal to the in-the-money spread value (if any) of such Award, and such Award shall terminate upon the consummation of the Change in Control in accordance with the preceding sentence.

(c) For the purposes of this Section 9.3, an Award shall be considered assumed if, following the Change in Control, the Award confers the right to purchase or receive, for each Share subject to the Award immediately prior to the Change in Control, the consideration (whether stock, cash, or other securities or property) received in the Change in Control by holders of Common Stock for each Share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); provided, however, that if such consideration received in the Change in Control was not solely common stock of the successor corporation or its parent, the Administrator may, with the consent of the successor corporation, provide for the consideration to be received upon the exercise of the Award, for each Share subject to an Award, to be solely common stock of the successor corporation or its parent equal in fair market value to the per-share consideration received by holders of Common Stock in the Change in Control.

9.4 Administrative Stand Still. In the event of any pending stock dividend, stock split, combination or exchange of shares, merger, consolidation or other distribution (other than normal cash dividends) of Company assets to stockholders, or any other extraordinary transaction or change affecting the Shares or the share price of Common Stock (including any Equity Restructuring or any securities offering or other similar transaction) or for reasons of administrative convenience or to facilitate compliance with any Applicable Law, the Company may refuse to permit the exercise or settlement of one or more Awards for such period of time as the Company may determine to be reasonably appropriate under the circumstances.

9.5 General. Except as expressly provided in the Plan or the Administrator's action under the Plan, no Participant will have any rights due to any subdivision or consolidation of Shares of any class, dividend payment, increase or decrease in the number of Shares of any class or dissolution, liquidation, merger, or consolidation of the Company or other corporation. Except as expressly provided with respect to an Equity Restructuring under Section 9.1 above or the Administrator's action under the Plan, no issuance by the Company of Shares of any class, or securities convertible into Shares of any class, will affect, and no adjustment will be made regarding, the number of Shares subject to an Award or the Award's grant or exercise price. The existence of the Plan, any Award Agreements and the Awards granted hereunder will not affect or restrict in any way the Company's right or power to make or authorize (i) any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, (ii) any merger, consolidation, spin-off, dissolution or liquidation of the Company or sale of Company assets or (iii) any sale or issuance of securities, including securities with rights superior to those of the Shares or securities convertible into or exchangeable for Shares.

ARTICLE X.
PROVISIONS APPLICABLE TO AWARDS

10.1 Transferability.

(a) No Award may be sold, assigned, transferred, pledged or otherwise encumbered, either voluntarily or by operation of law, except by will or the laws of descent and distribution, or, subject to the Administrator's consent, pursuant to a DRO, unless and until such Award has been exercised or the Shares underlying such Award have been issued, and all restrictions applicable to such Shares have lapsed. During the life of a Participant, Awards will be exercisable only by the Participant, unless it has been disposed of pursuant to a DRO. After the death of a Participant, any exercisable portion of an Award may, prior to the time when such portion becomes unexercisable under the Plan or the applicable Award Agreement, be exercised by the Participant's personal representative or by any person empowered to do so under the deceased Participant's will or under the then-Applicable Law of descent and distribution. References to a Participant, to the extent relevant in the context, will include references to a transferee approved by the Administrator.

(b) Notwithstanding Section 10.1(a), the Administrator, in its sole discretion, may determine to permit a Participant or a Permitted Transferee of such Participant to transfer an Award other than an Incentive Stock Option (unless such Incentive Stock Option is intended to become a Nonqualified Stock Option) to any one or more Permitted Transferees of such Participant, subject to the following terms and conditions: (i) an Award transferred to a Permitted Transferee shall not be assignable or transferable by the Permitted Transferee other than (A) to another Permitted Transferee of the applicable Participant or (B) by will or the laws of descent and distribution or, subject to the consent of the Administrator, pursuant to a domestic relations order; (ii) an Award transferred to a Permitted Transferee shall continue to be subject to all the terms and conditions of the Award as applicable to the original Participant (other than the ability to further transfer the Award to any Person other than another Permitted Transferee of the applicable Participant); (iii) the Participant (or transferring Permitted Transferee) and the receiving Permitted Transferee shall execute any and all documents requested by the Administrator, including, without limitation documents to (A) confirm the status of the transferee as a Permitted Transferee, (B) satisfy any requirements for an exemption for the transfer under Applicable Law and (C) evidence the transfer; and (iv) any transfer of an Award to a Permitted Transferee shall be without consideration, except as required by Applicable Law. In addition, and further notwithstanding Section 10.1(a), the Administrator, in its sole discretion, may determine to permit a Participant to transfer Incentive Stock Options to a trust that constitutes a Permitted Transferee if, under Section 671 of the Code and other Applicable Law, the Participant is considered the sole beneficial owner of the Incentive Stock Option while it is held in the trust.

(c) Notwithstanding Section 10.1(a), if permitted by the Administrator, a Participant may, in the manner determined by the Administrator, designate a Designated Beneficiary. A Designated Beneficiary, legal guardian, legal representative, or other person claiming any rights pursuant to the Plan is subject to all terms and conditions of the Plan and any Award Agreement applicable to the Participant and any additional restrictions deemed necessary or appropriate by the Administrator. If the Participant is married or a domestic partner in a domestic partnership qualified under Applicable Law and resides in a community property state, a designation of a person other than the Participant's spouse or domestic partner, as applicable, as the Participant's Designated Beneficiary with respect to more than 50% of the Participant's interest in the Award shall not be effective without the prior written or electronic consent of the Participant's spouse or domestic partner. Subject to the foregoing, a beneficiary designation may be changed or revoked by a Participant at any time; provided that the change or revocation is delivered in writing to the Administrator prior to the Participant's death.

10.2 Documentation. Each Award will be evidenced in an Award Agreement in such form as the Administrator determines in its discretion. Each Award may contain such terms and conditions as are determined by the Administrator in its sole discretion, to the extent not inconsistent with those set forth in the Plan.

10.3 Discretion. Except as the Plan otherwise provides, each Award may be made alone or in addition or in relation to any other Award. The terms of each Award to a Participant need not be identical, and the Administrator need not treat Participants or Awards (or portions thereof) uniformly.

10.4 Changes in Participant's Status. The Administrator will determine how the disability, death, retirement, authorized leave of absence or any other change or purported change in a Participant's Service Provider status affects an Award and the extent to which, and the period during which, the Participant, the Participant's legal representative, conservator, guardian or Designated Beneficiary may exercise rights under the Award, if applicable. Except to the extent otherwise required by Applicable Law or expressly authorized by the Company or by the Company's written policy on leaves of absence, no service credit shall be given for vesting purposes for any period the Participant is on a leave of absence.

10.5 Withholding. Each Participant must pay the Company or a Subsidiary, as applicable, or make provision satisfactory to the Administrator for payment of, any Tax-Related Items required by Applicable Law to be withheld in connection with such Participant's Awards and/or Shares by the date of the event creating the liability for Tax-Related Items. At the Company's discretion and subject to any Company insider trading policy (including black-out periods), any withholding obligation for Tax-Related Items may be satisfied by (i) deducting an amount sufficient to satisfy such withholding obligation from any payment of any kind otherwise due to a Participant; (ii) accepting a payment from the Participant in cash, by wire transfer of immediately available funds, or by check made payable to the order of the Company or a Subsidiary, as applicable; (iii) accepting the delivery of Shares, including Shares delivered by attestation; (iv) retaining Shares from the Award creating the withholding obligation for Tax-Related Items, valued on the date of delivery, (v) if there is a public market for Shares at the time the withholding obligation for Tax-Related Items is satisfied, selling Shares issued pursuant to the Award creating the withholding obligation for Tax-Related Items, either voluntarily by the Participant or mandatorily by the Company; (vi) any other lawful consideration permitted by the Administrator; or (vii) any combination of the foregoing payment forms. The amount withheld pursuant to any of the foregoing payment forms shall be determined by the Company and may be up to, but no greater than, the aggregate amount of such obligations based on the maximum statutory withholding rates in the applicable Participant's jurisdiction for all Tax-Related Items that are applicable to such taxable income. If any tax withholding obligation will be satisfied under clause (v) of the preceding paragraph, each Participant's acceptance of an Award under the Plan will constitute the Participant's authorization to the Company and instruction and authorization to any brokerage firm selected by the Company to effect the sale to complete the transactions described in clause (v).

10.6 Amendment of Award; Repricing. The Administrator may amend, modify or terminate any outstanding Award, including by substituting another Award of the same or a different type, changing the exercise or settlement date, and converting an Incentive Stock Option to a Nonqualified Stock Option. The Participant's consent to such action will be required unless (i) the action, taking into account any related action, does not materially and adversely affect the Participant's rights under the Award, or (ii) the change is permitted under Article IX or pursuant to Section 11.6. In addition, the Administrator shall, without the approval of the stockholders of the Company, have the authority to (a) amend any outstanding Option or Stock Appreciation Right to reduce its exercise price per Share, or (b) cancel any Option or Stock Appreciation Right in exchange for cash or another Award.

10.7 Conditions on Delivery of Stock. The Company will not be obligated to deliver any Shares under the Plan or remove restrictions from Shares previously delivered under the Plan until (i) all Award conditions have been met or removed to the Company's satisfaction, (ii) as determined by the Company, all other legal matters regarding the issuance and delivery of such Shares have been satisfied, including, without limitation, any applicable securities laws and stock exchange or stock market rules and regulations, (iii) any approvals from governmental agencies that the Company determines are necessary or advisable have been obtained, and (iv) the Participant has executed and delivered to the Company such representations or agreements as the Administrator deems necessary or appropriate to satisfy Applicable Law. The inability or impracticability of the Company to obtain or maintain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained, and shall constitute circumstances in which the Administrator may determine to amend or cancel Awards pertaining to such Shares, with or without consideration to the Participant.

10.8 Acceleration. The Administrator may at any time provide that any Award will become immediately vested and fully or partially exercisable, free of some or all restrictions or conditions, or otherwise fully or partially realizable.

ARTICLE XI.
MISCELLANEOUS

11.1 No Right to Employment or Other Status. No person will have any claim or right to be granted an Award, and the grant of an Award will not be construed as giving a Participant the right to continue employment or any other relationship with the Company or a Subsidiary. The Company and its Subsidiaries expressly reserve the right at any time to dismiss or otherwise terminate its relationship with a Participant free from any liability or claim under the Plan or any Award, except as expressly provided in an Award Agreement or other written agreement between the Participant and the Company or any Subsidiary.

11.2 No Rights as Stockholder; Certificates. Subject to the Award Agreement, no Participant or Designated Beneficiary will have any rights as a stockholder with respect to any Shares to be distributed under an Award until becoming the record holder of such Shares. Notwithstanding any other provision of the Plan, unless the Administrator otherwise determines or Applicable Law requires, the Company will not be required to deliver to any Participant certificates evidencing Shares issued in connection with any Award and instead such Shares may be recorded in the books of the Company (or, as applicable, its transfer agent or stock plan administrator). The Company may place legends on any share certificate or book entry to reference restrictions applicable to the Shares (including, without limitation, restrictions applicable to Restricted Stock).

11.3 Effective Date. The Plan was approved by the Board on February 2, 2024. The Plan will become effective on the date immediately prior to the date of the closing (the "Effective Date") of the transactions contemplated by the Merger Agreement, provided that it is approved by the Company's stockholders on or prior to the Effective Date and such approval occurs within 12 months following the date the Board approved the Plan. If the Plan is not approved by the Company's stockholders within the foregoing time frame, or if the Merger Agreement is terminated prior to the consummation of the transactions contemplated thereby, the Plan will not become effective. No Award may be granted pursuant to the Plan on or after the tenth (10^{th}) anniversary of the Effective Date.

11.4 Amendment of Plan. The Board may amend, suspend or terminate the Plan at any time and from time to time; provided that (a) no amendment requiring stockholder approval to comply with Applicable Law shall be effective unless approved by the Board, and (b) no amendment, other than an increase to the Overall Share Limit or pursuant to Article IX or Section 11.6, may materially and adversely affect any Award outstanding at the time of such amendment without the affected Participant's consent. No Awards may be granted under the Plan during any suspension period or after Plan termination. Awards outstanding at the time of any Plan suspension or termination will continue to be governed by the Plan and the Award Agreement, as in effect before such suspension or termination. The Board will obtain stockholder approval of any Plan amendment to the extent necessary to comply with Applicable Law.

11.5 Provisions for Foreign Participants. The Administrator may modify Awards granted to Participants who are nationals of a country other than the United States or employed or residing outside the United States, establish subplans or procedures under the Plan or take any other necessary or appropriate action to address Applicable Law, including (a) differences in laws, rules, regulations or customs of such jurisdictions with respect to tax, securities, currency, employee benefit or other matters, (b) listing and other requirements of any non-U.S. securities exchange, and (c) any necessary local governmental or regulatory exemptions or approvals.

11.6 Section 409A.

(a) General. The Company intends that all Awards be structured to comply with, or be exempt from, Section 409A, such that no adverse tax consequences, interest, or penalties under Section 409A apply. Notwithstanding anything in the Plan or any Award Agreement to the contrary, the Administrator may, without a Participant's consent, amend this Plan or Awards, adopt policies and procedures, or take any other actions (including amendments, policies, procedures and retroactive actions) as are necessary or appropriate to preserve the intended tax treatment of Awards, including any such actions intended to (A) exempt this Plan or any Award from Section 409A, or (B) comply with Section 409A, including regulations, guidance, compliance programs and other interpretative authority that may be issued after an Award's grant date. The Company makes no representations or warranties as to an Award's tax treatment under Section 409A or otherwise. The Company will have no obligation under this Section 11.6 or otherwise to avoid the taxes, penalties or interest under Section 409A with respect to any Award and will have no liability to any Participant or any other person if any Award, compensation or other benefits under the Plan are determined to constitute noncompliant "nonqualified deferred compensation" subject to taxes, penalties or interest under Section 409A.

(b) Separation from Service. If an Award constitutes "nonqualified deferred compensation" under Section 409A, any payment or settlement of such Award upon a Participant's Termination of Service will, to the extent necessary to avoid taxes under Section 409A, be made only upon the Participant's "separation from service" (within the meaning of Section 409A), whether such "separation from service" occurs upon or after the Participant's Termination of Service. For purposes of this Plan or any Award Agreement relating to any such payments or benefits, references to a "termination," "termination of employment" or like terms means a "separation from service."

(c) Payments to Specified Employees. Notwithstanding any contrary provision in the Plan or any Award Agreement, any payment(s) of "nonqualified deferred compensation" required to be made under an Award to a "specified employee" (as defined under Section 409A and as the Administrator determines) due to his or her "separation from service" will, to the extent necessary to avoid taxes under Section 409A(a)(2)(B)(i) of the Code, be delayed for the six-month period immediately following such "separation from service" (or, if earlier, until the specified employee's death) and will instead be paid (as set forth in the Award Agreement) on the day immediately following such six-month period or as soon as administratively practicable thereafter (without interest). Any payments of "nonqualified deferred compensation" under such Award payable more than six months following the Participant's "separation from service" will be paid at the time or times the payments are otherwise scheduled to be made.

11.7 Limitations on Liability. Notwithstanding any other provisions of the Plan, no individual acting as a director, officer or other employee of the Company or any Subsidiary will be liable to any Participant, former Participant, spouse, beneficiary, or any other person for any claim, loss, liability, or expense incurred in connection with the Plan or any Award, and such individual will not be personally liable with respect to the Plan because of any contract or other instrument executed in his or her capacity as an Administrator, director, officer or other employee of the Company or any Subsidiary. The Company will indemnify and hold harmless each director, officer or other employee of the Company or any Subsidiary that has been or will be granted or delegated any duty or power relating to the Plan's administration or interpretation, against any cost or expense (including attorneys' fees) or liability (including any sum paid in settlement of a claim with the Administrator's approval) arising from any act or omission concerning this Plan unless arising from such person's own fraud or bad faith; provided that he or she gives the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf.

11.8 Data Privacy. As a condition for receiving any Award, each Participant explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of personal data as described in this Section 11.8 by and among the Company and its Subsidiaries and affiliates exclusively for implementing, administering and managing the Participant's participation in the Plan. The Company and its Subsidiaries and affiliates may hold certain personal information about a Participant, including the Participant's name, address and telephone number; birthdate; social security, insurance number or other identification number; salary; nationality; job title(s); any Shares held in the Company or its Subsidiaries and affiliates; and Award details, to implement, manage and administer the Plan and Awards (the "Data"). The Company and its Subsidiaries and affiliates may transfer the Data amongst themselves as necessary to implement, administer and manage a Participant's participation in the Plan, and the Company and its Subsidiaries and affiliates may transfer the Data to third parties assisting the Company with Plan implementation, administration and management. These recipients may be located in the Participant's country, or elsewhere, and the Participant's country may have different data privacy laws and protections than the recipients' country. By accepting an Award, each Participant authorizes such recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, to implement, administer and manage the Participant's participation in the Plan, including any required Data transfer to a broker or other third party with whom the Company or the Participant may elect to deposit any Shares. The Data related to a Participant will be held only as long as necessary to implement, administer, and manage the Participant's participation in the Plan. A Participant may, at any time, view the Data that the Company holds regarding such Participant, request additional information about the storage and processing of the Data regarding such Participant, recommend any necessary corrections to the Data regarding the Participant or refuse or withdraw the consents in this Section 11.8 in writing, without cost, by contacting the local human resources representative. The Company may cancel Participant's ability to participate in the Plan and, in the Administrator's sole discretion, the Participant may forfeit any outstanding Awards if the Participant refuses or withdraws the consents in this Section 11.8. For more information on the consequences of refusing or withdrawing consent, Participants may contact their local human resources representative.

11.9 Severability. If any portion of the Plan or any action taken under it is held illegal or invalid for any reason, the illegality or invalidity will not affect the remaining parts of the Plan, and the Plan will be construed and enforced as if the illegal or invalid provisions had been excluded, and the illegal or invalid action will be null and void.

11.10 Governing Documents. If any contradiction occurs between the Plan and any Award Agreement or other written agreement between a Participant and the Company (or any Subsidiary), the Plan will govern, unless such Award Agreement or other written agreement was approved by the Administrator and expressly provides that a specific provision of the Plan will not apply.

11.11 Governing Law. The Plan and all Awards will be governed by and interpreted in accordance with the laws of the State of Delaware, without regard to the conflict of law rules thereof or of any other jurisdiction.

11.12 Clawback Provisions. All Awards (including the gross amount of any proceeds, gains or other economic benefit the Participant actually or constructively receives upon receipt or exercise of any Award or the receipt or resale of any Shares underlying the Award) will be subject to recoupment by the Company to the extent required to comply with Applicable Law or any policy of the Company providing for the reimbursement of incentive compensation, whether or not such policy was in place at the time of grant of an Award.

11.13 Titles and Headings. The titles and headings in the Plan are for convenience of reference only and, if any conflict, the Plan's text, rather than such titles or headings, will control.

11.14 Conformity to Applicable Law. Participant acknowledges that the Plan is intended to conform to the extent necessary with Applicable Law. Notwithstanding anything herein to the contrary, the Plan and all Awards will be administered only in a manner intended to conform with Applicable Law. To the extent Applicable Law permits, the Plan and all Award Agreements will be deemed amended as necessary to conform to Applicable Law.

11.15 Relationship to Other Benefits. No payment under the Plan will be taken into account in determining any benefits under any pension, retirement, savings, profit sharing, group insurance, welfare or other benefit plan of the Company or any Subsidiary, except as expressly provided in writing in such other plan or an agreement thereunder.

11.16 Unfunded Status of Awards. The Plan is intended to be an "unfunded" plan for incentive compensation. With respect to any payments not yet made to a Participant pursuant to an Award, nothing contained in the Plan or Award Agreement shall give the Participant any rights that are greater than those of a general creditor of the Company or any Subsidiary.

11.17 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan, the Plan and any Award granted or awarded to any individual who is then subject to Section 16 of the Exchange Act shall be subject to any additional limitations set forth in any applicable exempt rule under Section 16 of the Exchange Act (including Rule 16b-3 of the Exchange Act and any amendments thereto) that are requirements for the application of such exempt rule. To the extent permitted by Applicable Law, the Plan and Awards granted or awarded hereunder shall be deemed amended to the extent necessary to conform to such applicable exempt rule.

11.18 Prohibition on Executive Officer Loans. Notwithstanding any other provision of the Plan to the contrary, no Participant who is a Director or an "executive officer" of the Company within the meaning of Section 13(k) of the Exchange Act shall be permitted to make payment with respect to any Awards granted under the Plan, or continue any extension of credit with respect to such payment, with a loan from the Company or a loan arranged by the Company in violation of Section 13(k) of the Exchange Act.

* * * * *

FORM OF INCENTIVE STOCK OPTION AGREEMENT

THIS DOCUMENT CONSTITUTES PART OF THE SECTION 10(a) PROSPECTUS COVERING SECURITIES THAT HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933.

TruGolf Holdings, Inc. 2024 Stock Incentive Plan
Incentive Stock Option Agreement

The employee identified below has been selected to be a Participant in the TruGolf Holdings, Inc. 2024 Stock Incentive Plan, as amended (the "Plan") and has been granted an Incentive Stock Option as outlined below:

Participant:

Date of Grant:

Shares Covered by the Option:

Option Exercise Price: $[_____]

Expiration Date:

Vesting Schedule: The Option shall vest in [_____] equal installments (or [_____] shares each installment) on each of the succeeding [_____] anniversary dates of the Date of Grant (i.e. the first such installment shall vest on the first anniversary of the Date of Grant), provided Participant is providing services to the Company on such vesting date(s). Notwithstanding the above, in no event shall any Option under this Agreement vest sooner than the Company's prospectus on Form S-8, under which the Shares Covered by the Option are registered under the Securities Act of 1933, becomes effective.

This Agreement, effective as of the Date of Grant set forth above, is between TruGolf Holdings, Inc., a Delaware corporation (the "Company"), and the Participant named above. The parties hereto agree as follows:

The Plan provides a complete description of the terms and conditions governing the Option. If there is any inconsistency between the terms of this Agreement and the terms of the Plan, the Plan's terms shall govern. All capitalized terms shall have the meanings ascribed to them in the Plan, unless otherwise set forth herein. A copy of the Plan is attached hereto and the terms of the Plan are hereby incorporated by reference.

1. Stock Option Grant. Subject to the provisions set forth herein and the terms and conditions of the Plan, and in consideration of the agreements of the Participant herein provided, the Company hereby grants to the Participant an Option to purchase from the Company the number of shares of Common Stock, at the exercise price per share, and on the schedule, set forth above. The grant is intended to be an incentive stock option as that term is described in Section 422(b) of the Internal Revenue Code of 1986, as amended (the "Code").

2. Acceptance by Participant. The exercise of the Option is conditioned upon the acceptance of this Agreement by the Participant.

3. Exercise of Option. Subject to Section 4 below, the Participant may exercise the vested portion of the Option at any time prior to the Expiration Date. Written notice of an election to exercise any portion of the Option shall be given by the Participant, or his or her personal representative in the event of the Participant's death, to the Company's Chief Financial Officer (or Chief Executive Officer if the Participant is the Chief Financial Officer), in accordance with procedures established by the Compensation Committee of the Board of Directors of the Company (the "Committee") as in effect at the time of such exercise.

At the time of exercise of the Option, payment of the purchase price for the shares of Common Stock with respect to which the Option is exercised, must be made by one or more of the following methods: (a) in cash, (b) in cash received from a broker-dealer to whom the Participant has submitted an exercise notice and irrevocable instructions to deliver the purchase price to the Company from the proceeds of the sale of shares subject to the Option, (c) by directing the Company to withhold such number of shares of Common Stock otherwise issuable upon exercise of the Option with a fair market value equal to the amount of the purchase price and/or (d) by delivery to the Company of other Common Stock owned by the Participant that is acceptable to the Company, valued at its then fair market value.

No shares shall be issued upon exercise of the Option until full payment of the exercise price has been made.

If the Fair Market Value of shares subject to the portion of an Option (determined with respect to each Option at the time of grant) that vests during a calendar year exceeds $100,000, the portion of such Option that exceeds this limitation shall be a Non-Qualified Stock Option. Thus, vesting or accelerated vesting of the Option may result in all or any part of the Option being treated as a Non-Qualified Stock Option.

4. Exercise Upon Termination of Employment. If the Participant's employment with the Company and all subsidiaries terminates without cause (as determined by the Committee in its sole discretion) and for any reason other than death, disability or retirement, the then vested portion of the Option shall continue to be exercisable until the earlier of the 90th day after the date of the Participant's termination or the date the Option expires by its terms. The portion of the Option not vested as of the date of such termination of employment shall expire as of such date and shall not be exercisable.

If the Participant's employment with the Company and all subsidiaries terminates due to death, disability or retirement, the then vested portion of the Option shall continue to be exercisable until the earlier of one year after the date of the Participant's termination or the date the Option expires by its terms. The portion of the Option not vested as of the date of such termination of employment shall expire as of such date and shall not be exercisable.

If the Participant's employment with the Company and all subsidiaries is terminated by the Company for cause (as determined by the Committee in its sole discretion), the Option shall expire on the date of such termination, and no portion shall be exercisable after the date of such termination.

For purposes of this Section 4, (A) "disability" has the meaning, and will be determined, as set forth in the Company's long term disability program in which the Participant participates, and (B) "retirement" means the Participant's termination from employment with the Company and all subsidiaries without cause (as determined by the Committee in its sole discretion) when the Participant is 65 or older or 55 or older with 10 years of service with the Company and its subsidiaries.

The foregoing provisions of this Section 4 shall be subject to the provisions of any written employment or severance agreement that has been or may be executed by the Participant and the Company, and the provisions in such employment or severance agreement concerning exercise of the Option shall supersede any inconsistent or contrary provision of this Section 4.

5. Confidentiality and Non-Compete Agreement. Notwithstanding any other provision of this Agreement, in the event the Committee determines that the Participant has breached any provision of any confidentiality and/or non-compete agreement in effect between the Participant and the Company, (a) the then outstanding and unexercised portion of the Option (whether vested or unvested) shall be cancelled and forfeited back to the Company and (b) the Participant shall remit to the Company within 30 days of written notice from the Committee a cash payment equal to the number of shares of Common Stock subject to the portion of the Option that was previously exercised, multiplied by the excess of the fair market value of the Common Stock on the date of exercise over the Option Exercise Price. The Company shall be entitled, as permitted by applicable law, to deduct the amount of such payment from any amounts the Company may owe to the Participant.

6. Nontransferability of Options. The Option may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution.

7. Beneficiary Designation. The Participant may, from time to time, name any beneficiary or beneficiaries (who may be named contingently or successively) to whom any benefit under the Option is to be paid in the event of his or her death. Each designation will revoke all prior designations by the same Participant, shall be in a form prescribed by the Board, and will be effective only when filed by the Participant in writing with the Board during his or her lifetime. In the absence of any such designation, or if all beneficiaries predecease the Participant, benefits remaining unpaid at the Participant's death shall be paid to the Participant's estate.

8. Rights as a Stockholder. The Participant shall have no rights as a stockholder of the Company with respect to the shares of Common Stock subject to the Option and this Agreement until such time as the exercise price has been paid and the shares have been issued and delivered to him or her.

9. Surrender of or Changes to Agreement. In the event the Option shall be exercised in whole, this Agreement shall be surrendered to the Company for cancellation. In the event the Option shall be exercised in part or a change in the number of designation of the shares of Common Stock shall be made, this Agreement shall be delivered by the Participant to the Company for the purpose of making appropriate notation thereon, or of otherwise reflecting, in such manner as the Company shall determine, the change in the number or designation of such shares.

10. Administration. The Option shall be exercised in accordance with such administrative regulations as the Committee shall from time to time adopt. It is expressly understood that the Committee is authorized to administer, construe, and make all determinations necessary or appropriate to the administration of, the Plan and this Agreement, all of which shall be binding upon the Participant.

11. Governing Law. This Agreement, and the Option, shall be construed, administered and governed in all respects under and by the laws of the State of Delaware.

* * *

By accepting this Agreement, the Participant agrees to be bound by the terms hereof.

TruGolf Holdings, Inc.

By: _____
Title: _____
Participant _____

By: _____
Print Name: _____

Exhibit 10.6

TRUGOLF, HOLDINGS INC.

EXECUTIVE EMPLOYMENT AGREEMENT

CHRISTOPHER JONES

PRESIDENT AND CHIEF EXECUTIVE OFFICER

TABLE OF CONTENTS

THIS EXECUTIVE EMPLOYMENT AGREEMENT (this "**Agreement**") is entered into this _____ day of January 2023 (the "**Execution Date**"), to be effective as of the Effective Date as defined below between TruGolf, Inc., a Nevada corporation (the "**Company**"), and Christopher Jones ("**Executive**") (each of the Company and Executive are referred to herein as a "**Party**", and collectively referred to herein as the "**Parties**").

W I T N E S S E T H:

WHEREAS, the Executive currently serves as the President and Chief Executive Officer of the Company; and

WHEREAS, the Company desires to continue to obtain the services of Executive, and Executive desires to continue to be employed by the Company upon the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the premises, the agreements herein contained and other good and valuable consideration, receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as of the Effective Date as follows:

ARTICLE I.
DEFINITIONS

1.1. Definitions. In addition to other terms defined throughout this Agreement, the following terms have the following meanings when used herein:

1.1.1 "**Cause**" shall mean, in the context of a basis for termination by the Company of Executive's employment with the Company, that:

(i) Executive materially breaches any obligation, duty, covenant or agreement under this Agreement, which breach is not cured or corrected within thirty (30) days of written notice thereof from the Company (except for breaches of ARTICLE V or ARTICLE VI of this Agreement, which cannot be cured and for which the Company need not give any opportunity to cure); or

(ii) Executive's willful failure or refusal to perform or nonperformance of his duties required by this Agreement or assigned by the Company through the Board of Directors, and without a reasonable basis for Executive to do so; provided, however, that Executive shall have first received written notice from the Company stating with specificity the nature of such failure and refusal and affording Executive an opportunity, as soon as practicable, to correct the acts or omissions complained of, and failure of Executive to cure such failure or refusal within thirty (30) days after written notice; or

(iii) Any gross negligence or willful misconduct of the Executive with regard to the Company or any of its subsidiaries resulting in a material economic loss to the Company or material damage to the Company's reputation or business relationships; or

(iv) Executive commits any act of misappropriation of funds or embezzlement; or

(v) Executive commits any act of fraud; or

(vi) Executive is convicted of, or pleads guilty or nolo contendere with respect to, theft, fraud, a crime involving moral turpitude, or a felony under federal or applicable state law; and, in the case of any of the above offenses, such offense casts reasonable doubt on Executive's ability to perform his duties going forward.

1.1.2 "**Change of Control**" shall mean the happening of any of the following without the prior written consent of the Executive:

(i) Any Person is or becomes the "**Beneficial Owner**" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing more than 50% of the total voting power represented by the Company's then outstanding voting securities without the approval of not fewer than two-thirds of the Board of Directors of the Company voting on such matter, unless the Board of Directors specifically designates such acquisition to be a change of control;

(ii) A merger or consolidation of the Company whether or not approved by the Board of Directors of the Company, other than a merger or consolidation that would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted or into voting securities of the surviving entity) at least 50% of the total voting power represented by the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation, or the shareholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets; or

(iii) As a result of the election of members to the Board of Directors, a majority of the Board of Directors consists of persons who are not members of the Board of Directors as of the Execution Date (including Executive as a member of the Board of Directors as of the Execution Date), except in the event that such slate of directors is proposed by the Committee or the Board.

1.1.3 "**COBRA**" means Section 4980B of the Internal Revenue Code and Section 601 of the Employee Retirement Income Security Act of 1974, as amended.

1.1.4 "**Confidential/Trade Secret Information**" is information that is not generally known to the public and, as a result, is of economic benefit to the Company in the conduct of its business, and the business of the Company's subsidiaries, which includes, but is not limited to, all proprietary information developed or obtained by the Company, including its affiliates, and predecessors, and comprising the following items, whether or not such items have been reduced to tangible form (e.g., physical writing, computer hard drive, disk, tape, e-mail, etc.): all methods, techniques, processes, ideas, research and development, product designs, engineering designs, plans, models, production plans, business plans, add-on features, trade names, service marks, slogans, forms, pricing structures, business forms, marketing programs and plans, layouts and designs, financial structures, operational methods and tactics, cost information, the identity of and/or contractual arrangements with customers, partners, suppliers and/or vendors, accounting procedures, and any document, record or other information of the Company relating to the above. Confidential/Trade Secret Information includes not only information directly belonging to the Company which existed before the date of this Agreement, but also information developed by Executive for the Company, including its subsidiaries, affiliates and predecessors, during the term of Executive's employment with the Company. Confidential/Trade Secret Information does not include any information which (a) was in the lawful and unrestricted possession of Executive prior to its disclosure to Executive by the Company, its subsidiaries, affiliates or predecessors, (b) is or becomes generally available to the public by lawful acts other than those of Executive after receiving it, or (c) has been received lawfully and in good faith by Executive from a third party who is not and has never been an executive of the Company, its subsidiaries, affiliates or predecessors, and who did not derive it from the Company, its subsidiaries, affiliates or predecessors.

1.1.5 "**Effective Date**" means [_____], 2023.

1.1.6 "**Exchange Act**" means the Exchange Act of 1934, as amended.

1.1.7 "**Good Reason**" shall mean, in the context of a basis for termination by Executive of his employment with the Company, any of the following without his prior written consent: (a) a material diminution in his authority, duties, or responsibilities; (b) a material diminution in the authority, duties, or responsibilities of the supervisor to whom Executive is required to report, including, if applicable, a requirement that Executive report to an officer or employee of the Company rather than reporting to the Board; (c) a material breach by the Company of this Agreement, or (d) a material diminution in Executive's Base Salary.

1.1.8 "**Initial Term**" means a period beginning on the Execution Date and ending on the fifth (5th) anniversary of the Execution Date.

1.1.9 "**Non-Compete Period**" means a period of twelve (12) months after the Termination Date.

1.1.10 "**Person**" (when capitalized) means any individual, corporation, partnership, joint venture, limited liability company, trust, unincorporated organization or governmental entity.

1.1.11 "**Restricted Area**" means (A) any State (in the United States); and/or (B) any other geographic area (province, if such Restricted Area is in Canada, or country, if such Restricted Area is in a country other than the United States or Canada), in which the Company or any of its Subsidiaries provides Restricted Services or Restricted Products, directly or indirectly, during the twelve months preceding the Termination Date of Executive's employment hereunder.

1.1.12 "**Restricted Products**" means golf simulators, golf video games, golf software, and any other product that the Company or any of its Subsidiaries has provided or is researching, developing, manufacturing, distributing, selling and/or providing at any time during the two years immediately preceding the Termination Date, or about which the Executive obtained any trade secret or other Confidential/Trade Secret Information during the two years immediately preceding the Termination Date as a result of (a) his employment with the Company, (b) consulting services he provided to the Company, or (c) his position as a director of the Company (as and if applicable).

1.1.13 "**Restricted Services**" means the marketing, manufacture, distribution and sale of Restricted Products; and any other services that the Company or any of its Subsidiaries has provided or is researching, developing, performing and/or providing at any time during the two years immediately preceding the Termination Date or about which Executive obtained any trade secret or other Confidential/Trade Secret Information during the two years immediately preceding the Termination Date as a result (a) of his employment with the Company, (b) consulting services he provided to the Company, or (c) his position as a director of the Company (as and if applicable).

1.1.14 "**Subsidiary**" or "**Subsidiaries**" means any or all Persons of which the Company owns directly or indirectly through another Person, a nominee arrangement or otherwise (a) at least 20% of the outstanding capital stock (or other shares of beneficial interest) entitled to vote generally or otherwise have the power to elect a majority of the board of directors or similar governing body or the legal power to direct the business or policies of such Person or (b) at least 20% of the economic interests of such Person.

1.1.15 "**Term**" means the Initial Term and any Automatic Renewal Terms.

1.1.16 "**Termination Date**" shall mean the date on which Executive's employment with the Company hereunder ends.

ARTICLE II.
EMPLOYMENT; TERM; DUTIES

2.1. Employment. Pursuant to the terms and conditions hereinafter set forth, the Company hereby employs Executive, and Executive hereby accepts such employment, as the President and Chief Executive Officer ("**CEO**") of the Company for the period from the Effective Date to the Execution Date and for the Initial Term; provided that this Agreement shall automatically extend for additional one (1) year periods after the Initial Term (each an "**Automatic Renewal Term**") unless either Party provides the other written notice of their intent not to automatically extend the term of this Agreement at least sixty (60) days prior to the end of the Initial Term or any Automatic Renewal Term, as applicable (each a "**Non-Renewal Notice**").

2.2. Duties and Responsibilities. Executive, as President and CEO, shall perform such administrative, managerial and executive duties for the Company (i) as are prescribed by applicable job specifications for the President and Chief Executive Officer of a company the size and nature of the Company, (ii) as may be prescribed by the Bylaws of the Company, (iii) as are customarily vested in and incidental to such position, and (iv) as may be assigned to him from time to time by the Board of Directors of the Company (the "**Board**").

2.3. Covenants of Executive.

2.3.1 *Best Efforts*. Executive shall devote his best efforts to the business and affairs of the Company. Executive shall perform his duties, responsibilities and functions to the Company hereunder to the best of his abilities in a diligent, trustworthy, professional and efficient manner and shall comply, in all material respects, with all rules and regulations of the Company (and special instructions of the Board, if any) and all other rules, regulations, guides, handbooks, procedures and policies applicable to the Company and its business in connection with his duties hereunder, including all United States federal and state securities laws applicable to the Company.

2.3.2 *Records*. Executive shall use his best efforts and skills to truthfully, accurately, and promptly prepare, maintain, and preserve all records and reports that the Company may, from time to time, request or require, fully account for all money, records, equipment, materials, or other property belonging to the Company of which he may have custody, and promptly pay and deliver the same whenever he may be directed to do so by the Board.

2.3.3 *Compliance*. At all times that the Company is subject to reporting obligations with the Securities and Exchange Commission ("**SEC**"), (a) Executive shall use his best efforts to maintain the Company's compliance with all rules and regulations of the SEC and reporting requirements for publicly traded companies under the Exchange Act; and (b) Executive shall comply, and cause the Company to comply, with the then-current good corporate governance standards and practices as prescribed by the SEC, any exchange on which the Company's capital stock or other securities may be traded and any other applicable governmental entity, agency or organization.

2.4. Board of Directors. Provided that Executive is still employed hereunder, the Board shall nominate Executive to be elected to serve on the Board at each meeting of the Company's shareholders held during the term of this Agreement to elect directors, consistent with the provisions of the Bylaws and Articles of Incorporation of the Company, as amended and in effect from time to time.

ARTICLE III.
COMPENSATION AND OTHER BENEFITS

3.1. Base Salary. So long as this Agreement remains in effect, for all services rendered by Executive hereunder and all covenants and conditions undertaken by the Parties pursuant to this Agreement, the Company shall pay, and Executive shall accept, as compensation, an annual base salary of $160,000 (as may be increased from time to time in accordance with this Section, the "**Base Salary**"). The Base Salary shall be payable in regular installments in accordance with the normal payroll practices of the Company, in effect from time to time, but in any event no less frequently than on a monthly basis. For so long as Executive is employed hereunder, beginning on December 31, 2022, and on each December 31st thereafter, the Base Salary may be increased as determined by the Compensation Committee of the Board (the "**Committee**", provided that if the Company does not have a Compensation Committee, the references herein to Committee or Compensation Committee shall refer to the Board of Directors, or if applicable and required pursuant to the rules of any exchange or market on which the Company's securities are traded, the independent members of the Board of Directors), in its sole and absolute discretion, or the Board, with the recommendation of the Committee. Notwithstanding the above, the Committee or the Board, with the recommendation of the Committee, may also increase the Base Salary from time to time, at any time, in its/their discretion. Such increase(s) in salary shall be documented in the Company's records, but shall not require the Parties enter into a new or amended form of this Agreement.

3.2. Discretionary Bonus. Executive shall be eligible for a yearly discretionary cash bonus (a "**Cash Bonus**") and equity bonus (the "**Equity Bonus**") equal to an amount as determined by the Committee, with the recommendation of the Committee and based on the condition of the Company's business and results of operations, the Committee's evaluation of Executive's individual performance for the relevant period, and the satisfaction of goals that may be established by the Committee. Each Cash Bonus shall be paid in the Committee's discretion at the same time annual bonuses are paid to other executives of the Company, in an amount determined by the Committee in its sole discretion, based on such criteria as the Committee deems relevant. The Committee, or the Board, with the recommendation of the Committee, may also pay or grant discretionary Cash Bonuses or Equity Bonuses from time to time in their discretion, at any time, in its/their discretion. The Equity Bonus may be in the form of common stock, stock options or other equity consideration, in such amounts and with such terms as may be determined by the Committee or the Board, with the recommendation of the Committee, from time to time. Except as specified in ARTICLE IV regarding the payment of a bonus and other compensation following Executive's termination of

Initials _____

employment under certain circumstances, nothing herein shall require the Committee or the Board to pay any bonus, including any Cash Bonus or Equity Bonus. Except as specified in ARTICLE IV regarding the payment of a bonus and other compensation following Executive's termination of employment, all bonuses paid to the Executive shall be in the discretion of the Committee or the Board with the recommendation of the Committee, absent a written agreement providing otherwise. Any Cash Bonus or Equity Bonus earned by the Executive shall be paid after the end of the fiscal year to which it relates, at the same time and under the same terms and conditions as other executives of the Company; provided that in no event shall the Executive's Cash Bonus or Equity Bonus be paid later than March 15th of the fiscal year following the fiscal year for which it was earned.

3.3. Performance Standards. The Executive and the Company agree that the Executive's discretionary Cash Bonus and equity-based compensation (including the Equity Bonus) may, but shall not be required to, be based on the Executive's and the Company's achievement of performance goals that may be established by the Committee after discussion with the Executive and his supervisors (if any). Until or unless the Company and the Committee establish performance goals, the Executive's discretionary Cash Bonus and equity-based compensation (including the Equity Bonus) will be wholly discretionary.

3.4. Equity Awards. During the Term, the Executive shall be eligible to receive equity and equity-based awards (including the Equity Bonus) in the discretion of the Board or the Committee and on such terms and conditions as determined by the Board or the Committee. Any equity and equity-based awards (including the Equity Bonus) granted to the Executive, whether before or after the Execution Date, shall be governed by the terms and conditions of the applicable Company equity incentive plan(s), as may be in effect from time to time, and the award agreements governing such equity or equity-based awards (any such plan and award agreements, collectively, the "**Equity Agreements**"). Any equity-based awards granted to Executive after the Execution Date shall have vesting and exercisability terms that are no less favorable to Executive than the terms required by this Agreement.

3.5. Additional Grants/Awards. Executive shall be eligible to receive additional equity incentive grants or cash bonus awards as determined by the Board or a committee of the Board in its sole discretion.

3.6. Series A Voting Preferred Stock. In consideration for agreeing to enter into this Agreement and to provide the services during the Term, the Company agrees to issue the Executive an aggregate of 1,000,000 shares of restricted Series A Voting Preferred Stock of the Company within fifteen (15) days of the Parties entry into this Agreement, with such terms as approved by the Board of Directors of the Company.

3.7. Business Expenses. So long as this Agreement is in effect, the Company shall reimburse Executive for all reasonable, out-of-pocket business expenses incurred in the performance of his duties hereunder consistent with the Company's written policies and procedures, in effect from time to time, with respect to travel, entertainment, communications, technology/equipment and other business expenses customarily reimbursed to senior executives of the Company in connection with the performance of their duties on behalf of the Company. Reimbursements must be made by the end of the taxable year following the year in which the expense was incurred.

3.8. Vacation. Executive will be entitled to 20 days of paid time-off ("**PTO**") per year. PTO days shall accrue beginning on the 1st of January for each year during the term of this Agreement. Unused PTO days shall expire on December 31 of each year and shall not roll over into the next year. Other than the use of PTO days for illness or personal emergencies, PTO days must be pre-approved by the Company.

3.9. Other Benefits. During the Term, the Executive shall be entitled to participate in any employee benefit plans or programs for which he is eligible that are provided by the Company to its management employees, such as retirement, health, life insurance, and disability plans, vacation and sick leave policies, business expense reimbursement policies that the Company has in effect from time to time, and stock option plan, 401(k) plan, life, health, accident, disability insurance plans, pension plans and retirement plans, in effect from time to time (including, without limitation, any incentive program or discretionary bonus program of the Company which may be implemented in the future by the Board), to the extent and on such terms and conditions as the Company customarily makes such plans available to its senior executives. The Company retains the right to terminate or alter the terms of any benefit programs that it may establish, provided that no such termination or alteration shall adversely affect any vested benefit under any benefit program or other obligation set forth in this Agreement.

Initials _____

3.10. Car Allowance. The Company shall provide the Executive an automobile allowance of $1,250 per month during the term of Executive's employment hereunder.

3.11. Change of Control Payment.

3.11.1 If a Change of Control occurs during the Term or within six months after Executive's termination of employment pursuant to Section 4.1.5 or 4.1.6, the Company shall pay Executive, within 60 days following the date of such Change of Control, a cash payment in a lump sum in an amount equal to (x) minus (y) where (x) equals 2 times the sum of (a) the most recent annual Base Salary of the Executive; and (b) the amount of the most recent Cash Bonus paid to the Executive pursuant to Section 3.2 of this Agreement (the "**Change of Control Payment**") and (y) equals the amount of any Severance Payment actually paid to Executive pursuant to Section 4.2.3, below). If this Agreement has been terminated prior to any Cash Bonus being awarded pursuant to this Agreement or if the most recent Cash Bonus was zero, the "amount of the most recent Cash Bonus paid to the Executive pursuant to Section 3.2 of this Agreement" in the immediately preceding sentence shall be replaced with "an amount equal to the greater of (1) the amount of Executive's most recent annual cash bonus awarded by the Committee or the Board (whether or not a Cash Bonus hereunder) ("**Most Recent Cash Bonus**"); and (2) the amount of Executive's annual cash bonus awarded by the Committee or the Board (whether or not a Cash Bonus hereunder) for the year immediately preceding the Most Recent Cash Bonus (the "**Preceding Year Bonus**")". The Change of Control Payment shall be made less applicable withholding.

3.11.2 In the event of a change of control (as such term(s) are defined and/or used in each Equity Agreement, an ("**Equity Award Change of Control**"), the equity-based compensation held by the Executive prior to the date of this Agreement shall vest to the extent set forth in such Equity Agreements and shall be exercisable for the time periods set forth in such Equity Agreements.

3.11.3 The Equity Agreements for all Equity Bonus and other equity-based compensation granted to Executive on and after the date of this Agreement shall provide that upon an Equity Award Change of Control all of Executive's Equity Bonus and other equity-based compensation shall immediately vest regardless of whether the Executive is retained by the Company or successor following the Equity Award Change of Control and any outstanding stock options and other equity compensation held by the Executive shall be exercisable by the Executive pursuant to the terms thereof until the earlier of (A) three (3) months from Executive's Termination Date and (B) the latest date upon which such stock options and other equity compensation would have expired by their original terms under any circumstances.

ARTICLE IV.
TERMINATION OF EMPLOYMENT

4.1. Termination of Employment. Executive's employment pursuant to this Agreement shall terminate on the earliest to occur of the following:

4.1.1 upon the death of Executive;

4.1.2 upon the delivery to Executive of written notice of termination by the Company if Executive shall suffer a physical or mental disability which renders Executive, in the reasonable judgment of the Committee or the Board, unable to perform his duties and obligations under this Agreement for either 90 consecutive days or 180 days in any 12-month period;

4.1.3 upon delivery to the Company of a written notice of termination by Executive for any reason other than for Good Reason (for which Executive shall provide sixty (60) days of notice); except, if Executive delivers a notice of termination pursuant to Section 2.1, upon the expiration of the Initial Term or the applicable Automatic Renewal Term during which such notice is provided, which shall instead be subject to Section 4.1.6;

4.1.4 upon delivery to Executive of written notice of termination by the Company for Cause;

4.1.5 upon delivery of written notice of termination from Executive to the Company for Good Reason, provided, however, prior to any such termination by Executive pursuant to this Section 4.1.5, Executive shall

have advised the Company in writing within ninety (90) days after the initial occurrence of any circumstances that would constitute Good Reason, the Company shall have thirty (30) days following receipt of Executive's written notice (the "**Cure Period**") to cure such initial occurrence of any circumstances that would constitute Good Reason, and further provided that such written notice of termination is provided by Executive within thirty (30) days after the end of such Cure Period, provided that such initial occurrence of the circumstances constituting Good Reason has not been cured during such Cure Period; or

4.1.6 upon delivery to Executive of a written notice of termination by the Company without Cause or, if the Company delivers a notice of termination pursuant to Section 2.1, upon the expiration of the Initial Term or the applicable Automatic Renewal Term during which such notice is provided; or

4.1.7 if the Company or the Executive delivers a notice of termination pursuant to Section 2.1, upon the expiration of the Initial Term or the applicable Automatic Renewal Term.

4.2. Effect of Termination. In the event that Executive's employment hereunder is terminated in accordance with the provisions of this Agreement, Executive shall be entitled to the following:

4.2.1 If Executive's employment is terminated pursuant to Sections 4.1.1 (death) or Section 4.1.2 (disability), Executive or his estate shall be entitled to a lump sum cash severance payment equal to the sum of (i) Executive's Base Salary accrued through the Termination Date; (ii) any unpaid Cash Bonus for the prior year that would have been paid had Executive not been terminated prior to such payment; and (iii) the pro rata amount of the current year's bonus (through the end of the month of termination), which would have been payable to the Executive, had the Executive been employed through the end of the then current calendar year, based on the Board or Committee's good faith assessment of the amount which would have been paid to Executive as a cash bonus for such calendar year, based on the Company's and Executive's quantifiable performance through the Date of Termination, utilizing the Company's then current process for determining bonuses as determined by the Committee in their reasonable discretion (the "**Good Faith Bonus Determination**"). Such amount shall be paid within 60 days after the Termination Date. Executive or his estate shall be entitled to no other benefits other than as required under the terms of employee benefit plans in which Executive was participating as of the Termination Date and continuation of health insurance benefits on the terms and to the extent required by COBRA, or such other similar law or regulation as may be applicable to the Executive or the Company with respect to the Executive. Additionally, and notwithstanding anything to the contrary in any Equity Agreement, any unvested stock options or equity compensation held by Executive shall vest and shall be exercisable until the earlier of (A) ninety days (90) days from the date of termination and (B) the latest date upon which such stock options or equity would have expired by their original terms under any circumstances.

4.2.2 If Executive's employment is terminated pursuant to Section 4.1.3 (without Good Reason by the Executive), Section 4.1.7 (via Executive's Non-Renewal Notice or by the Company via the Company's Non-Renewal Notice), or Section 4.1.4 (by the Company for Cause): Executive shall be entitled to his Base Salary accrued through the Termination Date and no other benefits other than as required under the terms of employee benefit plans in which Executive was participating as of the Termination Date and continuation of health insurance benefits on the terms and to the extent required by COBRA, or such other similar law or regulation as may be applicable to the Executive or the Company with respect to the Executive. Such amount shall be paid within 60 days after the Termination Date. Additionally, any unvested stock options or equity compensation held by Executive shall immediately terminate and be forfeited (unless otherwise provided in the applicable award) and any previously vested stock options (or if applicable equity compensation) shall be subject to terms and conditions set forth in the applicable Equity Agreement, as such may describe the rights and obligations upon termination of employment of Executive.

4.2.3 If Executive's employment is terminated by Executive pursuant to Section 4.1.5 (Good Reason) or by the Company pursuant to Section 4.1.6 (without Cause by the Company), (a) Executive shall be entitled to his Base Salary accrued through the Termination Date and any unpaid Cash Bonus for the prior completed calendar year that would have been paid had Executive not been terminated prior to such payment, plus a lump sum cash severance payment equal to the sum of (i) an amount equal to Executive's current annual Base Salary plus (ii) an amount equal to the Good Faith Bonus Determination for the full calendar year containing the Termination Date (instead of the period through the Termination Date as discussed in Section 4.2.1)(such total payment referred to herein in Section 4.2.3(a) as the "**Severance Payment**"); and (b) provided Executive elects to receive continued health

Initials _____

insurance coverage through COBRA, the Company will pay Executive's monthly COBRA contributions for health insurance coverage, as may be amended from time to time (less an amount equal to the premium contribution paid by active Company employees, if any) for twelve (12) months following the Termination Date (the "**Health Payment**"); provided, however, that if at any time Executive is covered by a substantially similar level of health insurance through subsequent employment or otherwise, the Company's health benefit obligations shall immediately cease, and the Company shall have no further obligation to make the Health Payment. Additionally, and notwithstanding anything to the contrary in any Equity Agreement, any unvested stock options or equity compensation previously granted to the Executive will vest immediately upon such termination and shall be exercisable by the Executive until the earlier of (A) three (3) months from the date of termination and (B) the latest date upon which such stock options or equity would have expired by their original terms under any circumstances. Executive shall be entitled to no other post-employment benefits except as provided for under this Section 4.2.3 and for benefits payable under applicable benefit plans in which Executive is entitled to participate through the Termination Date, subject to and in accordance with the terms of such plans. The Severance Payment shall be paid in cash within sixty (60) days after the Termination Date.

4.2.4 As a condition to Executive's right to receive any benefits pursuant to Section 4.2.3 of this Agreement, (A) Executive must execute and deliver to the Company a written release in form and substance satisfactory to the Company, of any and all claims against the Company and all directors and officers of the Company with respect to all matters arising out of Executive's employment hereunder, or the termination thereof (other than claims for entitlements under the terms of this Agreement or plans or programs of the Company in which Executive has accrued a benefit), which shall become effective by the 90th day following the Executive's Termination Date; and (B) Executive must not have breached any of his covenants and agreements under ARTICLE V or ARTICLE VI of this Agreement, which shall continue following the Termination Date. If the ninety-day period discussed above begins in one taxable year and ends in a second taxable year, then the Company's payment of amounts due hereunder shall be made no earlier than the first day of the second taxable year.

4.2.5 In the event of termination of Executive's employment pursuant to Section 4.1.4 (by the Company for Cause), and subject to applicable law and regulations, the Company shall be entitled to offset against any payments due Executive the demonstrable loss and damage, if any, which shall have been suffered by the Company as a result of the acts or omissions of Executive giving rise to termination. The foregoing shall not be construed to limit any cause of action, claim or other rights, which the Company may have against Executive in connection with such acts or omissions.

4.2.6 Upon termination of Executive's employment hereunder, or on demand by the Company during the Term of this Agreement, Executive will immediately deliver to the Company, and will not keep in his possession, recreate or deliver to anyone else, any and all Company property, as well as all devices and equipment belonging to the Company (including computers, handheld electronic devices, telephone equipment, and other electronic devices), Company credit cards, records, data, notes, notebooks, reports, files, proposals, lists, correspondence, specifications, drawings blueprints, sketches, materials, photographs, charts, all documents and property, and reproductions of any of the aforementioned items that were developed by Executive pursuant to his employment with the Company, obtained by Executive in connection with his employment with the Company, or otherwise belonging to the Company, its successors or assigns, including, without limitation, those records maintained pursuant to this Agreement. However, Executive may retain any materials or documents which he shall need in any legal action to enforce the terms of this Agreement.

4.2.7 Executive also agrees to keep the Company advised of his home and business address for a period of three (3) years after termination of Executive's employment hereunder, so that the Company can contact Executive regarding his continuing obligations provided by this Agreement. In the event that Executive's employment hereunder is terminated, Executive agrees to grant consent to notification by the Company to Executive's new employer about his obligations under this Agreement.

4.3. Consulting. During the sixty (60) day period following any termination of this Agreement pursuant to Section 4.1.3, Section 4.1.4, Section 4.1.5, or Section 4.1.6, and provided that Company and Executive have no disputes regarding the payment of any severance amounts under this Agreement, Executive shall be available, subject to his other reasonable commitments or obligations made or incurred in mitigation of the termination of his employment, by telephone, email or fax, as a consultant to the Company, without further compensation, to consult

with its officers and directors regarding projects and/or tasks as defined by the Board. In no extent shall the consulting services required pursuant to this Section 4.3 exceed 80 hours.

4.4. Treatment of Equity. To the extent not specifically provided for herein, the vesting and exercisability of equity and equity-based awards (if any) held by the Executive at termination, and all other terms of such equity and equity-based awards (if any), shall be governed by the Equity Agreements.

4.5. Timing for Payments. In the event any of the sixty (60) day periods for payment of severance or other amounts due hereunder begins in one taxable year and ends in a second taxable year, then the Company's payment of amounts due hereunder shall be made no earlier than the first day of the second taxable year.

ARTICLE V.
INVENTIONS

5.1. Inventions in General. As described in further detail in this ARTICLE V, all processes, technologies and inventions relating to the business of the Company (collectively, "**Inventions**"), including new contributions, improvements, ideas, discoveries, trademarks and trade names, conceived, developed, invented, made or found by Executive, alone or with others, during his employment by the Company, whether or not patentable and whether or not conceived, developed, invented, made or found on the Company's time or with the use of the Company's facilities or materials, shall be the property of the Company and shall be promptly and fully disclosed by Executive to the Company. Executive shall perform all necessary acts (including, without limitation, executing and delivering any confirmatory assignments, documents or instruments requested by the Company) to assign or otherwise to vest title to any such Inventions in the Company and to enable the Company, at its sole expense, to secure and maintain domestic and/or foreign patents or any other rights for such Inventions.

5.2. Inventions Retained and Licensed. Executive has attached hereto, as Exhibit A, a list describing all inventions, discoveries, original works of authorship, developments, improvements, and trade secrets, which were conceived in whole or in part by Executive prior to his employment with the Company to which Executive has any right, title or interest, which relate to the Company's proposed business, products, or research and development ("**Prior Inventions**"); or, if no such list is attached, Executive represents and warrants that there are no such Prior Inventions. Furthermore, Executive represents and warrants that the inclusion of any Prior Inventions from Exhibit A of this Agreement will not materially affect his ability to perform all obligations under this Agreement. If, in the course of Executive's employment with the Company, Executive incorporates into or uses in connection with any product, process, service, technology or other work by or on behalf of Company any Prior Invention, Executive hereby grants to the Company a nonexclusive, royalty-free, fully paid-up, irrevocable, perpetual, worldwide license, with the right to grant and authorize sublicenses, to make, have made, modify, use, import, offer for sale, and sell such Prior Invention as part of or in connection with such product, process, service, technology or other work and to practice any method related thereto.

5.3. Assignment of Inventions. Executive agrees that Executive will promptly make full written disclosure to the Company, will hold in trust for the sole right and benefit of the Company, and hereby assigns to the Company, or its designee, all of his right, title, and interest in and to any and all inventions, original works of authorship, developments, concepts, improvements, designs, discoveries, ideas, trademarks or trade secrets, whether or not patentable or registrable under patent, copyright or similar laws, which Executive may solely or jointly conceive, develop, or reduce to practice, or cause to be conceived, developed, or reduced to practice, during his employment with the Company, or with the use of Company's equipment, supplies, facilities, or Confidential/Trade Secret Information (collectively referred to as "**Conceived Inventions**"). All Conceived Inventions that Executive conceives, reduces to practice, develops or has developed (in whole or in part, either alone or jointly with others) shall be the sole property of the Company and its assigns to the maximum extent permitted by law (and to the fullest extent permitted by law shall be deemed "**works made for hire**"). Executive also agrees to irrevocably assign (or cause to be irrevocably assigned) and hereby irrevocably assigns to the Company all right, title and interest in all Conceived Inventions and any copyrights, patents, trademarks, trade secrets, mask work rights, moral rights and intellectual property and other rights ("**Intellectual Property Rights**"). Executive understands and agrees that the decision whether or not to commercialize or market any Conceived Inventions is within the Company's sole discretion and for the Company's sole benefit and that no royalty or other consideration will be due to Executive as a result of the Company's efforts to commercialize or market any such Conceived Inventions.

Initials _____

5.4. Assignment of Other Rights. In addition to the foregoing assignment of Inventions to the Company, Executive hereby irrevocably transfers and assigns to the Company: (i) all worldwide patents, patent applications, copyrights, mask works, trade secrets and other intellectual property rights in any Conceived Inventions; and (ii) any and all "**Moral Rights**" (as defined below) that Executive may have in or with respect to any Conceived Inventions. Executive also hereby forever waives and agrees never to assert any and all Moral Rights Executive may have in or with respect to any Conceived Inventions, even after termination of Executive's work on behalf of the Company. "**Moral Rights**" means any rights to claim authorship of any Conceived Inventions, to object to or prevent the modification of any Conceived Inventions, or to withdraw from circulation or control the publication or distribution of any Conceived Inventions, and any similar right, existing under judicial or statutory law of any country in the world, or under any treaty, regardless of whether or not such right is denominated or generally referred to as a "**moral right**".

5.5. Inventions Assigned to the United States. Executive agrees to assign to the United States government all of his right, title, and interest in and to any and all Inventions whenever such full title is required to be in the United States by a contract between the Company and the United States or any of its agencies.

5.6. Maintenance of Records. Executive agrees to keep and maintain adequate, current, accurate, and authentic written records of all such Conceived Inventions, which may be in the form of notes, sketches, drawings, electronic files, reports, or any other format that may be specified by the Company and which will be available to and remain the sole property of the Company at all times.

5.7. Patent and Copyright Registrations. Executive agrees to take steps that may be necessary to assist the Company, or its designee, at the Company's expense, in every proper way to complete the transfer of and secure the Company's rights in the Conceived Inventions, Intellectual Property Rights and any rights relating thereto in any and all countries, including by making the disclosure to the Company of all pertinent information and data with respect thereto, executing all applications, specifications, oaths, assignments and all other instruments which the Company shall deem proper or necessary in order to apply for, register, obtain, maintain, defend, and enforce such rights and in order to assign and convey to the Company, its successors, assigns, and nominees the sole and exclusive rights, title and interest in and to such Conceived Inventions and any rights relating thereto, and by testifying in a suit or other proceeding relating to such Conceived Inventions and any rights relating thereto. Executive further agrees that his obligation to execute or cause to be executed, when it is in his power to do so, any such instrument or papers shall continue after the termination of this Agreement. If the Company is unable because of Executive's mental or physical incapacity or for any other reason to secure Executive's signature with respect to any Conceived Inventions including, without limitation, to apply for or to pursue any application for any United States or foreign patents or copyright registrations covering such Conceived Inventions, then Executive hereby irrevocably designates and appoints the Company and its duly authorized officers and agents as his agent and attorney in fact, to act for and in his behalf and stead to execute and file any papers, oaths and to do all other lawfully permitted acts with respect to such Conceived Inventions with the same legal force and effect as if executed by Executive.

ARTICLE VI.
CONFIDENTIAL/TRADE SECRET INFORMATION AND RESTRICTIVE COVENANTS; NON-COMPETE

6.1. Confidential/Trade Secret Information. During the course of Executive's employment, Executive will have access to Confidential/Trade Secret Information of the Company and information developed for the Company.

6.2. Non-Compete. For $10 and in exchange for Executive's access to Confidential/Trade Secret Information and other good and valuable consideration which Executive acknowledges the receipt and sufficiency of, Executive agrees to (a) devote substantially all of Executive's business time, energy and efforts to the business of the Company (except as specifically provided for in Section 6.5 below), (b) to use Executive's best efforts and abilities faithfully and diligently to promote the business interests of the Company, and (c) to comply with the other terms and conditions of ARTICLE VI. For so long as Executive is employed hereunder, and for the twelve months following the Termination Date, Executive (whether by himself, through his employers or employees or agents or otherwise, and whether on his own behalf or on behalf of any other Person) shall not, directly or indirectly, either as an employee, employer, consultant, agent, investor, principal, partner, stockholder (except as the holder of less than 1% of the issued and outstanding stock of a publicly held corporation), own, manage, operate, control, be employed by, act as an officer,

director, agent or consultant for, or be in any other way connected with or provide services or products to or for, any Person in the business of manufacturing, selling, creating, renting, distributing, marketing, producing, undertaking, developing, supplying, or otherwise dealing with or in Restricted Services or Restricted Products in the Restricted Area.

6.3. Non-Solicitation During Employment. During his employment with the Company, Executive shall not: (a) interfere with the Company's business relationship with its customers or suppliers, (b) solicit, directly or indirectly, or otherwise encourage any of the Company's customers or suppliers to terminate their business relationship with the Company, or (c) solicit, directly or indirectly, or otherwise encourage any employees of the Company to leave the employ of the Company, or solicit any of the Company's employees for employment outside the Company.

6.4. Restriction on Use of Confidential/Trade Secret Information. Executive agrees that his use of Confidential/Trade Secret Information is subject to the following restrictions for an indefinite period of time so long as the Confidential/Trade Secret Information does not become generally known to the public:

(i) Non-Disclosure. Executive agrees that he will not publish or disclose, or allow to be published or disclosed, Confidential/Trade Secret Information to any person without the prior written authorization of the Company unless pursuant to or in connection with Executive's job duties to the Company under this Agreement or as otherwise allowed pursuant to the terms of this Agreement; and

(ii) Non-Removal/Surrender. Executive agrees that he will not remove any Confidential/Trade Secret Information from the offices of the Company or the premises of any facility in which the Company is performing services, except pursuant to his duties under this Agreement and except as needed in any legal action to enforce the terms of this Agreement. Executive further agrees that he shall surrender to the Company and/or destroy all documents and materials in his possession or control which contain Confidential/Trade Secret Information and which are the property of the Company upon the termination of his employment with the Company, and that he shall not thereafter retain any copies of any such materials except as needed in any legal action to enforce the terms of this Agreement.

6.5. Other Activities. Subject to the foregoing prohibition and provided such services or investments do not violate any applicable law, regulation or order, or interfere in any way with the faithful and diligent performance by Executive of the services to the Company otherwise required or contemplated by this Agreement, the Company expressly acknowledges that Executive may:

6.5.1 make and manage personal business investments of Executive's choice without consulting the Board;

6.5.2 serve in any capacity with any non-profit civic, educational or charitable organization; and

6.5.3 undertake any other actions, business transactions, agreements and undertakings of which the Executive has received approval of the Related Party Transaction Committee (as defined below) or the Audit Committee of the Company, to enter into and/or undertake, provided that

6.5.4 Executive shall undertake only such actions or services that do not interfere with the Executive's obligations hereunder.

6.6. Prohibition Against Unfair Competition. Executive agrees that at no time after his employment with the Company will he engage in competition with the Company while making any use of the Confidential/Trade Secret Information, or otherwise exploit or make use of the Confidential/Trade Secret Information.

6.7. Non-Solicitation of Customers. Executive agrees that during the twelve-month period following the Termination Date, he will not, for any customer of the Company with whom Executive worked or otherwise had access to the Confidential/Trade Secret Information pertaining to the Company's business with such customer during the last year of Executive's employment with the Company, (i) directly or indirectly accept or solicit, in any capacity,

Restricted Services or Restricted Products or (ii) solicit, directly or indirectly, or encourage any of the Company's customers or suppliers to terminate their use of Restricted Products or Restricted Services.

6.8. Non-Solicitation of Employees. Executive agrees that during the twelve-month period following the Termination Date, he shall not, directly or indirectly, solicit or otherwise encourage any employees of the Company to leave the employ of the Company, or solicit, directly or indirectly, any of the Company's employees for employment.

6.9. Former Employer Information. Executive agrees that he will not, during his employment with the Company, improperly use or disclose, or induce the Company to use any proprietary information or trade secrets of any former or concurrent employer or other third party person or entity and that Executive will not bring onto the premises of the Company or transfer onto the Company's technology systems any proprietary information or trade secrets belonging to any such former or concurrent employer or third party person or entity, unless consented to in writing by both Company and such employer, person or entity.

6.10. Third Party Information. Executive acknowledges that the Company may have received and in the future may receive from third parties associated with the Company (including, but not limited to, the Company's customers, suppliers, licensors, licensees, partners, or collaborators ("**Associated Third Parties**")) confidential or proprietary information ("**Associated Third Party Confidential Information**"). By way of example, Associated Third Party Confidential Information may include the habits or practices, technology, or requirements of Associated Third Parties, or other information related to the business conducted between the Company and Associated Third Parties. Executive agrees that Associated Third Party Confidential Information is Confidential/Trade Secret Information, and at all times during Executive's employment with the Company and thereafter, Executive agrees to hold in the strictest confidence, and not to use or to disclose to any Person any Associated Third-Party Confidential Information, except as necessary in carrying out his work for the Company consistent with the Company's agreement with such Associated Third Parties.

6.11. Immunity From Liability for Certain Confidential Disclosures and Certain Allowed Disclosures. Executive acknowledges, agrees, and understands that (i) nothing in this Agreement prohibits him from reporting to any governmental authority or attorney information concerning suspected violations of law or regulation, provided that Executive does so consistent with 18 U.S.C. § 1833, and (ii) Executive may disclose trade secret information to a government official or to an attorney and use it in certain court proceedings without fear of prosecution or liability, provided that Executive does so consistent with 18 U.S.C. § 1833.

6.12. Conflict of Interest. During Executive's employment with the Company, Executive must not engage in any work, paid or unpaid, that creates an actual conflict of interest with the Company. If the Company or the Executive has any question as to the actual or apparent potential for a conflict of interest, either shall raise the issue formally to the other, and if appropriate and necessary the issue shall be put to the Related Party Transaction Committee or Audit Committee of the Company for consideration and approval or non-approval, which approval or non-approval the Executive agrees shall be binding on the Executive.

6.13. Reasonable Restrictions. The Parties acknowledge that the foregoing restrictions, as well as the duration and the territorial scope thereof as set forth in this ARTICLE VI or ARTICLE V, are under all of the circumstances reasonable and necessary for the protection of the Company and its business and are (i) reasonable given Executive's role with the Company, and are necessary to protect the interests of the Company and (ii) completely severable and independent agreements supported by good and valuable consideration and, as such, shall survive the termination of this Agreement for any reason whatsoever.

6.14. Specific Performance. Executive acknowledges and agrees that the Company's remedies at law for a breach or threatened breach of any of the provisions of this ARTICLE VI or ARTICLE V would be inadequate and, in recognition of this fact, Executive agrees that, in the event of such a breach or threatened breach, in addition to any remedies at law, the Company, without posting any bond, shall be entitled to obtain equitable relief in the form of specific performance, temporary restraining order, temporary or permanent injunction or any other equitable remedy which may then be available. Executive further agrees that the restricted period set forth in this ARTICLE VI or ARTICLE V shall be tolled, and shall not run, during the period of any breach by Executive of any of the covenants contained this ARTICLE VI or ARTICLE V, as applicable. Finally, no other violation of law attributed to the

Company, or change in the nature or scope of Executive's employment or other relationship with the Company, shall operate to excuse Executive from the performance of his obligations under this ARTICLE VI or ARTICLE V. The remedies under this Agreement are without prejudice to the Company's right to seek any other remedy to which it may be entitled at law or in equity.

6.15. Response to Legal Process; Allowable Disclosures. Notwithstanding any other term of this Agreement (including this ARTICLE VI or ARTICLE V), including any exhibit hereto, (a) the Executive may respond to a lawful and valid subpoena or other legal process relating to the Company or its business or operations; provided that the Executive shall: (i) give the Company the earliest possible notice thereof; (ii) as far in advance of the return date as possible, at the Company's sole cost and expense, make available to the Company and its counsel the documents and other information sought; and (iii) at the Company's sole cost and expense, assist such counsel in resisting or otherwise responding to such process, or (b) the Executive's reporting of possible violations of federal law or regulation to any governmental agency or entity in accordance with the provisions of and rules promulgated under Section 21F of the Exchange Act, or any other whistleblower protection provisions of state or federal law or regulation shall not violate or constitute a breach of this Agreement. Nothing contained in this Agreement (or any exhibit hereto) shall be construed to prevent the Executive from reporting any act or failure to act to the Securities and Exchange Commission or other governmental body or prevent the Executive from obtaining a fee as a "**whistleblower**" under Rule 21F-17(a) under the Exchange Act or other rules or regulations implemented under the Dodd-Frank Wall Street Reform Act and Consumer Protection Act.

ARTICLE VII.
INDEMNIFICATION

7.1. Required Indemnification. The Company agrees to indemnify Executive and hold Executive harmless from and against any and all losses, claims, damages, liabilities and costs (and all actions in respect thereof and any legal or other expenses in giving testimony or furnishing documents in response to a subpoena or otherwise), including, without limitation, the costs of investigating, preparing or defending any such action or claim, whether or not in connection with litigation in which Executive is a party, as and when incurred, directly or indirectly caused by, relating to, based upon or arising out of any work performed by Executive in connection with this Agreement to the full extent permitted by the Delaware Revised Statutes, and by the Articles of Incorporation and Bylaws of the Company, as may be amended and restated from time to time, and pursuant to any indemnification agreement between Executive and the Company.

7.2. In Addition to Other Obligations. The indemnification provision of this ARTICLE VII shall be in addition to any liability which the Company may otherwise have to Executive.

7.3. Notification and Required Actions. If any action, proceeding or investigation is commenced as to which Executive proposes to demand such indemnification, Executive shall notify the Company with reasonable promptness. Executive shall have the right to retain counsel of Executive's own choice to represent Executive and the Company shall pay all reasonable fees and expenses of such counsel; and such counsel shall, to the fullest extent consistent with such counsel's professional responsibilities, cooperate with the Company and any counsel designated by the Company. The Company shall be liable for any settlement of any claim against Executive made with the Company's written consent, which consent shall not be unreasonably withheld or delayed, to the fullest extent permitted by the Delaware Revised Statutes and the Articles of Incorporation and Bylaws of the Company, as may be amended and restated from time to time.

ARTICLE VIII.
ARBITRATION

8.1. Scope. To the fullest extent permitted by law, Executive and the Company agree to the binding arbitration of any and all controversies, claims or disputes between them arising out of or in any way related to this Agreement, the employment relationship between the Company and Executive and any disputes upon termination of employment, including but not limited to breach of contract, tort, discrimination, harassment, wrongful termination, demotion, discipline, failure to accommodate, family and medical leave, compensation or benefits claims, constitutional claims; and any claims for violation of any local, state or federal law, statute, regulation or ordinance or common law. For the purpose of this agreement to arbitrate, references to "**Company**" include all subsidiaries or

Initials: _____

related entities and their respective executives, supervisors, officers, directors, agents, pension or benefit plans, pension or benefit plan sponsors, fiduciaries, administrators, affiliates and all successors and assigns of any of them, and this agreement to arbitrate shall apply to them to the extent Executive's claims arise out of or relate to their actions on behalf of the Company.

8.2. Mediation and Arbitration Procedure. Before bringing any dispute to arbitration, and presuming that there is sufficient time prior to expiration of the limitations period to do so, the Parties agree that they will first mediate that dispute in good faith. They will agree on the mediator and split equally the costs of mediation. To commence any such arbitration proceeding, the Party commencing the arbitration must provide the other Party with written notice of any and all claims forming the basis of such right in sufficient detail to inform the other Party of the substance of such claims, and file this notice with the American Arbitration Association ("**AAA**"). The arbitration will be conducted in such location as mutually agreed upon by the Company and the Executive, provided that if such parties cannot mutually agree on a location, the arbitration shall be conducted in the city where the Company's principal business location is located, by a single neutral arbitrator and in accordance with the then-current rules for resolution of employment disputes of the AAA. The Arbitrator is to be selected by the mutual agreement of the Parties using the AAA procedures. If the Parties cannot agree, the AAA will select the arbitrator. The Parties are entitled to representation by an attorney or other representative of their choosing. The arbitrator shall have the power to enter any award that could be entered by a judge of the trial court of the State of Utah, and only such power, and shall follow the law. The award shall be binding and the Parties agree to abide by and perform any award rendered by the arbitrator. The arbitrator shall issue the award in writing and therein state the essential findings and conclusions on which the award is based. Judgment on the award may be entered in any court having jurisdiction thereof. The Parties shall split equally the costs in the arbitration and, should the arbitrator find reasonable grounds for doing so, the arbitrator may order the losing Party in the arbitration hearing to bear the full costs of the arbitration filing and hearing fees and the cost of the arbitrator, including requiring such losing Party to reimburse the winning Party for such costs and expenses as previously paid.

8.3. Limitations Period; Deadline to Assert Claims. Executive and the Company and its affiliates agree that arbitration of any disputes, claims, or controversies shall be initiated within one year of the act or occurrence giving rise to the dispute, claim or controversy, even though that deadline is or may be shorter than the period provided by statutes of limitations that would apply in the absence of this Section. Any claim that is not asserted in an arbitration within one (1) year of the act or occurrence giving rise to it shall be deemed waived. In order to effectuate this waiver of limitations, the Company waives its right to argue that Executive may not proceed with his claim(s) due to his failure to file any charge or complaint with a government agency having jurisdiction of his claim(s) under state and federal laws, such as the Equal Employment Opportunity Commission, or Occupational Safety and Health Administration.

ARTICLE IX.
MISCELLANEOUS

9.1. Binding Effect; Assignment. This Agreement shall be binding upon any successor (whether direct or indirect and whether by purchase, lease, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company's business and/or assets. Any such successor will within a reasonable period of becoming the successor assume in writing and be bound by all of the Company's obligations under this Agreement. For all purposes under this Agreement, the term "**Company**" shall include any successor to the Company's business or assets that becomes bound by this Agreement. Executive may not assign any of his rights or obligations under this Agreement.

9.2. Notices. Any notice provided for herein shall be in writing and shall be deemed to have been given or made (a) when personally delivered or (b) when sent by email and confirmed within 48 hours by letter mailed or delivered to the Party to be notified at its or his address set forth herein; or three (3) days after being sent by registered or certified mail, return receipt requested (or by equivalent currier with delivery documentation such as FEDEX or UPS) to the address of the other Party set forth or to such other address as may be specified by notice given in accordance with this Section 9.2:

If to the Company: TruGolf, Inc.
60 N 1400 W
Centerville, UT 84014

related entities and their respective executives, supervisors, officers, directors, agents, pension or benefit plans, pension or benefit plan sponsors, fiduciaries, administrators, affiliates and all successors and assigns of any of them, and this agreement to arbitrate shall apply to them to the extent Executive's claims arise out of or relate to their actions on behalf of the Company.

8.2. Mediation and Arbitration Procedure. Before bringing any dispute to arbitration, and presuming that there is sufficient time prior to expiration of the limitations period to do so, the Parties agree that they will first mediate that dispute in good faith. They will agree on the mediator and split equally the costs of mediation. To commence any such arbitration proceeding, the Party commencing the arbitration must provide the other Party with written notice of any and all claims forming the basis of such right in sufficient detail to inform the other Party of the substance of such claims, and file this notice with the American Arbitration Association ("**AAA**"). The arbitration will be conducted in such location as mutually agreed upon by the Company and the Executive, provided that if such parties cannot mutually agree on a location, the arbitration shall be conducted in the city where the Company's principal business location is located, by a single neutral arbitrator and in accordance with the then-current rules for resolution of employment disputes of the AAA. The Arbitrator is to be selected by the mutual agreement of the Parties using the AAA procedures. If the Parties cannot agree, the AAA will select the arbitrator. The Parties are entitled to representation by an attorney or other representative of their choosing. The arbitrator shall have the power to enter any award that could be entered by a judge of the trial court of the State of Utah, and only such power, and shall follow the law. The award shall be binding and the Parties agree to abide by and perform any award rendered by the arbitrator. The arbitrator shall issue the award in writing and therein state the essential findings and conclusions on which the award is based. Judgment on the award may be entered in any court having jurisdiction thereof. The Parties shall split equally the costs in the arbitration and, should the arbitrator find reasonable grounds for doing so, the arbitrator may order the losing Party in the arbitration hearing to bear the full costs of the arbitration filing and hearing fees and the cost of the arbitrator, including requiring such losing Party to reimburse the winning Party for such costs and expenses as previously paid.

8.3. Limitations Period; Deadline to Assert Claims. Executive and the Company and its affiliates agree that arbitration of any disputes, claims, or controversies shall be initiated within one year of the act or occurrence giving rise to the dispute, claim or controversy, even though that deadline is or may be shorter than the period provided by statutes of limitations that would apply in the absence of this Section. Any claim that is not asserted in an arbitration within one (1) year of the act or occurrence giving rise to it shall be deemed waived. In order to effectuate this waiver of limitations, the Company waives its right to argue that Executive may not proceed with his claim(s) due to his failure to file any charge or complaint with a government agency having jurisdiction of his claim(s) under state and federal laws, such as the Equal Employment Opportunity Commission, or Occupational Safety and Health Administration.

ARTICLE IX.
MISCELLANEOUS

9.1. Binding Effect; Assignment. This Agreement shall be binding upon any successor (whether direct or indirect and whether by purchase, lease, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company's business and/or assets. Any such successor will within a reasonable period of becoming the successor assume in writing and be bound by all of the Company's obligations under this Agreement. For all purposes under this Agreement, the term "**Company**" shall include any successor to the Company's business or assets that becomes bound by this Agreement. Executive may not assign any of his rights or obligations under this Agreement.

9.2. Notices. Any notice provided for herein shall be in writing and shall be deemed to have been given or made (a) when personally delivered or (b) when sent by email and confirmed within 48 hours by letter mailed or delivered to the Party to be notified at its or his address set forth herein; or three (3) days after being sent by registered or certified mail, return receipt requested (or by equivalent currier with delivery documentation such as FEDEX or UPS) to the address of the other Party set forth or to such other address as may be specified by notice given in accordance with this Section 9.2:

If to the Company: TruGolf, Holdings, Inc.
60 N 1400 W
Centerville, UT 84014

Telephone: (801) 298-1997
Attention: Secretary

If to the Executive: Christopher Jones
(Address and contact information on file)

9.3. Severability. If any provision of this Agreement, or portion thereof, shall be held invalid or unenforceable by a court of competent jurisdiction, such invalidity or unenforceability shall attach only to such provision or portion thereof, and shall not in any manner affect or render invalid or unenforceable any other provision of this Agreement or portion thereof, provided that should a court of competent jurisdiction determine that the scope of any provision of this Agreement is too broad to be enforced as written, the Parties hereby authorize the court to reform the provision to such narrower scope as it determines to be reasonable and enforceable and the Parties intend that the affected provision be enforced as so amended.

9.4. Waiver. No waiver by a Party of a breach or default hereunder by the other Party shall be considered valid, unless expressed in a writing signed by such first Party, and no such waiver shall be deemed a waiver of any subsequent breach or default of the same or any other nature.

9.5. Entire Agreement. This Agreement, along with the Equity Agreements (if any), sets forth the entire agreement between the Parties with respect to the subject matter hereof, and supersedes any and all prior agreements between the Company and Executive, whether written or oral, relating to any or all matters covered by and contained or otherwise dealt with in this Agreement. This Agreement does not constitute a commitment of the Company with regard to Executive's employment, express or implied, other than to the extent expressly provided for herein.

9.6. Amendment. No modification, change or amendment of this Agreement or any of its provisions shall be valid, unless in a writing signed by the Parties and approved by the Committee or the Board of Directors.

9.7. Authority. The Parties each represent and warrant that it/he has the power, authority and right to enter into this Agreement and to carry out and perform the terms, covenants and conditions hereof.

9.8. Attorneys' and Arbitration Fees. Except as prohibited by law, if either Party hereto commences an arbitration or other action against the other Party to enforce any of the terms hereof, each Party shall pay its own costs and attorneys' fees, if any. If, however, any Party prevails on a statutory or contractual claim that affords the prevailing party attorneys' fees (including pursuant to this Agreement), the arbitrator may award reasonable attorneys' fees to the prevailing party to the extent permitted by law.

9.9. Construction. When used in this Agreement, unless a contrary intention appears: (i) a term has the meaning assigned to it; (ii) "**or**" is not exclusive; (iii) "**including**" means including without limitation; (iv) words in the singular include the plural and words in the plural include the singular, and words importing the masculine gender include the feminine and neuter genders; (v) any agreement, instrument or statute defined or referred to herein or in any instrument or certificate delivered in connection herewith means such agreement, instrument or statute as from time to time amended, modified or supplemented and includes (in the case of agreements or instruments) references to all attachments thereto and instruments incorporated therein; (vi) the words "**hereof**", "**herein**" and "**hereunder**" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision hereof; (vii) references contained herein to Article, Section, Schedule and Exhibit, as applicable, are references to Articles, Sections, Schedules and Exhibits in this Agreement unless otherwise specified; (viii) references to "**writing**" include printing, typing, lithography and other means of reproducing words in a visible form, including, but not limited to email; (ix) references to "**dollars**", "**Dollars**" or "**$**" in this Agreement shall mean United States dollars; (x) reference to a particular statute, regulation or Law means such statute, regulation or Law as amended or otherwise modified from time to time; (xi) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein); (xii) unless otherwise stated in this Agreement, in the computation of a period of time from a specified date to a later specified date, the word "**from**" means "**from and including**" and the words "**to**" and

Initials CJ / _____

"**until**" each mean "**to but excluding**"; (xiii) references to "**days**" shall mean calendar days; and (xiv) the paragraph headings contained in this Agreement are for convenience only, and shall in no manner be construed as part of this Agreement.

9.10. Governing Law. This Agreement, and all of the rights and obligations of the Parties in connection with the employment relationship established hereby, shall be governed by and construed in accordance with the substantive laws of the State of Utah without giving effect to principles relating to conflicts of law.

9.11. Survival. The termination of Executive's employment with the Company pursuant to the provisions of this Agreement shall not affect Executive's obligations to the Company hereunder which by the nature thereof are intended to survive any such termination, including, without limitation, Executive's obligations under ARTICLE V and ARTICLE VI of this Agreement.

9.12. Section 280G Safe Harbor Cap. In the event it shall be determined that any payment or distribution or any part thereof of any type to or for the benefit of Executive whether pursuant to the Agreement or any other agreement between Executive and the Company, or any person or entity that acquires ownership or effective control the Company or ownership of a substantial portion of the Company's assets (within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended, and the regulations thereunder (the "**Code**")) whether paid or payable or distributed or distributable pursuant to the terms of the Agreement or any other agreement, (the "**Total Payments**"), is or will be subject to the excise tax imposed by Section 4999 of the Code (the "**Excise Tax**"), then the Total Payments shall be reduced to the maximum amount that could be paid to Executive without giving rise to the Excise Tax (the "**Safe Harbor Cap**"), if the net after-tax payment to Executive after reducing Executive's Total Payments to the Safe Harbor Cap is greater than the net after-tax (including the Excise Tax) payment to Executive without such reduction. The reduction of the amounts payable hereunder, if applicable, shall be made by reducing first the payment made pursuant to the Agreement and then to any other agreement that triggers such Excise Tax, unless an alternative method of reduction is elected by Executive. All mathematical determinations, and all determinations as to whether any of the Total Payments are "**parachute payments**" (within the meaning of Section 280G of the Code), that are required to be made under ARTICLE IV, including determinations as to whether the Total Payments to Executive shall be reduced to the Safe Harbor Cap and the assumptions to be utilized in arriving at such determinations, shall be made by a nationally recognized accounting firm selected by the Company (the "**Accounting Firm**"). In making such determinations, the Accounting Firm shall allocate payments hereunder to Executive's covenants under ARTICLE VI and to services provided or required to be provided following a Change of Control to the maximum extent permissible. If the Accounting Firm determines that the Total Payments to Executive shall be reduced to the Safe Harbor Cap (the "**Cutback Payment**") and it is established pursuant to a final determination of a court or an Internal Revenue Service (the "**IRS**") proceeding which has been finally and conclusively resolved, that the Cutback Payment is in excess of the limitations provided in this Section 9.12 (hereinafter referred to as an "**Excess Payment**"), such Excess Payment shall be deemed for all purposes to be an overpayment to Executive made on the date such Executive received the Excess Payment and Executive shall repay the Excess Payment to the Company on demand; provided, however, if Executive shall be required to pay an Excise Tax by reason of receiving such Excess Payment (regardless of the obligation to repay the Company), Executive shall not be required to repay the Excess Payment (if Executive has already repaid such amount, the Company shall refund the amount to the Executive), and the Company shall pay Executive an amount equal to the difference between the Total Payments and the Safe Harbor Cap (provided that such amount has previously been repaid by the Executive or not previously paid by the Company).

9.13. Section 409A Compliance. Notwithstanding any other provision of this Agreement to the contrary, the provision, time and manner of payment or distribution of all compensation and benefits provided by this Agreement that constitute nonqualified deferred compensation subject to and not exempted from the requirements of Section 409A of the Code ("**Section 409A Deferred Compensation**") shall be subject to, limited by and construed in accordance with the requirements of Code Section 409A and all regulations and other guidance promulgated by the Secretary of the Treasury pursuant to such Section (such Section, regulations and other guidance being referred to herein as "**Section 409A**"), including the following:

(a) *Separation from Service.* Payments and benefits constituting Section 409A Deferred Compensation otherwise payable or provided pursuant to ARTICLE III or ARTICLE IV, upon the Executive's termination of employment shall be paid or provided only at the time of a termination of the Executive's employment

that constitutes a Separation from Service. For the purposes of this Agreement, a "**Separation from Service**" is a separation from service within the meaning of Treasury Regulation Section 1.409A-1(h).

(b) *Six-Month Delay Applicable to Specified Executives*. If, at the time of a Separation from Service of the Executive, the Executive is a "**specified employee**" within the meaning of Section 409A(a)(2)(B)(i) (a "**Specified Executive**"), then any payments and benefits constituting Section 409A Deferred Compensation to be paid or provided pursuant to ARTICLE III or ARTICLE IV upon the Separation from Service of the Executive shall be paid or provided commencing on the later of (i) the date that is six months after the date of such Separation from Service or, if earlier, the date of death of the Executive (in either case, the "**Delayed Payment Date**"), or (ii) the date or dates on which such Section 409A Deferred Compensation would otherwise be paid or provided in accordance with ARTICLE III or ARTICLE IV. All such amounts that would, but for this Section 9.13, become payable prior to the Delayed Payment Date shall be accumulated and paid on the Delayed Payment Date.

(c) *Health Care and Estate Planning Benefits*. In the event that all or any of the health care or estate planning benefits to be provided hereunder (if any) as a result of Executive's Separation from Service constitute Section 409A Deferred Compensation, the Company shall provide for such benefits constituting Section 409A Deferred Compensation in a manner that complies with Section 409A. To the extent necessary to comply with Section 409A, the Company shall determine the health care premium cost necessary to provide such benefits constituting Section 409A Deferred Compensation for the applicable coverage period and shall pay such premium cost which becomes due and payable during the applicable coverage period on the applicable due date for such premiums; provided, however, that if the Executive is a Specified Executive, the Company shall not pay any such premium cost until the Delayed Payment Date. If the Company's payment pursuant to the previous sentence is subject to a Delayed Payment Date, the Executive shall pay the premium cost otherwise payable by the Company prior to the Delayed Payment Date, and on the Delayed Payment Date the Company shall reimburse the Executive for such Company premium cost paid by the Executive and shall pay the balance of the Company's premium cost necessary to provide such benefit coverage for the remainder of the applicable coverage period as and when it becomes due and payable over the applicable period.

(d) *Stock-Based Awards*. The vesting of any stock-based compensation awards which constitute Section 409A Deferred Compensation and are held by the Executive, if the Executive is a Specified Executive, shall be accelerated in accordance with this Agreement to the extent applicable; provided, however, that the payment in settlement of any such awards shall occur on the Delayed Payment Date.

(e) *Installments*. Executive's right to receive any installment payments payable hereunder shall be treated as a right to receive a series of separate payments and, accordingly, each such installment payment shall at all times be considered a separate and distinct payment for purposes of Section 409A.

(f) *Reimbursements*. To the extent that any reimbursements payable to Executive pursuant to this Agreement are subject to the provisions of Section 409A of the Code, such reimbursements shall be paid to Executive no later than December 31 of the year following the year in which the cost was incurred; the amount of expenses reimbursed in one year shall not affect the amount eligible for reimbursement in any subsequent year; and Executive's right to reimbursement under this Agreement will not be subject to liquidation or exchange for another benefit.

(g) *Rights of the Company; Release of Liability*. It is the mutual intention of the Executive and the Company that the provision of all payments and benefits pursuant to this Agreement be made in compliance with the requirements of Section 409A. To the extent that the provision of any such payment or benefit pursuant to the terms and conditions of this Agreement would fail to comply with the applicable requirements of Section 409A, the Company may, in its sole and absolute discretion and without the consent of the Executive, make such modifications to the timing or manner of providing such payment and/or benefit to the extent it determines necessary or advisable to comply with the requirements of Section 409A; provided, however, that the Company shall not be obligated to make any such modifications. Any such modifications made by the Company shall, to the maximum extent permitted in compliance with the requirements of Section 409A, preserve the aggregate monetary face value of such payments and/or benefits provided by this Agreement in the absence of such modification; provided, however, that the Company shall in no event be obligated to pay any interest or other compensation in respect of any delay in the provision of such payments or benefits in order to comply with the requirements of Section 409A. The Executive acknowledges

Initials _____

that (i) the provisions of this Section 0 may result in a delay in the time which payments would otherwise be made pursuant to this Agreement and (ii) the Company is authorized to amend this Agreement, to void or amend any election made by the Executive under this Agreement and/or to delay the payment of any monies and/or provision of any benefits in such manner as may be determined by the Company, in its discretion, to be necessary or appropriate to comply with Section 409A (including any transition or grandfather rules thereunder) without prior notice to or consent of the Executive. The Executive hereby releases and holds harmless the Company, its directors, officers and stockholders from any and all claims that may arise from or relate to any tax liability, penalties, interest, costs, fees or other liability incurred by the Executive as a result of the application of Code Section 409A.

9.14. Withholding of Taxes and Other Executive Deductions. The Company may withhold from any benefits and payments made pursuant to this Agreement all federal, state, city and other taxes as may be required pursuant to any law or governmental regulation or ruling and any and all other normal executive deductions made with respect to the Company's executives generally.

9.15. Clawback. Notwithstanding any provision in this Agreement to the contrary, any portion of the payments and benefits provided under this Agreement, as well as any other payments and benefits which the Executive receives pursuant to a Company plan or other arrangement, shall be subject to a clawback (a) to the extent necessary to comply with the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act or any Securities and Exchange Commission rule or any other applicable law; and/or (b) any policy adopted by the Company and applicable generally to Executive and other officers of the Company, relating to the recovery of compensation granted, paid, delivered, awarded or otherwise provided to Executive by the Company or its subsidiaries or any of their respective affiliates, as applicable, as may be amended from time to time.

9.16. Legal Counsel. Executive acknowledges and warrants that (A) he has been advised that Executive's interests may be different from the Company's interests, (B) he has been afforded a reasonable opportunity to review this Agreement, to understand its terms and to discuss it with an attorney and/or financial advisor of his choice, (C) that Executive fully understands the terms and contents of this Agreement and the exhibits hereto, and (D) he knowingly and voluntarily entered into this Agreement. The Company and Executive shall each bear their own costs and expenses in connection with the negotiation and execution of this Agreement. Executive understands and agrees that any attorney retained by the Company who has discussed any term or condition of this Agreement with Executive or its advisor is only acting on behalf of the Company and not on its behalf.

9.17. Right to Negotiate. Executive hereby acknowledges that Executive has been given the opportunity to participate in the negotiation of the terms of this Agreement. Executive acknowledges and confirms that he has read this Agreement and fully understands its terms and contents.

9.18. Voluntary Nature of Agreement. Executive acknowledges and agrees that he is executing this Agreement voluntarily and without any duress or undue influence by the Company or anyone else. Executive agrees that he has been provided an opportunity to seek the advice of an attorney of his choice before signing this Agreement.

9.19. Counterparts, Effect of Facsimile, Emailed and Photocopied Signatures. This Agreement and any signed agreement or instrument entered into in connection with this Agreement, and any amendments hereto or thereto, may be executed in one or more counterparts, all of which shall constitute one and the same instrument. Any such counterpart, to the extent delivered by means of a facsimile machine or by .pdf, .tif, .gif, .jpeg or similar attachment to electronic mail (any such delivery, an "**Electronic Delivery**") shall be treated in all manners and respects as an original executed counterpart and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person. At the request of any Party, each other Party shall re execute the original form of this Agreement and deliver such form to all other Parties. No Party shall raise the use of Electronic Delivery to deliver a signature or the fact that any signature or agreement or instrument was transmitted or communicated through the use of Electronic Delivery as a defense to the formation of a contract, and each such Party forever waives any such defense, except to the extent such defense relates to lack of authenticity.

[Remainder of page left intentionally blank. Signature page follows]

Initials 

This Agreement contains provisions requiring binding arbitration of disputes. By signing this Agreement, Executive acknowledges that he (i) has read and understood the entire Agreement; (ii) has received a copy of it (iii) has had the opportunity to ask questions and consult counsel or other advisors about its terms; and (iv) agrees to be bound by it.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the day and year first above written.

"**COMPANY**"

TRUGOLF, HOLDINGS, INC.
a Delaware corporation

By: _____
Name: **Lindsay Jones**
Title: **CFO**

"**EXECUTIVE**"

_____
Christopher Jones
(Address and contact information on file)

EXHIBIT A

LIST OF PRIOR INVENTIONS
AND ORIGINAL WORKS OF AUTHORSHIP

Title	Date	Identifying Number or Brief Description

_____ No inventions or improvements

_____ Additional Sheets Attached

Signature of Executive: _____

Print Name of Executive: Christopher Jones

Date: _____

To: Brenner Adams January 18th, 2024

Re: Offer of Position

It is my pleasure to offer you the CHIEF GROWTH OFFICER position with TruGolf Holdings, Inc., (the "Company"). This letter is intended to set forth the terms of the offer.

If you accept this offer you would begin this position for the Company, commencing on January 25th, 2024. Your offer and employment are contingent upon a successful background check, successful completion of Form I-9 verifying your employment eligibility and your agreement to execute any authorizations required for checks or screens.

Compensation and Benefits

Your annual exempt salary will continue to be $ 170,000.00 + QTRLY BONUS + COMMITTEE payable semi-monthly on the same basis as all other employees and subject to any applicable withholding or other taxes and is based on the presumption that you will dedicate 100% of your work time to the Company, defined as no less than 40 hours per week. The Compensation Committee will be evaluating all salaries and overall benefits in the coming months which may include a merit increase in your salary.

In addition, upon execution of this offer letter, commencement of your employment, and approval of the Compensation Committee of the Board of Directors, you will receive a grant (the "Stock Option Grant") of stock options (the "Stock Options") to purchase shares of the Company's common stock, in amounts to be determined by the Compensation Committee, at an exercise price per share equal to the closing price of the Company's common stock on the NASDAQ Stock Market on the date of the grant (which will be the later of your start date or the approval of the Compensation Committee). The Stock Options shall have a term of ten years and shall vest in equal installments on each of the succeeding anniversary dates of the date of grant, as approved by the Compensation Committee (i.e. the first such installment shall vest on the first anniversary of the date of grant), provided that you are serving in at least the same capacity on each vesting date. The Stock Option Grant shall be made pursuant to the TruGolf Holdings, Inc. 2024 Stock Plan as amended, and shall in all respects be subject to the terms and conditions of such plan.

The specific benefits associated with this fulltime, exempt position are listed below. Please see the Company's benefits summary for additional information and eligibility dates. Benefits may be subject to change.

At Will Employment

Notwithstanding anything else herein, it is understood that your position with the Company will be "at will", subject to the Company policies, which may be amended from time to time, and may be terminated by you or the Company at any time and for any reason.

Notifications, Disclosures, and Confidentiality

In order to protect the Company, you have assured us that:

(i) you have described your background truly and completely, revealing all information that may have impacted the Company's decision to offer you a position;

(ii) your position with the Company will not violate any obligation you may have; and

(iii) you have no confidential material, documents, or other property of any employer or other person or entity that will be brought or utilized in any work performed for the Company under this Agreement.

Contemporaneously with your execution of this letter, you acknowledge that you are receiving Confidential Information of the Company or others dealing with the Company and that the Company will be expending resources to provide you with unique training with regard to the products and technology the Company is developing. You acknowledge that the Confidential Information provided to you and the unique training you will get, is valuable consideration for your promises in this letter. The term "Confidential Information" means any information concerning the Company's business, technology, business relationships, financial affairs, trade secrets or any other proprietary information, which may be oral, written, graphic, machine-readable or in other tangible form, that the Company has not disclosed to the general public. "Confidential Information" also means all information whether of the Company or received by the Company from its licensors, licensees, suppliers, customers or third parties that the Company treats as confidential during the term of your engagement whether or not the information is regarded as a "trade secret" as defined by law. You acknowledge that the Confidential Information constitutes valuable trade secrets and agree to use the Confidential Information solely in accordance with the provisions of this letter agreement.

You agree not to disclose any Confidential Information to any person, without the Company's prior written consent, other than agents of the Company who need to know the Confidential Information in order to fulfill their responsibilities for the Company. You agree not to use the Confidential Information for any purpose other than to fulfill your responsibilities for the Company. You further agree to safeguard the confidentiality of the Confidential Information by cooperating with the Company; taking all precautions the Company requires; using your best efforts to prevent the unauthorized disclosure of any Confidential Information; and delivering to the Company all copies of Confidential Information in your possession, custody, or control upon the earlier request of the Company or the termination of your position. These limitations do not apply to information that (i) is publicly available, (ii) was obtained by you from third parties without restrictions on disclosure, (iii) you knew prior to entering this letter agreement, (iv) was independently developed by you without the use of Confidential Information, or (v) is required to be disclosed by order of a court or other governmental entity.

During your engagement you agree to make full and prompt disclosure to the Company of all inventions, discoveries, designs, developments, methods, modifications, improvements, processes, algorithms, databases, formulae, techniques, trade secrets and other works of authorship ("Created Materials") whether or not patentable or copyrightable, that are created, made, conceived, or reduced to practice (alone or jointly with others or under your direction) during the period of your engagement with the Company so long as it is applicable to the Company's business.

With respect to Created Materials, you agree that:

(i) all work performed by you, including any copyrightable work, is on a "work for hire" basis and will be the sole and exclusive property of the Company, and you hereby assign and transfer to the Company and its successors all of your rights and interests in Created Materials to the Company;

(ii) you will complete and keep documentation of the conception development and reduction to practice of Created Materials;

(iii) you will disclose all Created Materials, including your documentation, to the Company promptly and completely;

(iv) you will cooperate fully with the Company, both during and after the term of your engagement, to the procurement, maintenance and enforcement of the Company's intellectual property rights in the Created Materials;

(v) you will sign any documents and assist the Company in any applications or proceedings that may be necessary to secure for the Company the ownership or protection of the Created Materials and any patents, copyrights or other proprietary rights related to the Created Materials. If necessary for the Company, you agree to do these things even after your engagement with the Company is over, in which case the Company will pay you a reasonable fee for the time that you spend on its behalf and reimburse you for any ordinary and necessary out of pocket expenses that you incur; and

(vi) you will deliver to the Company all Created Materials as well as all materials you received from Company for use in creating Created Materials when your engagement with Company is over.

Your obligations to the Company with respect to Confidential Information and Created Materials, however, will continue after your position with the Company is terminated. You also agree that the Company may assign this letter agreement to any successor company or entity.

You agree to be bound by the terms of this letter agreement for the duration of your engagement with the Company, throughout minor changes in responsibility and compensation.

Any controversy or claim arising out of or relating to this letter agreement, its formation, or the breach thereof, shall be settled by a court of competent jurisdiction in Salt Lake City, Utah and you agree to submit to personal jurisdiction and venue there.

This letter is governed by and interpreted according to the laws of the State of Utah and you and the Company both agree to waive any right to a jury trial.

If this letter accurately states our agreement about your engagement, please sign the enclosed copy of the letter and return it to me whereupon this letter agreement will then be effective as of the date set forth above and will be the complete agreement between you and the Company with respect to your position with the Company and will complement our previous communications.

TruGolf Holdings, Inc.

By: _____ Name Lindsay Jones Date 1-18-24

Agreed and Accepted:

_____ Name Brenner Adams Date 1-18-24

SHDOCS:220560409.2

To: NATE LARSEN January 18th, 2024

Re: Offer of Position

It is my pleasure to offer you the CHIEF EXPERIENCE OFFICER position with TruGolf Holdings, Inc., (the "Company"). This letter is intended to set forth the terms of the offer.

If you accept this offer you would begin this position for the Company, commencing on January 25th, 2024. Your offer and employment are contingent upon a successful background check, successful completion of Form I-9 verifying your employment eligibility and your agreement to execute any authorizations required for checks or screens.

Compensation and Benefits

Your annual exempt salary will continue to be $ 144,000 + QRTRLY BONUS payable semi-monthly on the same basis as all other employees and subject to any applicable withholding or other taxes and is based on the presumption that you will dedicate 100% of your work time to the Company, defined as no less than 40 hours per week. The Compensation Committee will be evaluating all salaries and overall benefits in the coming months which may include a merit increase in your salary.

In addition, upon execution of this offer letter, commencement of your employment, and approval of the Compensation Committee of the Board of Directors, you will receive a grant (the "Stock Option Grant") of stock options (the "Stock Options") to purchase shares of the Company's common stock, in amounts to be determined by the Compensation Committee, at an exercise price per share equal to the closing price of the Company's common stock on the NASDAQ Stock Market on the date of the grant (which will be the later of your start date or the approval of the Compensation Committee). The Stock Options shall have a term of ten years and shall vest in equal installments on each of the succeeding anniversary dates of the date of grant, as approved by the Compensation Committee (i.e. the first such installment shall vest on the first anniversary of the date of grant), provided that you are serving in at least the same capacity on each vesting date. The Stock Option Grant shall be made pursuant to the TruGolf Holdings, Inc. 2024 Stock Plan as amended, and shall in all respects be subject to the terms and conditions of such plan.

The specific benefits associated with this fulltime, exempt position are listed below. Please see the Company's benefits summary for additional information and eligibility dates. Benefits may be subject to change.

At Will Employment

Notwithstanding anything else herein, it is understood that your position with the Company will be "at will", subject to the Company policies, which may be amended from time to time, and may be terminated by you or the Company at any time and for any reason.

Notifications, Disclosures, and Confidentiality

In order to protect the Company, you have assured us that:

(i) you have described your background truly and completely, revealing all information that may have impacted the Company's decision to offer you a position;

(ii) your position with the Company will not violate any obligation you may have; and

(iii) you have no confidential material, documents, or other property of any employer or other person or entity that will be brought or utilized in any work performed for the Company under this Agreement.

Contemporaneously with your execution of this letter, you acknowledge that you are receiving Confidential Information of the Company or others dealing with the Company and that the Company will be expending resources to provide you with unique training with regard to the products and technology the Company is developing. You acknowledge that the Confidential Information provided to you and the unique training you will get, is valuable consideration for your promises in this letter. The term "Confidential Information" means any information concerning the Company's business, technology, business relationships, financial affairs, trade secrets or any other proprietary information, which may be oral, written, graphic, machine-readable or in other tangible form, that the Company has not disclosed to the general public. "Confidential Information" also means all information whether of the Company or received by the Company from its licensors, licensees, suppliers, customers or third parties that the Company treats as confidential during the term of your engagement whether or not the information is regarded as a "trade secret" as defined by law. You acknowledge that the Confidential Information constitutes valuable trade secrets and agree to use the Confidential Information solely in accordance with the provisions of this letter agreement.

You agree not to disclose any Confidential Information to any person, without the Company's prior written consent, other than agents of the Company who need to know the Confidential Information in order to fulfill their responsibilities for the Company. You agree not to use the Confidential Information for any purpose other than to fulfill your responsibilities for the Company. You further agree to safeguard the confidentiality of the Confidential Information by cooperating with the Company; taking all precautions the Company requires; using your best efforts to prevent the unauthorized disclosure of any Confidential Information; and delivering to the Company all copies of Confidential Information in your possession, custody, or control upon the earlier request of the Company or the termination of your position. These limitations do not apply to information that (i) is publicly available, (ii) was obtained by you from third parties without restrictions on disclosure, (iii) you knew prior to entering this letter agreement, (iv) was independently developed by you without the use of Confidential Information, or (v) is required to be disclosed by order of a court or other governmental entity.

During your engagement you agree to make full and prompt disclosure to the Company of all inventions, discoveries, designs, developments, methods, modifications, improvements, processes, algorithms, databases, formulae, techniques, trade secrets and other works of authorship ("Created Materials") whether or not patentable or copyrightable, that are created, made, conceived, or reduced to practice (alone or jointly with others or under your direction) during the period of your engagement with the Company so long as it is applicable to the Company's business.

With respect to Created Materials, you agree that:

(i) all work performed by you, including any copyrightable work, is on a "work for hire" basis and will be the sole and exclusive property of the Company, and you hereby assign and transfer to the Company and its successors all of your rights and interests in Created Materials to the Company;

(ii) you will complete and keep documentation of the conception, development and reduction to practice of Created Materials;

(iii) you will disclose all Created Materials, including your documentation, to the Company promptly and completely;

(iv) you will cooperate fully with the Company, both during and after the term of your engagement, to the procurement, maintenance and enforcement of the Company's intellectual property rights in the Created Materials;

(v) you will sign any documents and assist the Company in any applications or proceedings that may be necessary to secure for the Company the ownership or protection of the Created Materials and any patents, copyrights or other proprietary rights related to the Created Materials. If necessary for the Company, you agree to do these things even after your engagement with the Company is over, in which case the Company will pay you a reasonable fee for the time that you spend on its behalf and reimburse you for any ordinary and necessary out of pocket expenses that you incur; and

(vi) you will deliver to the Company all Created Materials as well as all materials you received from Company for use in creating Created Materials when your engagement with Company is over.

Your obligations to the Company with respect to Confidential Information and Created Materials, however, will continue after your position with the Company is terminated. You also agree that the Company may assign this letter agreement to any successor company or entity.

You agree to be bound by the terms of this letter agreement for the duration of your engagement with the Company, throughout minor changes in responsibility and compensation.

Any controversy or claim arising out of or relating to this letter agreement, its formation, or the breach thereof, shall be settled by a court of competent jurisdiction in Salt Lake City, Utah and you agree to submit to personal jurisdiction and venue there.

This letter is governed by and interpreted according to the laws of the State of Utah and you and the Company both agree to waive any right to a jury trial.

If this letter accurately states our agreement about your engagement, please sign the enclosed copy of the letter and return it to me whereupon this letter agreement will then be effective as of the date set forth above and will be the complete agreement between you and the Company with respect to your position with the Company and will complement our previous communications.

TruGolf Holdings, Inc.

By: _____ Name Terrence Adams Date 1-18-24

Agreed and Accepted:

_____ Name NATE LARSEN Date 1-18-24

Exhibit 19

TRUGOLF HOLDINGS, INC.

INSIDER TRADING POLICY

Purpose

This Insider Trading Policy (the "Policy") provides guidelines with respect to transactions in TruGolf Holdings, Inc. (the "Company") securities and the handling of confidential information about the Company and the companies with which the Company does business. The Company's board of directors has adopted this Policy to promote compliance with federal and state securities laws that prohibit certain persons who are aware of material nonpublic information about a company from: (i) trading in securities of that company; or (ii) providing material nonpublic information to other persons who may trade on the basis of that information.

Persons Subject to the Policy

This Policy applies to all employees of the Company (and any future subsidiaries), and all members of the Company's board of directors. The Company may also determine that other persons should be subject to this Policy, such as contractors or consultants who have access to material nonpublic information. This Policy also applies to family members, other members of a person's household and entities controlled by a person covered by this Policy, as described below.

Transactions Subject to the Policy

This Policy applies to transactions in the Company's securities (collectively referred to in this Policy as "Company Securities"), including the Company's common stock, options to purchase common stock, or any other type of securities that the Company may issue, including (but not limited to) preferred stock, convertible debentures and warrants, as well as derivative securities that are not issued by the Company, such as exchange-traded put or call options or swaps relating to the Company's Securities.

Administration of the Policy

Steve Bond shall serve as the Compliance Officer for the purposes of this Policy, and in his absence, Brent Willson or another employee designated by the Compliance Officer shall be responsible for administration of this Policy. All determinations and interpretations by the Compliance Officer shall be final and not subject to further review.

Individual Responsibility

Persons subject to this Policy have ethical and legal obligations to maintain the confidentiality of information about the Company and to not engage in transactions in Company Securities while in possession of material nonpublic information. Persons subject to this policy must not engage in illegal trading and must avoid the appearance of improper trading. Each individual is responsible for making sure that he or she complies with this Policy, and that any family member, household member or entity whose transactions are subject to this Policy, as discussed below, also comply with this Policy. In all cases, the responsibility for determining whether an individual is in possession of material nonpublic information rests with that individual, and any action on the part of the Company, the Compliance Officer or any other employee or director pursuant to this Policy (or otherwise) does not in any way constitute legal advice or insulate an individual from liability under applicable securities laws. You could be subject to severe legal penalties and disciplinary action by the Company for any conduct prohibited by this Policy or applicable securities laws, as described below in more detail under the heading "Consequences of Violations."

Statement of Policy

It is the policy of the Company that no director, officer or other employee of the Company (or any other person designated by this Policy or by the Compliance Officer as subject to this Policy) who is aware of material nonpublic information relating to the Company may, directly, or indirectly through family members or other persons or entities:

1. Engage in transactions in Company Securities, except as otherwise specified in this Policy under the headings "Transactions Under Company Plans," "Transactions Not Involving a Purchase or Sale" and "Rule 10b5-1 Plans;"

2. Recommend the purchase or sale of any Company Securities;

3. Disclose material nonpublic information to persons within the Company whose jobs do not require them to have that information, or outside of the Company to other persons, including, but not limited to, family, friends, business associates, investors and consulting firms, unless any such disclosure is made in accordance with the Company's policies regarding the protection or authorized external disclosure of information regarding the Company; or

4. Assist anyone engaged in the above activities.

In addition, it is the policy of the Company that no director, officer or other employee of the Company (or any other person designated as subject to this Policy) who, in the course of working for the Company, learns of material nonpublic information about a company with which the Company does business (or may in the future conduct business or enter into a transaction), including a customer, supplier, or business partner of the Company, may trade in that company's securities until the information becomes public or is no longer material.

There are no exceptions to this Policy, except as specifically noted herein. Transactions that may be necessary or justifiable for independent reasons (such as the need to raise money for an emergency expenditure), or small transactions, are not excepted from this Policy. The securities laws do not recognize any mitigating circumstances, and, in any event, even the appearance of an improper transaction must be avoided to preserve the Company's reputation for adhering to the highest standards of conduct.

Definition of Material Nonpublic Information

Material Information. Information is considered "material" if a reasonable investor would consider that information important in making a decision to buy, hold or sell securities. Any information that could be expected to affect a company's stock price, whether it is positive or negative, should be considered material. There is no bright-line standard for assessing materiality; rather, materiality is based on an assessment of all of the facts and circumstances, and is often evaluated by enforcement authorities with the benefit of hindsight. While it is not possible to define all categories of material information, some examples of information that ordinarily would be regarded as material are:

- The status of new or updated products;
- The status of any regulatory approvals for our products;
- Projections of future earnings or losses, or other earnings guidance;
- A pending or proposed merger, acquisition or tender offer;
- A pending or proposed acquisition or disposition of a significant asset;
- A pending or proposed joint venture;
- Significant related party transactions;
- A change in management;
- A change in auditors or notification that the auditor's reports may no longer be relied upon;
- Development of a significant new product or service;
- Pending or threatened significant litigation, or the resolution of such litigation;
- Impending bankruptcy or the existence of severe liquidity problems;
- The gain or loss of a significant customer or supplier;
- A significant cybersecurity incident, such as a data breach, or any other significant disruption in the company's operations or loss, potential loss, breach or unauthorized access of its property or assets, whether at its facilities or through its information technology infrastructure; or
- The imposition of an event-specific restriction on trading in Company Securities or the securities of another company or the extension or termination of such restriction.

When Information is Considered Public. Information that has not been disclosed to the public is generally considered to be nonpublic information. In order to establish that the information has been disclosed to the public, it may be necessary to demonstrate that the information has been widely disseminated. Information generally would be considered widely disseminated if it has been disclosed through newswire services, publication in a widely-available newspaper, magazine or news website, or public disclosure documents filed with the SEC that are available on the SEC's website. By contrast, information would likely not be considered widely disseminated if it is available only to the Company's employees, or if it is only available to a select group of analysts, brokers and institutional investors.

Once information is widely disseminated, it is still necessary to provide the investing public with sufficient time to absorb the information. As a general rule, information should not be considered fully absorbed by the marketplace for two trading days. If, for example, the Company were to make an announcement on Monday morning, you should not trade in Company Securities until Wednesday. Depending on the particular circumstances, the Company may determine that a longer or shorter period should apply to the release of specific material nonpublic information.

Transactions by Family Members and Others

This Policy applies to your family members who reside with you (including a spouse, a child, a child away at college, stepchildren, grandchildren, parents, stepparents, grandparents, siblings and in-laws), anyone else who lives in your household, and any family members who do not live in your household but whose transactions in Company Securities are directed by you or are subject to your influence or control, such as parents or children who consult with you before they trade in Company Securities (collectively referred to as "Family Members"). You are responsible for the transactions of these other persons and therefore should make them aware of the need to confer with you before they trade in Company Securities, and you should treat all such transactions for the purposes of this Policy and applicable securities laws as if the transactions were for your own account.

Transactions by Entities that You Influence or Control

This Policy applies to any entities that you influence or control, including any corporations, partnerships or trusts (collectively referred to as "Controlled Entities"), and transactions by these Controlled Entities should be treated for the purposes of this Policy and applicable securities laws as if they were for your own account.

Transactions Under Company Plans

This Policy does not apply in the case of the following transactions, except as specifically noted:

Stock Option Exercises. This Policy does not apply to the exercise of an employee or director stock option acquired pursuant to the Company's plans, or to the exercise of a tax withholding right pursuant to which a person has elected to have the Company withhold shares subject to an option to satisfy tax withholding requirements. This Policy does apply, however, to any sale of stock as part of a broker-assisted cashless exercise of an option, or any other market sale for the purpose of generating the cash needed to pay the exercise price of an option.

Restricted Stock Awards. This Policy does not apply to the vesting of restricted stock, or the exercise of a tax withholding right pursuant to which you elect to have the Company withhold shares of stock to satisfy tax withholding requirements upon the vesting of any restricted stock. The Policy does apply, however, to any market sale of restricted stock.

Transactions Not Involving a Purchase or Sale

Bona fide gifts are not transactions subject to this Policy, unless the person making the gift has reason to believe that the recipient intends to sell the Company Securities while the officer, employee or director is aware of material nonpublic information. Further, transactions in mutual funds that are invested in Company Securities are not transactions subject to this Policy.

Special and Prohibited Transactions

The Company has determined that there is a heightened legal risk and/or the appearance of improper or inappropriate conduct if the persons subject to this Policy engage in certain types of transactions. It therefore is the Company's policy that any persons covered by this Policy may not engage in any of the following transactions, or should otherwise consider the Company's preferences as described below:

Short Sales. Short sales of Company Securities (*i.e.*, the sale of a security that the seller does not own) may evidence an expectation on the part of the seller that the securities will decline in value, and therefore have the potential to signal to the market that the seller lacks confidence in the Company's prospects. In addition, short sales may reduce a seller's incentive to seek to improve the Company's performance. For these reasons, short sales of Company Securities are prohibited. In addition, Section 16(c) of the Exchange Act prohibits officers and directors from engaging in short sales.

Publicly-Traded Options. Given the relatively short term of publicly-traded options, transactions in options may create the appearance that a director, officer or employee is trading based on material nonpublic information and focus a director's, officer's or other employee's attention on short-term performance at the expense of the Company's long-term objectives. Accordingly, transactions in put options, call options or other derivative securities, on an exchange or in any other organized market, are prohibited by this Policy.

Hedging Transactions. Hedging or monetization transactions can be accomplished through a number of possible mechanisms, including through the use of financial instruments such as prepaid variable forwards, equity swaps, collars and exchange funds. Such transactions may permit a director, officer or employee to continue to own Company Securities obtained through employee benefit plans or otherwise, but without the full risks and rewards of ownership. When that occurs, the director, officer or employee may no longer have the same objectives as the Company's other shareholders. Therefore, directors, officers and employees are prohibited from engaging in any such transactions, without receiving for approval by the Compliance Officer. Any request for clearance of a hedging or similar arrangement must be submitted to the Compliance Officer at least two weeks prior to the proposed execution of documents evidencing the proposed transaction and must set forth a justification for the proposed transaction.

Margin Accounts and Pledged Securities. Securities held in a margin account as collateral for a margin loan may be sold by the broker without the customer's consent if the customer fails to meet a margin call. Similarly, securities pledged (or hypothecated) as collateral for a loan may be sold in foreclosure if the borrower defaults on the loan. Because a margin sale or foreclosure sale may occur at a time when the pledgor is aware of material nonpublic information or otherwise is not permitted to trade in Company Securities, directors, officers and other employees are prohibited from holding Company Securities in a margin account or otherwise pledging Company Securities as collateral for a loan.

Standing and Limit Orders. Standing and limit orders (except standing and limit orders under approved Rule 10b5-1 Plans, as described below) create heightened risks for insider trading violations similar to the use of margin accounts. There is no control over the timing of purchases or sales that result from standing instructions to a broker, and as a result the broker could execute a transaction when a director, officer or other employee is in possession of material nonpublic information. The Company therefore prohibits placing standing or limit orders on Company Securities, unless such order are structured to comply with the pre-clearance requirements set forth in this Policy. If a person subject to this Policy determines that they must use a standing order or limit order, the order should be limited to a short duration and must otherwise comply with the restrictions and procedures outlined below under the heading "Additional Procedures."

Additional Procedures

The Company has established additional procedures in order to assist the Company in the administration of this Policy, to facilitate compliance with laws prohibiting insider trading while in possession of material nonpublic information, and to avoid the appearance of any impropriety.

Pre-Clearance Procedures. ***All Company directors, employees, officers, as well as the Family Members and Controlled Entities of such persons, may not engage in any transaction in Company Securities without first obtaining pre-clearance of the transaction from the Compliance Officer***. Such pre-clearance must be in the form of an email from the Compliance Officer: (i) to the officer's or employee's Company-provided email account; or (ii) if to a director or to an individual that does not have a Company-provided email account, to such email account with which the individual conducts business with the Company (or if no such email account exists, in a written notification from the Compliance Officer). A request for pre-clearance should be submitted to the Compliance Officer at least two business days in advance of the proposed transaction. Any pre-cleared trades must be effected within two business days of receipt of pre-clearance unless an exception is granted. Transactions not effected within such time limit would be subject to pre-clearance again. The Compliance Officer is under no obligation to approve a transaction submitted for pre-clearance, and may determine not to permit the transaction. If a person seeks pre-clearance and permission to engage in the transaction is denied, then he or she should refrain from initiating any transaction in Company Securities, and should not inform any other person of the restriction.

When a request for pre-clearance is made, the requestor should carefully consider whether he or she may be aware of any material nonpublic information about the Company, and should describe fully those circumstances to the Compliance Officer. The requestor that is a director or executive officer should also indicate whether he or she has effected any non-exempt "opposite-way" transactions within the past six months, and should be prepared to report the proposed transaction on an appropriate Form 4 or Form 5. The requestor should also be prepared to comply with SEC Rule 144 and file Form 144, if necessary, at the time of any sale.

Black-Out Periods. No officer, director or other employee shall purchase or sell any security of the Company during the period beginning at 11:59 p.m., Eastern time, on the 14th calendar day before the end of any fiscal quarter of the Company and ending upon the completion of the second full trading day after the public release of earnings data for such fiscal quarter or during any other trading suspension period declared by the Company, except for purchases and sales made pursuant to the permitted transactions described herein. For example, if the Company's fourth fiscal quarter ends at 11:59 p.m., Eastern time, on June 30, the corresponding blackout period would begin at 11:59 p.m., Eastern time, on June 16. For the avoidance of doubt, any designation by the Board of the employees who are subject to quarterly blackout periods may be updated from time to time by the Chief Executive Officer, Chief Financial Officer or Compliance Officer.

Exceptions to the black-out period policy may be approved only by the Compliance Officer (or, in the case of an exception for the Compliance Officer or persons or entities subject to this policy as a result of their relationship with the Compliance Officer, the Chief Executive Officer or, in the case of exceptions for directors or persons or entities subject to this policy as a result of their relationship with a director, the Board).

Event-Specific Trading Restriction Periods. From time to time, an event may occur that is material to the Company and is known by only a few directors, officers and/or employees. So long as the event remains material and nonpublic, the persons designated by the Compliance Officer may not trade Company Securities, including making any pre-clearance requests. In addition, the Company's financial results may be sufficiently material in a particular fiscal quarter that, in the judgment of the Compliance Officer, designated persons should refrain from trading in Company Securities. In that situation, the Compliance Officer may notify these persons that they should not trade in the Company's Securities, without disclosing the reason for the restriction. The existence of an event-specific trading restriction period will not be announced to the Company as a whole, and should not be communicated to any other person. Even if the Compliance Officer has not designated you as a person who should not trade due to an event-specific restriction, you should not trade while aware of material nonpublic information. Exceptions will not be granted during an event-specific trading restriction period.

Exceptions. The event-specific trading restrictions do not apply to those transactions to which this Policy does not apply, as described above under the headings "Transactions Under Company Plans" and "Transactions Not Involving a Purchase or Sale." Further, the requirement for pre-clearance and event-specific trading restrictions do not apply to transactions conducted pursuant to approved Rule 10b5-1 plans, described under the heading "Rule 10b5-1 Plans" below.

Rule 10b5-1 Plans

Rule 10b5-1 under the Exchange Act provides a defense from insider trading liability under Rule 10b-5. In order to be eligible to rely on this defense, a person subject to this Policy must enter into a Rule 10b5-1 plan for transactions in Company Securities that meets certain conditions specified in the Rule (a "Rule 10b5-1 Plan"). If the plan meets the requirements of Rule 10b5-1, Company Securities may be purchased or sold without regard to certain insider trading restrictions. To comply with the Policy, a Rule 10b5-1 Plan must be approved by the Compliance Officer and meet the requirements of Rule 10b5-1. In general, a Rule 10b5-1 Plan must be entered into at a time when the person entering into the plan is not aware of material nonpublic information. Once the plan is adopted, the person must not exercise any influence over the amount of securities to be traded, the price at which they are to be traded or the date of the trade. The plan must either specify the amount, pricing and timing of transactions in advance or delegate discretion on these matters to an independent third party.

Any Rule 10b5-1 Plan must be submitted for approval 20 days prior to the entry into the Rule 10b5-1 Plan. No further pre-approval of transactions conducted pursuant to the Rule 10b5-1 Plan will be required.

Post-Termination Transactions

This Policy continues to apply to transactions in Company Securities even after termination of service to the Company. If an individual is in possession of material nonpublic information when his or her service terminates, that individual may not trade in Company Securities until that information has become public or is no longer material.

Consequences of Violations

The purchase or sale of securities while aware of material nonpublic information, or the disclosure of material nonpublic information to others who then trade in the Company's Securities, is prohibited by federal and state laws. Insider trading violations are pursued vigorously by the SEC, U.S. Attorneys and state enforcement authorities as well as the laws of foreign jurisdictions. Punishment for insider trading violations is severe, and could include significant fines and imprisonment. While the regulatory authorities concentrate their efforts on the individuals who trade, or who tip inside information to others who trade, the federal securities laws also impose potential liability on companies and other "controlling persons" if they fail to take reasonable steps to prevent insider trading by company personnel.

In addition, an individual's failure to comply with this Policy may subject the individual to Company-imposed sanctions, including dismissal for cause, whether or not the employee's failure to comply results in a violation of law. Needless to say, a violation of law, or even an SEC investigation that does not result in prosecution, can tarnish a person's reputation and irreparably damage a career.

Company Assistance

Any person who has a question about this Policy or its application to any proposed transaction may obtain additional guidance from the Compliance Officer, who can be reached by e-mail at ****.

Exhibit 21.1

List of Subsidiaries

Subsidiary Name	Jurisdiction of Incorporation or Organization
TruGolf, Inc.	Nevada
TruGolf Links Franchising, LLC	Delaware

Exhibit 31.1

CERTIFICATION
PURSUANT TO RULE 13a-14 AND 15d-14
UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Christopher Jones, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2024 of TruGolf Holdings, 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 officers 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 officers 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 controls over financial reporting.

Date: April 15, 2025

By: */s/ Christopher Jones*
Christopher Jones
Chief Executive Officer and Chief Financial Officer
(Principal Executive Officer, Interim Principal Financial Officer, and Interim Principal Accounting Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. 1350
(SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002)

In connection with the Annual Report of TruGolf Holdings, Inc. (the "Company") on Form 10-K for the year ended December 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Christopher Jones, Chief Executive Officer and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(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: April 15, 2025

/s/ Christopher Jones
Name: Christopher Jones
Title: Chief Executive Officer and Chief Financial Officer
(Principal Executive Officer, Interim Principal Financial Officer, and Interim Principal Accounting Officer)

Exhibit 97.1

TRUGOLF HOLDINGS, INC.
Dodd-Frank Restatement Recoupment Policy

1. Introduction

The Board of Directors (the "Board") of TruGolf Holdings, Inc. (the "Company") has determined that it is in the best interests of the Company to adopt a policy providing for the recoupment by the Company of certain Incentive-Based Compensation paid to Executives Officers in the case of a Restatement (as defined below) (the "Policy"). In such case, the Company (a) may recoup the Incentive-Based Compensation that was paid or that vested and (b) may cancel any outstanding or unearned Incentive-Based Compensation.

2. Definitions

For purposes of this Policy, the following terms shall have the meanings set forth below:

"Committee" means the Compensation Committee of the Board of Directors of the Company.

"Erroneously Awarded Compensation" means the amount of Incentive-Based Compensation received that exceeds the amount of Incentive-Based Compensation that otherwise would have been received had it been determined based on the restated amounts resulting from a Restatement, and it must be computed without regard to any taxes paid. For Incentive-Based Compensation based on stock price or total shareholder return, where the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in a Restatement: (a) the amount must be based on a reasonable estimate of the effect of the Restatement on the stock price or total shareholder return upon which the Incentive-Based Compensation was received; and (b) the Company must maintain documentation of the determination of that reasonable estimate and provide such documentation to the Nasdaq Stock Market.

"Executive Officer" means any employee of the Company who is currently, or within the period covered by this Policy, employed as the Company's president, principal financial officer, principal accounting officer (or if there is no such accounting officer, the controller), any vice-president of the Company in charge of a principal business unit, division, or function (such as sales, administration, or finance), any other officer who performs a significant policy-making function, or any other person who performs similar significant policy-making functions for the Company, including Executive Officers of the Company's subsidiaries if they perform such policy making functions for the Company, and shall include each Named Executive Officer as determined under Section 402(a)(3) or 402(m)(2) of Regulation S-K, as applicable.

"Financial Reporting Measures" mean those measures that are determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measures that are derived wholly or in part from such measures. Stock price and total shareholder return are also Financial Reporting Measures. A Financial Reporting Measure need not be presented within the financial statements or included in a filing with the Securities and Exchange Commission.

"Incentive-Based Compensation" means any compensation that is granted, earned, or vested based wholly or in part upon the attainment of a Financial Reporting Measure. For purposes of this Policy, Incentive-Based Compensation is deemed received in the Company's fiscal period during which the Financial Reporting Measure specified in the award is attained, even if the payment or grant occurs after the end of that period.

"Non-Employee Board" means the members of the Board who are not employed by the Company or any affiliate thereof.

"Recoupment Rules" means Rule 10D-1 under the Securities Exchange Act of 1934 and Rule 5608 of the Nasdaq Stock Market.

"Restatement" means an accounting restatement required to be prepared by the Company due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period. The date of a Restatement shall be the earlier to occur of: (a) the date the Company's board of directors, a committee of the board of directors, or the officer or officers of the Company authorized to take such action if board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare a Restatement; or (b) the date a court, regulator, or other legally authorized body directs the Company to prepare a Restatement. The Company's obligation to recover Erroneously Awarded Compensation is not dependent on if or when restated financial statements are filed.

3. Administration of this Policy

This Policy shall be administered by the Committee. The Committee shall have full power and authority to construe and interpret this Policy, and to recommend to the Non-Employee Board its determinations as to whether recoupment is required under the Policy, the amount of Incentive-Based Compensation to recoup from an Executive Officer and whether any other action should be taken pursuant to Section 6 of the Policy. Upon the approval of the Committee's recommendations by a majority of the members of the Non-Employee Board (even if less than a quorum), the final decision shall be binding and conclusive on all parties.

4. Recoupment of Incentive Compensation

In the event that the Company is required to prepare a Restatement, the Company must recover reasonably promptly the Erroneously Awarded Compensation received by a person (a) after beginning service as an Executive Officer, (b) who served as an Executive Officer at any time during the performance period for that Incentive-Based Compensation, and (c) during the recovery period described in Section 5 below. Recovery is subject only to those exceptions set forth in the Recoupment Rules.

The Committee can recommend that the Non-Employee Board recoup from the Executive Officer all or a portion of the following in order to satisfy the Executive Officer's recoupment obligation:

Cash Incentive Plan: The Committee can recommend that the Non-Employee Board (i) cancel and forfeit the Executive Officer's annual or other cash incentive opportunity for the then current plan year, and/or (ii) require repayment of any annual or other cash incentive awards previously paid for prior years within the period described in Section 5.

Stock Plan: The Committee can recommend that the Non-Employee Board (i) cancel and forfeit any outstanding equity awards under its stock-based plans, (ii) require the Executive Officer to return a number of shares of Company stock received upon vesting and settlement of any restricted stock and restricted stock unit awards during the period described in Section 5 (or pay the cash value of such shares), and (iii) require the Executive Officer to return a number of shares received upon the exercise of any stock options during the period described in Section 5 (or pay the cash value of such shares). The cash value shall be determined as of the date of the Committee's demand for recoupment.

The Committee can also recommend that the Non-Employee Board recoup similar compensation under any subsequently adopted plans, arrangements or agreements, or compensation under any severance arrangements or any non-qualified deferred compensation arrangements.

5. Limitation on Period for Recoupment

In the event that the Company is required to prepare a Restatement, the Company must recover Erroneously Awarded Compensation received by Executive Officers during the three completed fiscal years immediately preceding the date that the Company is required to prepare a Restatement, and any transition period (that results from a change in the Company's fiscal year) of less than nine months within or immediately following those three completed fiscal years.

6. No Impairment of Other Remedies

This Policy shall not preclude the Committee from recommending that the Non-Employee Board take any other action to enforce an Executive Officer's obligation to the Company, including termination of employment, institution of civil proceedings, or action to effect criminal proceedings.

7. Miscellaneous

Notwithstanding the foregoing, to the extent any provision of applicable law, including the Recoupment Rules, requires non-discretionary recoupment or would result in a larger recoupment than permitted under this Policy, the provision of such applicable law shall supersede the relevant provisions of this Policy.

8. Effective Date

This Policy shall apply to all Incentive Compensation paid, awarded or granted on or after October 2, 2023.

Policy Acknowledgment and Consent

I hereby acknowledge that I have been designated an Executive Officer, I acknowledge and agree to the terms of this Policy, I agree to fully cooperate with the Company in connection with the enforcement of the Policy, including the repayment by or recovery from me of Erroneously Awarded Compensation, and I agree that the Company may enforce its rights under the Policy through any and all reasonable means permitted under applicable law as the Company deems necessary or appropriate under the Policy.

/s/ Christopher Jones

Printed Name: Christopher Jones Date: April 15, 2025