

SEGG Media Corporation

Nov 25, 2025

Waiting For Revenues To Ramp

Consumer

SEGG

NASDAQ

Rating

Outperform

Unchanged

Current Price

\$1.42

Target Price

\$15.50

Market Capitalization

7.30m

Shares Outstanding

5.14m

Float

3.79m

Institutional Holdings

2.26%

12-Month Low/High

\$1.07/\$26.45

Average 90-Day Volume

152700

Fiscal Year End

12/31/2025

Modest Q3 results. SEGG's reported modest revenues and an operating loss for its Q3. The financial performance underscores the early-stage nature of the business and reflects the limited current monetization across its portfolio. We did not anticipate that the Q3 financial results were going to be meaningful. More importantly, are the steps that the company is taking to make acquisitions and build its businesses.

All-Sports facility pushed out. The company's venture to launch its All-Sports Arena in Boca Raton appears to be stalled as it negotiates a broader lease arrangement with the landlord, seeking as much as 140,000 square feet instead of the original 100,000 square feet. This broader arrangement should allow a better customer experience, given the ability to add more experiential components, such as Formula 1 simulators.

Work to be done. The primary revenue drivers for the company include its data-services business, lottery ticket sales in Mexico, and sponsorship and licensing revenues generated through Sports.com Media Group. Over the next 12 months, the Company intends to reintroduce the Lottery.com brand to the U.S. market while expanding its international operations across gaming, sports, and entertainment.

Financial requirements. As of Sept. 30, the company had \$0.32 million in cash and total assets of \$73.4 million, including \$14.5 million in prepaid advertising credits, which represent a unique and significant resource to support customer acquisition and brand visibility once deployment begins. Management intends to begin using these credits in the second half of 2025, positioning the company with a marketing engine to drive scale without incremental cash outlay.

Lower price target. Given the the push out for the All-Sports facility, we are lowering our price target from \$20 to \$15.50. Investors should be mindful of the prospect of dilution that may result due to financing activities and the prospect that business may not ramp as quickly as expected may adversely affect the valuation of the shares.

Equity Research

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Revenues (\$ MIL)

Period	2010	2011	2012
Q1			
Q2			
Q3			
Q4			

EPS (\$)

Period	2010	2011	2012
Q1			
Q2			
Q3			
Q4			

Investment Appraisal

SEGG Media Corporation is an emerging diversified media and entertainment platform, though the company remains in an early-stage developmental phase characterized by minimal current revenue and significant execution risk. Recent corporate actions have been aimed at strengthening the capital structure and enhancing market credibility, including the implementation of a 1-for-10 reverse stock split effective August 29, 2025. Concurrently, SEGG announced approximately \$450 million in committed financing from United Capital Investments London and Generating Alpha, capital that the company plans to deploy toward acquisitions, strategic partnerships, and the expansion of its core branded properties—Sports.com, Concerts.com, and Lottery.com.

The Company continues to face challenges associated with expanding its international operations, including the need to obtain licenses and regulatory approvals in new and emerging markets. The company's short- to medium-term growth strategy is focused on strengthening brand penetration in both U.S. and international markets through direct-to-consumer marketing, affiliate partnerships, and the acquisition of synergistic businesses across gaming, sports, and entertainment.

The company's recently reported third quarter financial results did not give investors a lot to hang their hat on. For the three months ended September 30, 2025, revenue totaled \$138,000, a decrease of \$63,000, or 31%, compared to \$201,000 during the comparable prior-year period. The decline reflects decreases of \$38,000 from Global Gaming, \$24,000 from TinBu, and \$1,000 from Sports.com Media Group. Cost of revenue was \$205,000, an increase of \$119,000, or 137%, compared to \$86,000 in the same period 2024, driven primarily by increases of \$63,000 in Sports.com Media Group and \$59,000 in Global Gaming, partially offset by modest decreases within the core Lottery business. Gross profit declined to a loss of \$67,000, compared to a profit of \$114,000 in the prior year, reflecting a decrease of \$182,000, or 159%. Gross profit decreased across all major operating units, including reductions of \$97,000 in Global Gaming, \$23,000 in TinBu, and \$62,000 in Sports.com Media Group from \$716,970 to \$553,290 as illustrated in Figure #1 Q3 Results.

SEGG's investment in Veloce Media Group continues to show traction, with Veloce reporting strong year-over-year revenue growth and expanding brand partnerships through its Quadrant subsidiary. Despite these strategic initiatives, SEGG's reported financial performance underscores the early-stage nature of the business and reflects the limited current monetization across its portfolio. We did not anticipate that the Q3 financial results were going to be meaningful. More importantly are the steps that the company is making to make acquisitions and build its businesses.

As part of its technology strategy, the company has developed a proprietary blockchain-enabled gaming platform, Project Nexus, designed to support high volumes of user activity and transactional throughput. The platform is engineered to enhance processing speed, security, and reliability across multiple operational layers, including lottery game sales, fulfillment requirements for our B2C Platform, administrative and back-office functions for our B2B API partners, and claims and redemption workflow. Project Nexus is expected to serve as the foundation for new product introductions, including proprietary offerings. The rollout of a new technology platform, however, carries inherent risks, including implementation delays, integration challenges, and the possibility that the platform may not deliver anticipated operational or financial benefits.

On the acquisition front, the company has made some recent announcements. Most recently, it plans to acquire Triggy.AI, an artificial intelligence technology company that embeds personalized advertising, real time, into interactive games. The terms of the transaction were not disclosed. The acquisition is expected to close on or before November 28th.

Currently, the primary revenue drivers for the company include its data-services business, lottery ticket sales in Mexico, and sponsorship and licensing revenues generated through Sports.com Media Group. Over the next 12 months, the Company intends to reintroduce the Lottery.com brand to the U.S. market, while expanding its international operations across gaming,

sports, and entertainment. The company also plans to enhance its mobile application to include pooled play options, ticket subscriptions, loyalty programs, and multiple gamification modules to improve user engagement and retention.

The company is advancing its previously announced initiatives to monetize the Sports.com brand, including the implementation of an advertising-supported subscription tier, the development and licensing of original content through Sports.com Studios, and the completion of the Nook acquisition, which positions it to market business licenses to sports, health, and wellness enterprises seeking entry into Dubai and broader Middle Eastern markets.

The company's venture to launch its All-Sports Arena in Boca Raton appears to be stalled as it negotiates a broader lease arrangement with the landlord, seeking as much as 140,000 square feet instead of the original 100,000 square feet. This broader arrangement will allow a better customer experience given the ability to add more experiential components, such as Formula I simulators. While the management seems more optimistic that the new arrangement would delay the opening only by several months, possibly June 2026, we have pushed our expectation of the opening back to Jan. 2027. Of course, even this date may be pushed back should there be further delays in obtaining the new lease agreements.

Management anticipates that operating expenses will exceed revenues through at least September 30, 2026, resulting in a liquidity gap expected to be funded through additional equity or debt financing. There can be no assurance, however, that such financing will be available on acceptable terms. The company's consolidated financial statements reflect a going-concern basis. Figure #2 Condensed Balance Sheet highlights that that company had roughly \$320,000 in cash and nearly \$30.0 million in current liabilities as of September 30. Additional liquidity will be required to meet operational requirements and the company is expected to seek capital raises through equity or debt issuances. These financing activities may result in dilution to existing shareholders or impose debt-service obligations that could constrain future operations. The company had \$14.5 million in prepaid advertising credits, which represent a unique and significant resource to support customer acquisition and brand visibility. Management intends to begin using these credits in the second half of 2025, positioning the company with a marketing engine to drive scale without incremental cash outlay.

The company's long-term trajectory will depend heavily on its ability to close and integrate acquisitions, scale user growth across its digital platforms, strengthen monetization capabilities, and demonstrate sustained operational discipline. Investors should closely monitor revenue expansion, cash burn, regulatory exposure related to lottery and gaming initiatives, and the impact of ongoing financing activities on shareholder dilution as SEGG seeks to transition from a development-stage enterprise to a scalable media operator.

Given the absence of the All-Sports facility from our 2026 estimates, we are lowering our price target from \$20 to \$15.50. In our view, investors should be mindful of the prospect of dilution that may result due to financing activities and the prospect that business may not ramp as quickly as expected may adversely affect the valuation of the shares. In addition, investors should be mindful of the speculative nature of a company in an early-stage developmental phase.

Figure #1 Q3 Results

	For the three months Ended	
	September 30,	
	2025	2024
Revenue	\$ 137,769	\$ 200,653
Cost of revenue	204,868	86,315
Gross profit	(67,189)	114,338
Operating expenses:		
Personnel costs	360,135	679,346
Professional fees	1,613,268	1,205,900
General and administrative	1,498,490	681,345
Depreciation and amortization	1,180,132	1,207,913
Total operating expenses	4,652,025	3,774,504
Loss from operations	(4,719,214)	\$ (3,660,166)
Other expenses		
Interest expense	67,845	126,753
Other (income) expense	(19,343)	(20,431)
Loss on impairment of intangibles & goodwill	-	4,298,002
Total other expenses, net	48,502	4,404,324
Net loss before income tax	\$ (4,767,716)	\$ (8,064,490)
Income tax expense (benefit)	4,365	12,814
Net loss	(4,772,081)	(8,077,304)

Source: 10Q Filing

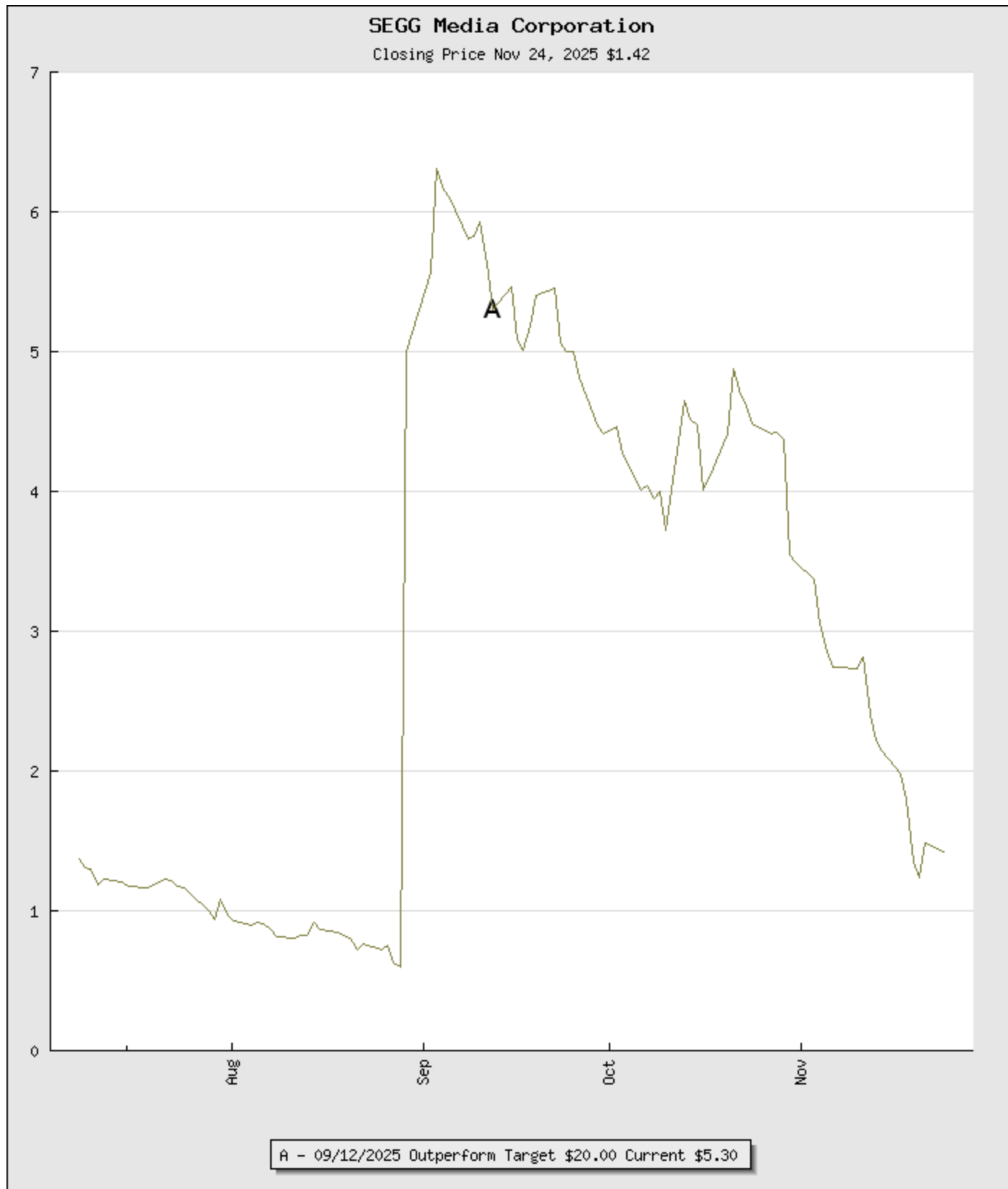
Figure #2 Condensed Balance Sheet

LOTTERY.COM INC.	
CONDENSED CONSOLIDATED BALANCE SHEETS	
	September 30, 2025
	(UNAUDITED)
ASSETS	
Current assets:	
Cash	\$ 320,636
Accounts receivable	762,122
Prepaid expenses	14,419,893
Other current assets	3,226,390
Total current assets	18,729,041
Notes receivable	2,000,000
Investments	250,000
Goodwill	9,061,675
Intangible assets, net	30,505,537
Property and equipment, net	1,831
Other long-term assets	12,884,686
Total assets	\$ 73,432,770
LIABILITIES AND STOCKHOLDERS' EQUITY	
Current liabilities:	
Trade payables	\$ 8,688,802
Deferred revenue	169,643
Notes payable - current	5,740,882
Accrued interest	1,294,998
Accrued and other expenses	11,984,856
Other liabilities	2,069,132
Total current liabilities	29,948,313
Long-term liabilities:	
Convertible debt, net - non current	-
Other long-term liabilities	-
Total long-term liabilities	-
Commitments and contingencies (Note 13)	-
Total liabilities	29,948,313
Equity	
Controlling Interest	-
Preferred Stock, par value \$0.001, 1,000,000 shares authorized, none issued and outstanding	-
Common stock, par value \$0.001, 500,000,000 shares authorized, 4,391,123 and 1,832,685 issued and outstanding September 30, 2025 and December 31, 2024, respectively	4,391
Additional paid-in capital	308,338,601
Accumulated other comprehensive loss	(21,601)
Accumulated deficit	(275,435,350)
Total Lottery.com Inc. stockholders' equity	32,886,041
Noncontrolling interest	10,598,416
Total Equity	43,484,457
Total liabilities and stockholders' equity	\$ 73,432,770

Source: 10Q filing

Valuation Summary

Given SEGG's early-stage development profile and ongoing efforts to establish sustainable revenue streams, we value the company on an embedded asset basis rather than traditional cash flow metrics. The valuation is speculative in nature, reflecting both the company's development stage and its significant optionality tied to brand-driven ventures. Our asset-based valuation framework centers on four key assets: the domain names sports.com, lottery.com, concerts.com, and ticketstub.com, alongside the Boca Sports Complex. For the domain names, we reference a peer set of highly recognizable and ubiquitous domains. These assets command value due to their ease of recall, direct navigation benefits, positive impact on search visibility, and branding advantages. Based on GoDaddy.com estimates, the peer set carries a mean value of \$21.3 million. Applying this proxy to SEGG's four domains yields an estimated \$85 million valuation. Given that we had valued the Boca sports complex at roughly \$4.50 per share, we are lowering our price target from \$20 to \$15.50 to reflect the absence of the sports complex from our 2026 estimates. Risks to achieving our price target include capital requirements to fund growth, entrenched competition from larger sports and entertainment providers, liquidity constraints that limit financial flexibility, and the possibility that new business lines may not scale to sustainable profitability in the near term.



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Attribute	Weighting
Corporate Governance/Management	20%
Market Opportunity Analysis	20%
Competitive Position	20%
Operating Leverage	20%
Financial Leverage	20%

For each attribute, the analysts score the company from a low of zero to a high of ten based upon the analysis described below. The final rating and resulting check marks is a result of dividing the overall score (out of 100%) by ten.

Rating	Score	Checks
Superior	9.1 to 10	Five Checks
Superior	8.1 to 9	Four & A Half Checks
Above Average	7.1 to 8	Four Checks
Above Average	6.1 to 7	Three & A Half Checks
Average	5.1 to 6	Three Checks
Average	4 to 5	Two & A Half Checks
Below Average	3 to 3.9	Two Checks
Below Average	2 to 2.9	One & A Half Checks
Low Quality	0 to 1.9	One Check

While these are the attributes currently used for the analyst's fundamental analysis, the attributes and weighting may be reviewed, updated with additional attributes, and/or changed in the future based on discussions with the analysts and recommendations from the Director of Research.

Following is the description of each attribute in the fundamental analysis.

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We believe that a review of corporate governance and assessment of the senior management are important tools to determine investment merit. Good corporate governance aligns management with the interests of stakeholders. As such, analysts are to rank the company on the basis of good corporate governance principles that may include rules and procedures, board composition and staggered term limits, rights and responsibilities, corporate objectives, monitoring of actions and policies, and accountability. In addition, analysts will assess issues with controlling shareholders and whether decisions have been made in the past that were in the interests of all shareholders. In addition, management will be assessed based on industry experience, expertise, and/or track record.

High ranking example: Board and management that is aligned with the interests of shareholders with incentives based on stock price appreciation and with an experienced management team known for exceptional shareholder returns.

Low ranking example: Concentrated ownership without independent directors that do not necessarily align with all shareholders' interests.

The Market Opportunity Analysis

In this review, the analyst assesses the company's macro environment as a measure of understanding the industry. Factors considered include the size and growth potential of the industry under various economic conditions, the emerging demands in the market, technological benefits/disruptions, competition, geographical opportunities, and customer demands/needs, and an assessment of supply and distribution channels. In addition, the analyst will review legal and regulatory trends, as well as potential shifts in consumer or social behavior and natural environment changes.

High rank example: A company in an industry that is growing revenues well above GDP rates (which are on average 2% plus) and/or may have unmet or underserved needs in a rapidly growing market opportunity.

Low rank example: A mature industry that is in secular decline and likely to grow below GDP rates.

Competitive Position

The evaluation of the company's competitive position is another macro environment attribute designed to measure the relevance, market share, position and value proposition, and sustainable differentiations of the company and its products/services within its industry. Ease of entry into the industry and the ability of other well-funded players to potentially enter the market would be determined. As such, the assessment would consider the company's strengths and advantages of its products/services against weaknesses and limitations. This may include the company's current brand awareness, pricing and cost structure, current market strategies and geographic penetration that may affect demand for its products/services. In addition, the company's competitors would be evaluated.

High rank example: An analyst would consider the company's product to be superior to its competitors and that should allow the company to gain market share.

Low rank example: A company with a "me-too" product that does not have any significant technology advantages in an industry that has low barriers to entry.

Operating Leverage

Simplistically, operating leverage is determined by the operating income relative to changes in revenue. The analyst will calculate the impact on sensitivity on gross margins and variable costs to determine operating leverage. The analyst will take into account the ability of the company to cut fixed and variable costs in a challenged revenue environment and technological changes that may impact operating expenses. In addition, the analyst is to assess corporate strategies that include capital investment, which may be required for sustainable revenue growth, marketing expenses, and the company's ability to attract and retain talent and/or employees. The analyst should focus on the revenue opportunity and determine the price elasticity of demand for the company's products or services. In other words, the analyst is to rank the company based on improved operating margins going forward on an absolute and relative basis.

High rank example: A company that has improving margins for the foreseeable future, with significant price elasticity.

Low rank example: A company that is in a challenged revenue environment with a fixed cost structure and limited ability to cut costs, indicating an outlook for declining margins.

Financial Leverage

A strict definition of financial leverage is total debt divided by total shareholder's equity. Financial leverage analysis is to determine the company's ability to improve shareholder value by means of utilizing its balance sheet to grow organically or to acquire assets. Analysts may look at the company's debt to cash flow leverage ratio, interest coverage ratios, or debt to equity ratios. In addition, the interest rate environment and the outlook for interest rates are a factor in determining the company's ability to manage financial leverage. Finally, the analyst is expected to determine the ability to service the debt given the industry and/or company profile, such as cyclical, barriers to entry, history of bankruptcy, consistency in revenue and profit growth, or predictability in sales and profits and large cash reserves. The analyst is expected to take into account capital intensity of the company and the anticipated of capital allocation decisions.

High rank example: A company with predictable and growing revenue and cash flow with modest debt levels. This may indicate that the company could improve shareholder value through growth investments, including acquisitions, using debt financing.

Low rank example: A company in a cyclical industry in a late stage economic cycle that has above average debt leverage and is in an industry that has a history of financial challenges, including bankruptcies.

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Outperform: potential return is >15% above the current price	87%	17%
Market Perform: potential return is -15% to 15% of the current price	13%	4%
Underperform: potential return is >15% below the current price	0%	0%

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