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

FORM 10-Q

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

For the quarterly period ended September 30, 2026

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: 000-30653

GALAXY GAMING®

Galaxy Gaming, Inc.
(Exact name of small business issuer as specified in its charter)

Nevada	**20-8143439**
(State or other jurisdiction of incorporation or organization)	**(IRS Employer Identification No.)**

6480 Cameron Street Ste. 305 – Las Vegas, NV 89118
(Address of principal executive offices)

(702) 939-3254
(Issuer's telephone number)

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

Title of each class	**Trading symbol**	**Name of exchange on which registered**
Common stock	GLXZ	OTCQB marketplace

Indicate by check mark whether the issuer (1) 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 issuer 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 issuer 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.

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

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

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

State the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 25,159,424 common shares as of November 2, 2026.

GALAXY GAMING, INC.
QUARTERLY REPORT ON FORM 10-Q FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2026
TABLE OF CONTENTS

PART I

Item 1:	Financial Statements (unaudited)	3
Item 2:	Management's Discussion and Analysis of Financial Condition and Results of Operations	17
Item 3:	Quantitative and Qualitative Disclosures About Market Risk	27
Item 4:	Controls and Procedures	27
Item 5:	Other Information	27

PART II

Item 1:	Legal Proceedings	28
Item 1A:	Risk Factors	28
Item 2:	Unregistered Sales of Equity Securities and Use of Proceeds	28
Item 3:	Defaults Upon Senior Securities	28
Item 4:	Mine Safety Disclosures	28
Item 5:	Other Information	28
Item 6:	Exhibits	29

PART I

ITEM 1. FINANCIAL STATEMENTS

Our financial statements included in this Form 10-Q are as follows:

Condensed Consolidated Balance Sheets as of September 30, 2026 (unaudited) and December 31, 2025	4
Condensed Consolidated Statements of Operations and Comprehensive Income for the three and nine months ended September 30, 2026 and 2025 (unaudited)	5
Condensed Consolidated Statements of Changes in Stockholders' Deficit for the three and nine months ended September 30, 2026 and 2025 (unaudited)	6
Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2026 and 2025 (unaudited)	7
Notes to Condensed Consolidated Financial Statements (unaudited)	8

GALAXY GAMING, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

ASSETS	September 30, 2026	December 31, 2025
Current assets:		
Cash and cash equivalents	$ 9,062,417	$ 4,306,683
Accounts receivable, net of allowance of $145,175 and $241,283, respectively	4,779,217	5,742,383
Income tax receivable	115,284	126,311
Prepaid expenses	1,125,604	1,394,462
Total current assets	15,082,522	11,569,839
Property and equipment, net	107,044	118,115
Operating lease right-of-use assets	102,874	280,429
Assets deployed at client locations, net	4,982,978	4,125,723
Goodwill	1,091,000	1,091,000
Other intangible assets, net	9,824,314	10,225,783
Other assets	156,585	89,730
Total assets	$ 31,347,317	$ 27,500,619
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	$ 2,412,847	$ 1,876,338
Accrued expenses	2,875,803	3,178,328
Current portion of operating lease liabilities	92,216	298,006
Current portion of long-term debt	3,093,750	2,416,108
Revenue contract liability	114,033	286,221
Total current liabilities	8,588,649	8,055,001
Long-term operating lease liabilities	3,189	2,944
Long-term debt and liabilities, net	34,276,752	36,867,804
Deferred tax liabilities, net	638	49,145
Total liabilities	42,869,228	44,974,894
Commitments and Contingencies (See Note 6)		
Stockholders' deficit		
Preferred stock, 10,000,000 shares authorized; $0.001 par value; 0 shares issued and outstanding	—	—
Common stock, 65,000,000 shares authorized; $0.001 par value; 25,159,424 and 25,354,623 shares issued and outstanding, respectively	25,159	25,354
Additional paid-in capital	19,323,810	20,663,931
Accumulated deficit	(30,773,719)	(38,267,617)
Accumulated other comprehensive (loss) income	(97,161)	104,057
Total stockholders' deficit	(11,521,911)	(17,474,275)
Total liabilities and stockholders' deficit	$ 31,347,317	$ 27,500,619

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

GALAXY GAMING, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30, 2026	September 30, 2025	September 30, 2026	September 30, 2025
Revenue:				
Licensing fees	$ 7,975,219	$ 7,325,142	$ 23,575,670	$ 22,637,766
Total revenue	7,975,219	7,325,142	23,575,670	22,637,766
Costs and expenses:				
Cost of ancillary products and assembled components	63,314	241,139	212,505	617,152
Selling, general and administrative	5,854,086	4,021,121	15,053,544	12,547,372
Research and development	216,711	230,545	497,322	836,483
Depreciation and amortization	896,217	806,483	2,685,390	2,372,215
Stock-based compensation	280,153	122,202	388,819	441,605
Total costs and expenses	7,310,481	5,421,490	18,837,580	16,814,827
Income from operations	664,738	1,903,652	4,738,090	5,822,939
Other income (expense):				
Interest income	17,060	4,789	17,874	43,546
Interest expense	(729,544)	(872,101)	(2,319,516)	(2,782,049)
Foreign currency exchange loss	(1,583)	(21,184)	(26,343)	(40,287)
Loss on extinguishment of debt	—	—	—	(2,969,585)
Transaction termination income	5,234,678	—	5,234,678	—
Total other income (expense), net	4,520,611	(888,496)	2,906,693	(5,748,375)
Income before (provision) benefit for income taxes	5,185,349	1,015,156	7,644,783	74,564
(Provision) benefit for income taxes	(55,985)	23,983	(150,885)	(106,350)
Net income (loss)	5,129,364	1,039,139	7,493,898	(31,786)
Foreign currency translation adjustment	(47,923)	1,405	(201,218)	405,405
Comprehensive income	$ 5,081,441	$ 1,040,544	$ 7,292,680	$ 373,619
Net income (loss) per share:				
Basic	$ 0.20	$ 0.04	$ 0.29	$ (0.00)
Diluted	$ 0.20	$ 0.04	$ 0.29	$ (0.00)
Weighted-average shares outstanding:				
Basic	25,533,080	26,089,512	25,930,791	26,012,974
Diluted	25,533,080	26,274,251	25,945,729	26,012,974

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

GALAXY GAMING, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT
(Unaudited)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Deficit
	Shares	Amount				
Beginning balance, December 31, 2025	25,354,623	$ 25,354	$ 20,663,931	$ (38,267,617)	$ 104,057	$ (17,474,275)
Net income	—	—	—	1,367,556	—	1,367,556
Foreign currency translation loss	—	—	—	—	(124,750)	(124,750)
Stock-based compensation	—	—	52,847	—	—	52,847
Balance, March 31, 2026	25,354,623	$ 25,354	$ 20,716,778	$ (36,900,061)	$ (20,693)	$ (16,178,622)
Net income	—	—	—	996,978	—	996,978
Foreign currency translation loss	—	—	—	—	(28,545)	(28,545)
Stock-based compensation	—	—	55,819	—	—	55,819
Balance, June 30, 2026	25,354,623	$ 25,354	$ 20,772,597	$ (35,903,083)	$ (49,238)	$ (15,154,370)
Net income	—	—	—	5,129,364	—	5,129,364
Foreign currency translation loss	—	—	—	—	(47,923)	(47,923)
Stock-based compensation	135,559	136	280,017	—	—	280,153
Cancellation of outstanding warrants	—	—	(1,214,933)	—	—	(1,214,933)
Repurchase of common stock	(330,758)	(331)	(513,871)	—	—	(514,202)
Balance, September 30, 2026	25,159,424	$ 25,159	$ 19,323,810	$ (30,773,719)	$ (97,161)	$ (11,521,911)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive (Loss) Income	Total Stockholders' Deficit
	Shares	Amount				
Beginning balance, December 31, 2024	25,115,299	$ 25,115	$ 19,948,363	$ (39,751,236)	$ (276,581)	$ (20,054,339)
Net loss	—	—	—	(2,021,282)	—	(2,021,282)
Foreign currency translation gain	—	—	—	—	151,790	151,790
Stock options exercised	100,000	100	126,900	—	—	127,000
Stock-based compensation	38,216	38	166,223	—	—	166,261
Balance, March 31, 2025	25,253,515	$ 25,253	$ 20,241,486	$ (41,772,518)	$ (124,791)	$ (21,630,570)
Net income	—	—	—	950,357	—	950,357
Foreign currency translation gain	—	—	—	—	252,210	252,210
Stock options exercised	20,000	20	24,180	—	—	24,200
Stock-based compensation	20,501	21	153,121	—	—	153,142
Balance, June 30, 2025	25,294,016	$ 25,294	$ 20,418,787	$ (40,822,161)	$ 127,419	$ (20,250,661)
Net income	—	—	—	1,039,139	—	1,039,139
Foreign currency translation gain	—	—	—	—	1,405	1,405
Stock options exercised	20,000	20	24,180	—	—	24,200
Stock-based compensation	20,200	20	122,182	—	—	122,202
Balance, September 30, 2025	25,334,216	$ 25,334	$ 20,565,149	$ (39,783,022)	$ 128,824	$ (19,063,715)

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

GALAXY GAMING, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine Months Ended	
	September 30, 2026	**September 30, 2025**
Cash flows from operating activities:		
Net income (loss)	$ 7,493,898	$ (31,786)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	2,685,390	2,372,215
Amortization of right-of-use assets	201,761	194,274
Amortization of debt issuance costs and debt discount	190,199	116,625
Bad debt expense	36,516	30,138
Gain on disposal of property & equipment	—	(62)
Deferred income tax	(48,507)	19,415
Stock-based compensation	388,819	441,605
Loss on extinguishment of debt	—	2,969,585
Changes in operating assets and liabilities:		
Accounts receivable	820,933	(122,418)
Income tax receivable	17,262	(60,685)
Prepaid expenses and other current assets	268,858	(6,767)
Other assets	(66,854)	215,214
Accounts payable	538,226	(433,601)
Accrued expenses	(266,327)	(78,002)
Revenue contract liability	(172,188)	57,968
Operating lease liabilities	(229,751)	(213,980)
Net cash provided by operating activities	11,858,235	5,469,738
Cash flows from investing activities:		
Investment in internally developed software	(1,242,809)	(751,067)
Acquisition of property and equipment	(75,707)	(93,683)
Acquisition of assemblies in process	(466,517)	(612,198)
Acquisition of assets deployed at client locations	(1,405,289)	(928,982)
Transfer of title of assets deployed at client locations to perpetual license customer	60,218	171,575
Net cash used in investing activities	(3,130,104)	(2,214,355)
Cash flows from financing activities:		
Proceeds from BMO Credit Agreement	—	45,000,000
Principal payments on long-term debt (Fortress)	—	(57,576,929)
Principal payments on long-term debt (BMO)	(1,937,500)	(4,812,500)
Principal payments on long-term debt (Insurance)	(166,108)	(242,281)
Payments of debt issuance costs	—	(630,024)
Fees associated with debt transactions — prior debt	—	(138,233)
Proceeds from stock option exercises	—	175,400
Repurchase of common stock	(514,202)	—
Cancellation of outstanding warrants	(1,214,933)	—
Net cash used in financing activities	(3,832,743)	(18,224,567)
Effect of exchange rate changes on cash	(139,654)	185,720
Net increase (decrease) in cash and cash equivalents	4,755,734	(14,783,464)
Cash and cash equivalents – beginning of period	4,306,683	18,118,043
Cash and cash equivalents – end of period	$ 9,062,417	$ 3,334,579
Supplemental cash flow information:		
Cash paid for interest	$ 2,121,855	$ 2,656,333
Cash paid for income taxes	$ 182,130	$ 147,914
Supplemental schedule of non-cash activities:		
Right-of-use assets obtained in exchange for lease liabilities	$ 24,206	$ 6,914

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

NOTE 1. NATURE OF OPERATIONS

Unless the context indicates otherwise, references to “Galaxy,” “we,” “us,” “our,” or the “Company,” refer to Galaxy Gaming, Inc., a Nevada corporation (“Galaxy Gaming”).

We are an established global gaming company specializing in the design, development, acquisition, assembly, marketing and licensing of proprietary casino table games, side bets, and associated technology, platforms and systems for the casino and iGaming industries. Casinos use our proprietary products and services to enhance their gaming operations and improve their profitability and productivity, as well as to offer popular cutting-edge gaming entertainment content and technology to their players. We market our products and services to online and land-based casinos worldwide with products currently present in North America, the Caribbean, Central America, the United Kingdom, Europe, Africa, and to cruise ships exploring the world's oceans. We license our products and services for use in regulated land-based gaming markets. We also license our content and distribute content from other companies to licensed iGaming operators in gaming markets throughout the world where iGaming is not illegal.

On July 18, 2024, we entered into an Agreement and Plan of Merger (as amended on November 24, 2025, the “Merger Agreement”) with Evolution Malta Holding Limited, a company registered in Malta ("Evolution"). On July 21, 2026, Evolution notified us that Evolution terminated the Merger Agreement. Under the terms of the Merger Agreement, Evolution paid us a cash termination fee in the amount of $5,234,678, which was recorded in other income.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation. The accompanying condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America (“U.S. GAAP”) and the rules of the SEC. In the opinion of management, the accompanying unaudited interim condensed consolidated financial statements contain all necessary adjustments (including all those of a recurring nature and those necessary in order for the financial statements to not be misleading) and all disclosures to present fairly our financial position and the results of our operations and cash flows for the periods presented.

The operating results for interim periods are not necessarily indicative of results that may be expected for any other interim period or for the full year. These unaudited interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the related notes as of and for the year ended December 31, 2025 included in our 2025 Form 10-K ("2025 10-K").

Use of estimates and assumptions. The preparation of financial statements in conformity with U.S. GAAP requires the Company to make decisions based upon estimates, assumptions, and factors considered relevant to the circumstances. Such decisions include the selection of applicable accounting principles and the use of judgment in their application, the results of which impact reported amounts and disclosures. Changes in future economic conditions or other business circumstances may affect the outcomes of the estimates and assumptions. Accordingly, actual results could differ materially from those anticipated.

Consolidation. The financial statements are presented on a consolidated basis and include the results of the Company and its wholly owned subsidiaries, Progressive Games Partner, LLC ("PGP") and Galaxy Gaming-01 LLC ("GG-01"). All intercompany transactions and balances have been eliminated in consolidation.

Cash and cash equivalents. Cash and cash equivalents consist primarily of deposits held at major banks and highly liquid investments with original maturities of three months or less. With the exception of funds held outside the U.S., these deposits are in insured banking institutions, which are insured up to $250,000 per account. To date, we have not experienced uninsured losses.

Accounts receivable and allowance for credit losses. Accounts receivable are stated at face value net of allowance for credit losses. Management estimates the allowance for expected credit losses balance using relevant available information from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. Historical credit loss experience provides the basis for the estimation of expected credit losses. Adjustments to historical loss information are made for differences in the current environmental economic conditions and reasonable and supportable forecast. The allowance for expected credit losses on financial instruments is measured on a collective (pool) basis when similar risk characteristics exist. Accounts receivable are non-interest bearing. Accounts are written off when management deems them to be uncollectible. Recoveries of accounts previously written off are recorded when received.

For the three and nine months ended September 30, 2026, there was no material activity in allowance for credit losses.

Goodwill. The excess of the purchase price of an acquired business over the estimated fair value of the assets acquired and the liabilities assumed, is recorded as goodwill. The Company tests for possible impairment of goodwill at least annually, or when circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. The Company has the option to begin with a qualitative assessment, commonly referred to as "Step 0", to determine whether it is more likely than not that the reporting unit's fair value of goodwill is less than its carrying value. This qualitative assessment may include, but is not limited to, reviewing factors such as the general economic environment, industry and market conditions, changes in key assumptions used since the most recently performed valuation and overall financial performance of the reporting units. If the Company determines that it is more likely than not that a reporting unit's fair value is less than its carrying value, the Company performs a quantitative goodwill impairment analysis, and depending upon the results of that measurement, the recorded goodwill may be written down and charged to income from operations when the carrying amount of the reporting unit exceeds the fair value of the reporting unit.

Other intangible assets, net. The following intangible assets have finite lives and are being amortized using the straight-line method over their estimated economic lives as follows:

Patents	4 - 20 years
Customer relationships	9 - 22 years
Trademarks	20 - 30 years
Intellectual property	12 years
Non-compete agreements	9 years
Software	3 years

Software relates primarily to assets where costs are capitalizable during the application development phase. External and internal labor-related costs associated with product development are included in software. The Company reviews its identifiable intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment losses are recognized for identifiable intangibles, other than goodwill, when indicators of impairment are present and the estimated undiscounted cash flows are not sufficient to recover the assets' carrying amount. No impairment was recorded for the three and nine months ended September 30, 2026.

Fair value of financial instruments. Fair value is defined as a market-based measurement intended to estimate 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 under current market conditions. The Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 820, *Fair Value Measurement* ("ASC 820"), defines fair value and provides guidance on how to measure it. ASC 820 outlines required disclosures and describes valuation techniques, including the market approach (using comparable market prices), the income approach (present value of future income or cash flows), and the cost approach (replacement cost of an asset's service capacity). ASC 820 also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs when measuring fair value. These inputs are categorized as follows:

- Level 1: Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.
- Level 3: Unobservable inputs that reflect the reporting entity's own assumptions.

The carrying values of cash equivalents, accounts receivable and accounts payable approximate fair value due to their short-term nature. The estimated fair value of our long-term debt approximates its carrying value based upon our expected borrowing rate for debt with similar remaining maturities and comparable risk (level 2). The Company currently has no financial instruments measured at estimated fair value on a recurring basis based on valuation reports provided by counterparties.

Leases. The Company classifies leases at inception as operating leases or finance leases in accordance with ASC Topic 842, *Leases*. We account for lease components (such as rent payments) separately from non-lease components (such as common-area maintenance costs, real estate and sales taxes and insurance costs). Operating and finance leases with terms greater than 12 months are recorded on the condensed consolidated balance sheets as right-of-use assets with corresponding lease liabilities. Lease liabilities are amortized over the lease term using the effective interest method, while lease assets are depreciated over the shorter of the asset's useful life or the lease term. The discount rate used to determine present value is typically the incremental borrowing rate at lease commencement, unless the implicit rate in the lease is readily determinable. Subsequent changes in lease terms or payments are adjusted accordingly.

Revenue recognition. We account for our revenue in accordance with ASC Topic 606, *Revenue from Contracts with Customers*.

Foreign currency translation. The functional currency for PGP is the Euro. Gains and losses from settlement of transactions involving foreign currency amounts are included in other income or expense in the Condensed Consolidated Statements of Operations. Gains and losses resulting from translating assets and liabilities from the functional currency to U.S. dollars are included in accumulated other comprehensive income (loss) in the Condensed Consolidated Statements of Changes in Stockholders' Deficit.

Basic and diluted earnings (loss) per share. Basic earnings (loss) per share is calculated by dividing net income (loss) by the weighted-average number of shares of common stock outstanding during the period. Diluted earnings per share is calculated by dividing net income by the weighted-average number of shares of common stock outstanding during the period increased to include the number of additional shares of common stock that would have been outstanding if the potentially dilutive securities had been issued. Potentially dilutive securities include outstanding stock options, outstanding warrants, shares to be purchased under the employee stock purchase plan, and unvested restricted stock units ("RSUs").

Share repurchases. Shares of common stock repurchased by the Company are retired. The excess of the repurchase price over par value is recorded as a reduction of additional paid-in capital.

Segment information. Operating segments are defined as components of our enterprise for which separate financial information is regularly reviewed by the Chief Operating Decision Maker ("CODM"), CEO, Matthew Reback, to assess performance and make operational decisions. Currently, we have two revenue streams—land-based gaming and online gaming—that are aggregated into a single reporting segment based on their similar economic characteristics, products, and distribution methods.

The CODM evaluates performance and allocates resources based on consolidated net income (loss), which is the primary performance metric for the reporting segment. Additionally, the CODM reviews reporting segment revenue in conjunction with consolidated revenues, expenses, and net income (loss) to assess performance. The information provided by the CFO in the monthly reporting package is the same information the CODM has received in the past. The accounting policies of the reporting segment are consistent with those described in the summary of significant accounting policies.

Other significant accounting policies. Our significant accounting policies are described in our 2025 10-K. Other than the share repurchase policy described above, there have been no material changes to those policies.

Recently issued accounting pronouncements. Accounting Standard Update 2024-03, *Disaggregation of Income Statement Expenses* ("ASU 2024-03"). In November 2024, the FASB issued ASU 2024-03, which requires public business entities to disclose additional information about specific expense categories in the notes to financial statements at interim and annual reporting periods. The amendments in ASU 2024-03 are effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. The Company is currently assessing the impact that adoption of this new accounting guidance will have on its consolidated financial statements and footnote disclosures.

Accounting Standard Update 2025-06, *Accounting for Internal-Use Software* ("ASU 2025-06"). In September 2025, the FASB issued ASU 2025-06 to simplify the accounting for internal-use software by replacing the stage-based model with a principles-based approach. The amendments aim to align accounting with modern development practices and reduce complexity. The amendments are effective for annual reporting periods beginning after December 15, 2027, and interim periods within those annual periods. Early adoption is permitted. The Company is currently assessing the impact that adoption of this new accounting guidance will have on its consolidated financial statements and footnote disclosures.

Accounting Standard Update 2025-12, Codification Improvements ("ASU 2025-12"). In December 2025, the FASB issued ASU 2025-12, which amends a wide range of topics in the Codification to clarify guidance, correct errors, and make other minor improvements. The amendments are generally not intended to result in significant changes for most entities. Transition requirements vary by issue, with most amendments permitting prospective or retrospective application; amendments related to the calculation of diluted earnings per share require retrospective application. The amendments are effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods within those annual reporting periods. Early adoption is permitted. The Company elected to early adopt ASU 2025-12 in its condensed consolidated financial statements for the three and nine months ended September 30, 2026, applied as of January 1, 2026, as required for adoption in an interim period. The adoption had no effect on previously reported periods and did not have a material impact on the Company's condensed consolidated financial statements.

Accounting Standard Update 2025-11, Interim Reporting (Topic 270): Narrow-Scope Improvements ("ASU 2025-11"). In December 2025, the FASB issued ASU 2025-11, which clarifies the scope of Topic 270, the form and content of interim financial statements, and the disclosures required in interim reporting periods. The amendments consolidate the interim disclosure requirements found throughout the Codification into a comprehensive list within Topic 270 and add a disclosure principle requiring entities to disclose events since the end of the last annual reporting period that have a material impact on the entity. The amendments are not intended to change the fundamental nature of interim reporting or to expand or reduce existing interim disclosure requirements. For public business entities, the amendments are effective for interim reporting periods within annual reporting periods beginning after December 15, 2027, and may be applied prospectively or retrospectively. Early adoption is permitted. The Company is currently assessing the impact that adoption of this new accounting guidance will have on its interim condensed consolidated financial statements and footnote disclosures.

We do not expect the adoption of these accounting standards to have a material impact on our results of operations, financial position or cash flow; however, adoption of ASU 2024-03 is expected to result in expanded disclosures in the notes to the consolidated financial statements.

NOTE 3. REVENUE RECOGNITION

Revenue recognition. We generate revenue primarily from the licensing of our intellectual property and the intellectual property that we license from third parties. We recognize revenue under recurring fee license contracts monthly as we satisfy our performance obligation, which consists of granting the customer the right to use said intellectual property. Amounts billed are determined based on flat rates or usage rates stipulated in the customer contract.

From time to time, we may sell the perpetual right to use our intellectual property for our progressive gaming systems, that is separate from the licensing of our game content and from time to time, sell the units used to deliver the progressive gaming systems. Control transfers and we recognize revenue at a point in time when the gaming system is available for use by a customer, which is no earlier than the shipment of the products to the customer or an intermediary for the customer.

From time to time, the Company licenses intellectual property from third-party owners and sub-licenses that intellectual property to its customers. In these arrangements, the Company usually agrees to pay the owner of the intellectual property a royalty based on the revenues the Company receives from licensing the intellectual property to its customers. Depending on the relationship between Galaxy and the licensor, those royalties are either deducted from gross revenue to arrive at net revenue or are included in operating expenses.

Disaggregation of revenue. The following table disaggregates our revenue by geographic location for the three and nine months ended September 30, 2026, and 2025. All of the royalty expense that is charged to a contra-revenue in our online gaming revenue stream has been allocated to the Europe, Middle East and Africa region in both periods presented below.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
The Americas	$ 4,164,544	$ 4,007,232	$ 12,350,736	$ 12,733,498
Europe, Middle East and Africa	3,810,675	3,317,910	11,224,934	9,904,268
Total revenue	$ 7,975,219	$ 7,325,142	$ 23,575,670	$ 22,637,766

Contract liabilities. Amounts billed and cash received in advance of performance obligations fulfilled are recorded as contract liabilities and recognized as revenue when performance obligations are fulfilled.

On May 10, 2023, the Company and a customer entered into an amended and restated agreement (the "Agreement"). The Agreement amends and restates a previous agreement between the parties, dated June 2, 2015, for the provision of licenses for certain table game content and related intellectual property which the Company, succeeded to as successor in interest by merger with PGP.

The Agreement guarantees a minimum payment from the customer of €6,000,000 Euros (converted to approximately $6,804,600 as of September 30, 2026) per each year ended March 31, 2024, 2025, 2026, and 2027 of the Agreement. The amount is to be billed and paid based on minimum monthly payments of €500,000 Euros (converted to approximately $567,050 as of September 30, 2026). Any usage amount lower than the minimum monthly payment is deferred until the end of the contract year when the revenue is considered earned and can be recognized. As of September 30, 2026, the Company had €58,576 Euros of deferred revenue (converted to approximately $66,431 as of September 30, 2026), compared to deferred revenue of €9,637 Euros (converted to approximately $10,929 as of September 30, 2026) in the prior year period. As of September 30, 2026, the Company is in the final contract year of the minimum payment guarantee under the Agreement.

Contract assets. The Company’s contract assets consist solely of unbilled receivables which are recorded when the Company recognizes revenue in advance of billings. Unbilled receivables are included in the balance of accounts receivable, net of allowance on the balance sheet and totaled $2,594,635, $2,091,932 and $1,742,597 as of September 30, 2026, December 31, 2025 and September 30, 2025, respectively.

Intellectual property agreements. From time to time, the Company purchases or licenses intellectual property from third-parties and the Company, in turn, utilizes that intellectual property in certain games licensed to customers. In these agreements, the Company may agree to pay the seller of the intellectual property a fee if and when the Company receives revenue from games containing the intellectual property.

NOTE 4. OTHER INTANGIBLE ASSETS

Other intangible assets, net consisted of the following:

	September 30, 2026	December 31, 2025
Patents	$ 13,507,338	$ 13,507,338
Customer relationships	14,040,856	14,040,856
Trademarks	2,880,967	2,880,967
Intellectual property	2,029,071	2,029,071
Non-compete agreements	660,000	660,000
Software	4,344,273	3,101,464
Other intangible assets, gross	37,462,505	36,219,696
Less: accumulated amortization	(27,638,191)	(25,993,913)
Other intangible assets, net	$ 9,824,314	$ 10,225,783

For the three months ended September 30, 2026 and 2025, amortization expense related to other intangible assets was $522,993 and $552,487, respectively. For the nine months ended September 30, 2026 and September 30, 2025, amortization expense related to other intangible assets was $1,644,278 and $1,657,462, respectively.

NOTE 5. LONG-TERM DEBT AND LIABILITIES

Long-term debt and liabilities consisted of the following at:

	September 30, 2026	December 31, 2025
BMO credit agreement	$ 37,687,500	$ 39,625,000
Insurance notes payable	-	166,108
Long-term debt and liabilities, gross	37,687,500	39,791,108
Less: Unamortized debt issuance costs	(316,998)	(507,196)
Long-term debt and liabilities, net of debt issuance costs	37,370,502	39,283,912
Less: Current portion of long-term debt	(3,093,750)	(2,416,108)
Long-term debt and liabilities, net	$ 34,276,752	$ 36,867,804

BMO Credit Agreement. On January 6, 2025, the Company entered into a credit agreement with BMO Bank N.A. ("BMO"), a national banking association (the "Credit Agreement"). The Credit Agreement provides for senior secured financing in the aggregate amount of up to $47,000,000, consisting of a $2,000,000 senior secured revolving credit facility and a $45,000,000 senior secured term loan.

The Credit Agreement replaced the senior secured term loan agreement with Fortress Credit Corp. ("Fortress Credit Agreement"), which included a term loan with a maturity date of November 13, 2026. On January 6, 2025, the Company borrowed $45,000,000 under the new term loan and used this amount plus cash on hand to repay all amounts outstanding under the Fortress Credit Agreement, which was terminated. The Company recognized a loss on extinguishment of debt of $2,969,585 for the nine months ended September 30, 2025 related to the refinancing of our debt from Fortress to BMO in January 2025, primarily driven by the write-off of unamortized debt issuance costs.

Borrowings under the Credit Agreement bear interest at a rate equal to an applicable margin plus, at the Company's option, either (1) at a floating rate equal to the base rate (the "Base Rate") determined by reference to the greatest of: (a) the prime commercial rate announced or otherwise established by BMO, (b) the federal funds rate plus one half of 1%, and (c) the one-month Term Secured Overnight Financing Rate ("SOFR") (as defined in the Credit Agreement) plus 1.00%; or (2) at a fixed rate based on Term SOFR with an interest period of one, three or six months (at the Company's election). The applicable margin for borrowings is determined by reference to a pricing grid based on the Company's then current Total Funded Debt to EBITDA Ratio (as defined in the Credit Agreement). The applicable margin for Base Rate loans ranges from 2.0% to 2.5% per annum. The applicable margin for SOFR loans ranges from 3.0% to 3.5% per annum. The Company pays interest on a monthly basis and has elected the one-month SOFR plus 1.00%. The Company will pay a commitment fee, payable quarterly in arrears, equal to the applicable margin on the average daily undrawn amount under the new revolving credit facility.

Pursuant to the terms of the Credit Agreement, the new term loan and new revolving credit facility will mature on January 6, 2028 as the merger with Evolution was not completed by December 31, 2025.

The Credit Agreement contains customary representations and warranties, affirmative and negative covenants and events of

default. The Credit Agreement includes financial covenants requiring the Company to maintain a maximum Total Funded Debt to EBITDA Ratio, a minimum Fixed Charge Coverage Ratio, minimum EBITDA, and maximum Capital Expenditures (each as defined in the Credit Agreement).

The Company's obligations under the Credit Agreement are guaranteed by the Company's domestic subsidiaries, and secured by a first-priority security interest in substantially all of the tangible and intangible personal property of the Company and each subsidiary.

On July 24, 2026, the Company entered into an amendment (the "First Amendment") to its Credit Agreement with BMO. The First Amendment amended the Credit Agreement to, among other things, permit the Company to repurchase up to $4,000,000 of the Company's capital stock, equity interests or warrants, provided that such approved restricted payment satisfies certain conditions, including that (i) the Company has minimum unencumbered liquid assets of $5,000,000 after taking into account such approved restricted payments; (ii) the sole source of funds for the payment of such approved restricted payment is the termination fee paid to the Company in connection with the termination of the Merger Agreement by Evolution, (iii) the Company is in compliance with all financial covenants; and (iv) certain other conditions are satisfied. The First Amendment also amended the Fixed Charge Coverage Ratio, and various requirements related to the provision of certain financial reports by the Company to BMO.

On September 23, 2026, the Company entered into an amendment (the "Second Amendment") to its Credit Agreement with BMO, as amended by the First Amendment dated as of July 24, 2026. The Second Amendment, among other things, (i) increases the annual capital expenditure limitation imposed upon the Company and any of its Subsidiaries, up to no more than ten percent (10%) of the prior year's net revenue per annum and (ii) approves a one-time EBITDA addback in the amount of $505,361 solely for purposes of determining compliance with certain financial ratios set forth in the Credit Agreement.

Warrant Cancellation. In connection with the Fortress Credit Agreement, on November 15, 2021, the Company issued warrants to purchase an aggregate of 778,320 shares of the Company's common stock to certain holders, each of which was an affiliate of Fortress Credit Corp. On August 12, 2026, the Company and the warrantholders entered into warrant cancellation agreements, pursuant to which the warrants were cancelled. In consideration for the cancellation of the warrants, the Company paid the holders an aggregate of $1,214,933 in cash, funded from a portion of the termination fee received from Evolution in connection with the termination of the Merger Agreement. Upon execution of each warrant cancellation agreement, the applicable warrants were cancelled and terminated in all respects and deemed null and void. The payment was recorded as a reduction of additional paid-in capital. The transaction was applied against the $4,000,000 share repurchase program adopted by the Company's Board of Directors on July 22, 2026. Following the warrant cancellation, the Company has no warrants outstanding.

For purposes of calculating earnings (loss) per share, the Warrants were considered outstanding until their cancellation on August 12, 2026.

As of September 30, 2026, future maturities of our long-term obligations are as follows:

Years ended December 31,	**Total**
2026	562,500
2027	3,375,000
2028	33,750,000
Long-term debt and liabilities, gross	$ 37,687,500

NOTE 6. COMMITMENTS AND CONTINGENCIES

Concentration of risk. We are exposed to risks associated with customers who represent a significant portion of total revenues.

For the nine months ended September 30, 2026 and 2025, respectively, we had the following client revenue concentrations based on gross revenues before royalties:

	Location	**Nine Months Ended September 30, 2026 Revenue**	**Nine Months Ended September 30, 2025 Revenue**	**Accounts Receivable September 30, 2026**	**Accounts Receivable December 31, 2025**
Client A	Europe	18.0%	19.2%	$ 1,157,279	$ 1,210,444
Client B	Europe	14.1%	10.6%	$ 907,280	$ 994,641

Employment agreement amendments. On September 8, 2026, the Company entered into an Amended and Restated Employment Agreement, effective September 1, 2026 (the "Kopjo Employment Agreement"), with Steven Kopjo, the Company's Chief Financial Officer, Secretary and Treasurer. The Kopjo Employment Agreement, among other things (i) extends the term of his employment through February 28, 2029; (ii) provides for base compensation of $262,500 for the one year period ending August 31, 2027 and $275,000 for the remainder of the term; (iii) provides eligibility to receive an annual discretionary bonus with a target equal to 75% of his base salary based on the achievement of individual and corporate performance objectives established by the Board; and (iv) provides for a grant of a stock option to purchase 120,000 shares of Employer's common stock at a strike price equal to $1.656 (the price per share of the Company's common stock as reported on OTC Markets on the grant date), which option will vest as follows: (a) as to the first 40,000 shares of stock, on July 25, 2027, (b) as to the next 40,000 shares of stock, on July 25, 2028, (c) as to the next 40,000 shares of stock, on July 25, 2029; and (v) provides for a conditional grant of 100,000 shares of restricted stock subject to Mr. Kopjo meeting target criteria established by the Board based on metrics concluding on December 31, 2028. The Kopjo Employment Agreement contains customary restrictive covenants, including non-competition, non-solicitation of partners, non-disclosure and non-disparagement provisions.

On September 18, 2026, the Company entered into an Amended and Restated Employment Agreement, effective September 1, 2026 (the "Reback Employment Agreement"), with Matt Reback, the Company's President and Chief Executive Officer. The Reback Employment Agreement, among other things (i) extends the term of his employment through May 31, 2029; (ii) provides for base compensation of $367,500 for the one year period ending August 31, 2027 and $385,000 for the remainder of the term; (iii) provides eligibility to receive an annual discretionary bonus with a target equal to 75% of his base salary based on the achievement of individual and corporate performance objectives established by the Board; (iv) provides for a grant of a stock option to purchase 150,000 shares of common stock at a strike price equal to $1.656 (the price per share of the Company's common stock as reported on OTC Markets on the grant date), which option will vest as follows: (a) as to the first 50,000 shares of stock, on September 1, 2027, (b) as to the next 50,000 shares of stock, on September 1, 2028, (c) as to the next 50,000 shares of stock, on September 1, 2029; and (v) provides for a conditional grant of 150,000 shares of restricted stock subject to Mr. Reback meeting target criteria established by the Board based on metrics concluding on December 31, 2028. The Reback Employment Agreement contains customary restrictive covenants, including non-competition, non-solicitation of partners, non-disclosure and non-disparagement provisions.

Legal proceedings. In the ordinary course of conducting our business, we are, from time to time, involved in various legal proceedings, administrative proceedings, regulatory government investigations and other matters, including those in which we are a plaintiff or defendant, that are complex in nature and have outcomes that are difficult to predict.

An unexpected adverse judgment in any pending litigation could cause a material impact on our business operations, intellectual property, results of operations or financial position. Unless otherwise expressly stated, we believe costs associated with litigation will not have a material impact on our financial position or liquidity but may be material to the results of operations in any given period and, accordingly, no provision for loss has been reflected in the accompanying financial statements related to those matters.

Regulatory matters. The Company conducted a self-initiated review of its historical sales and use tax compliance as part of its ongoing internal control and process improvement initiatives. In connection with this review, the Company identified a potential compliance gap related to the application of sales and use tax in certain jurisdictions for prior periods.

The Company engaged third-party tax advisors to assist in evaluating the matter and participated in a self-initiated managed audit in a certain jurisdiction. As of September 30, 2026, the managed audit was finalized. Based on the final audit findings, the Company recognized and paid a total of $516,075 of state tax expense, of which $505,361 was recognized in the second quarter of 2026 and $10,714 was recognized upon finalization in the third quarter of 2026, largely relating to sales and use tax not charged to customers, substantially all of which is attributable to periods prior to 2026. As part of the resolution of the managed audit, the taxing authority abated substantially all applicable penalties. The Company does not expect any additional material liabilities related to this certain jurisdiction.

During the third quarter of 2026, the Company initiated voluntary disclosures and managed audits with certain other jurisdictions and recognized additional state tax expense of $175,551, largely relating to sales and use tax not charged to customers, substantially all of which is attributable to periods prior to 2026. Including the managed audit discussed above, the Company recognized $186,265 and $691,626 of state tax expense related to these sales and use tax matters during the three and nine months ended September 30, 2026, respectively.

The Company's review of its historical sales and use tax position is ongoing with respect to other jurisdictions in which it has conducted business. Several of the Company's customer agreements provide that the customer is responsible for determining, self-assessing, and remitting any applicable sales, use, or similar transaction taxes associated with the products and services provided by the Company. These contractual provisions do not necessarily relieve the Company of any statutory obligation to a taxing authority; however, to the extent the Company is ultimately required to remit tax in a jurisdiction, it may have contractual rights to recover such amounts from the

applicable customers. Any such recoveries would be recognized only when realization becomes reasonably assured and, accordingly, no amounts have been recognized in the accompanying financial statements.

The Company does not believe its potential exposure in any individual remaining jurisdiction is material. However, the Company's evaluation of nexus, taxability, the availability of customer exemptions, the extent to which customers have directly assessed and remitted applicable taxes, the enforceability and collectibility of the customer tax-responsibility provisions in its agreements, and applicable lookback periods in these jurisdictions is not complete, and the manner of resolution in each jurisdiction — which may include managed audits, voluntary disclosure agreements, or similar programs — has not been determined. It is reasonably possible that the Company will record additional liabilities as these matters are resolved in future periods. As a result, the Company is unable to estimate the aggregate amount of any additional liability at this time, and no accrual related to these remaining jurisdictions has been recorded as of September 30, 2026.

Intellectual property agreements. From time to time, the Company purchases or licenses intellectual property from third-parties and the Company, in turn, utilizes that intellectual property in certain games licensed to customers. In these purchase or license agreements, the Company may agree to pay the seller of the intellectual property a fee, if and when, the Company receives revenue from games containing the intellectual property.

NOTE 7. SEGMENT

We define operating segments as components of our enterprise for which separate financial information is reviewed regularly by the chief operating decision maker ("CODM"), CEO, Matthew Reback, to evaluate performance and make operating decisions. We currently have two revenue streams—land-based gaming and online gaming—which are aggregated into one reporting segment. The land-based revenue stream, which we refer to as core revenue, derives its revenues from casinos using our proprietary products to enhance their gaming operations. The online gaming ("iGaming") revenue stream, which we refer to as digital revenue, derives its revenues from the licensing and distribution of our content to iGaming operators. The Company has intra-entity sales between subsidiaries. The accounting policies of each revenue stream are the same as those described in the summary of significant accounting policies.

The CODM assesses performance of the revenue streams and allocates resources based on consolidated net income (loss), which is the primary performance metric. Net income (loss) is used to monitor budget versus actual results and assess the performance of the business. The measure of segment assets is reported on the Condensed Consolidated Balance Sheet as total assets, which are not allocated to individual revenue streams for performance evaluation by the CODM.

The Company determined the following significant expenses: cost of ancillary products and assembled components, selling, general and administrative, compensation and related expenses, research and development, depreciation and amortization, and stock-based compensation. The CODM reviews these significant expenses as provided in the monthly reporting package.

A summary of significant segment expense activity is as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2026	2025	2026	2025
Revenue:				
Total Core Revenue	$ 4,970,681	$ 4,519,799	$ 14,549,447	$ 14,230,307
Total Digital Revenue	3,004,538	2,805,343	9,026,223	8,407,459
Consolidated Revenue	$ 7,975,219	$ 7,325,142	$ 23,575,670	$ 22,637,766
Cost and expenses				
Cost of ancillary products and assembled components	$ 63,314	$ 241,139	$ 212,505	$ 617,152
Selling, general and administrative	3,791,973	2,340,456	8,520,545	7,017,074
Compensation and related expenses	2,260,031	1,893,856	6,976,510	6,248,036
Research and development	18,793	17,354	53,811	118,745
Depreciation and amortization	896,217	806,483	2,685,390	2,372,215
Stock-based compensation	280,153	122,202	388,819	441,605
Total costs and expenses	7,310,481	5,421,490	18,837,580	16,814,827
Total other income (expense), net	4,520,611	(888,496)	2,906,693	(5,748,375)
(Provision) benefit for income taxes	(55,985)	23,983	(150,885)	(106,350)
Net income (loss)	$ 5,129,364	$ 1,039,139	$ 7,493,898	$ (31,786)

NOTE 8. INCOME TAXES

Our forecasted annual effective tax rate ("AETR") at September 30, 2026 was 4.1%, as compared to 2.9% at September 30, 2025. This increase was primarily driven by an increase in forecasted pre-tax book income offset by rate impacting components such as permanent items as compared to the prior-year period.

For the nine months ended September 30, 2026 and 2025, our effective tax rate ("ETR") was 2.0% and 142.6%, respectively. The decrease in the ETR for the nine months ended September 30, 2026, as compared to the prior-year period, was mainly attributable to an increase in the pre-tax book income for the nine months ended September 30, 2026, including the termination fee received from Evolution under the terms of the Merger Agreement, which was treated as a discrete item with its tax effect offset by the valuation allowance, as compared to the prior-year period.

NOTE 9. SUBSEQUENT EVENTS

On October 21, 2026, the Company announced that Meredith Brill, a Class II Director, had informed the Board of Directors of her intention to step down from the Board effective October 20, 2026. On the same date, the Board appointed John M. Boushy as a Class II Director, effective October 21, 2026, to succeed Ms. Brill.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is a discussion and analysis of our financial condition, results of operations and liquidity and capital resources as of and for the three and nine months ended September 30, 2026 and 2025. This discussion should be read together with our audited consolidated financial statements and related notes included in Item 8. Financial Statements and Supplementary Financial Information included in our 2025 Form 10-K. Some of the information contained in this discussion includes forward-looking statements that involve risks and uncertainties; therefore our "Special Note Regarding Forward-Looking Statements" should be reviewed for a discussion of important factors that could cause actual results to differ materially from the results described in, or implied by, such forward-looking statements.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q ("Quarterly Report") contains "forward-looking" statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the Private Securities Litigation Reform Act of 1995, as do other materials or oral statements we release to the public. Forward-looking statements are neither historical facts nor assurances of future performance, but instead are based only on our current beliefs, expectations, and assumptions regarding the future of our business, plans and strategies, projections, anticipated events and trends, the economy, and other future conditions, as of the date on which this report is filed. Forward-looking statements often, but do not always, contain words such as "may," "will," "should," "could," "might," "expect," "intend," "target," "plan," "anticipate," "believe," "estimate," "predict," "potential," "continue," or the negative of these terms or other similar expressions. These forward-looking statements are only predictions. We have based these forward-looking statements on our current expectations, assumptions and projections about future events and financial trends that we believe may affect our business, financial condition and results of operations. These forward-looking statements speak only as of the date of this Quarterly Report and are subject to a number of risks and uncertainties. These risks and uncertainties include, but are not limited to, the effects of the termination of the Merger with Evolution on the Company's business and on the market price of the Company's common stock; the ability of Galaxy Gaming to enter and maintain strategic alliances, product placements or installations in land based casinos or grow its iGaming business, garner new market share, secure licenses in new jurisdictions or maintain existing licenses, successfully develop or acquire and sell proprietary products, comply with regulations, including changes in gaming related and non-gaming related statutes and regulations that affect the revenues of our customers in land-based casino and, online casino markets, have its games approved by relevant jurisdictions, unfavorable economic conditions in the US and worldwide; changes in international trade policies and the impact of tariffs imposed by U.S. and foreign governments; the negative effects if any of currency conversions or changes in the valuation of digital currency that may impact iGaming revenues; our level of indebtedness; restrictions and covenants in our loan agreement; dependence on major customers; protection of intellectual property and our ability to license the intellectual property rights of third parties; failure to maintain the integrity of our information technology systems, including without limitation, cyber-attacks or other failures in our telecommunications or information technology systems, or those of our collaborators, third-party logistics providers, distributors or other contractors or consultants, could result in information theft, data corruption and significant disruption of our business; labor strikes, materials shortages, government shutdowns, pandemics, acts of God and other matters out of our reasonable control; and other factors. The events and circumstances reflected in our forward-looking statements may not be achieved or occur, and actual results could differ materially from those projected in the forward-looking statements. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained herein, whether as a result of any new information, future events, changed circumstances or otherwise.

OVERVIEW

We develop, acquire, assemble and market technology and entertainment-based products and services for the gaming industry for placement on casino floors, card rooms and on legal internet gaming sites. Our products and services primarily relate to licensed casino operators' table games activities and focus on either increasing their profitability and productivity or expanding their gaming entertainment offerings in the form of proprietary table games, electronically enhanced table game platforms, and other ancillary equipment. In addition, we license intellectual property to legal internet gaming operators. Our products and services are offered in various highly regulated markets and certain non-regulated (where such is not illegal) markets throughout the world. Our products are assembled at our headquarters in Las Vegas, Nevada, as well as outsourced for certain sub-assemblies in the United States.

Termination of Agreement and Plan of Merger with Evolution

On July 18, 2024, we entered into the Merger Agreement providing for the Company's acquisition by Evolution Malta Holding Limited. On July 21, 2026, Evolution notified us that Evolution terminated the Merger Agreement. Under the terms of the Merger Agreement, Evolution paid us a cash termination fee in the amount of $5,234,678.

Changes to Board of Directors

On October 21, 2026, the Company announced that Meredith Brill, a Class II Director, had informed the Board of Directors of her intention to step down from the Board effective October 20, 2026. On the same date, the Board appointed John M. Boushy as a Class II Director, effective October 21, 2026, to succeed Ms. Brill.

Results of operations for the three months ended September 30, 2026 and 2025.

Our net revenue consists of the following components:

	Three Months Ended September 30, 2026	2025	$ Change	% Change
Revenue:				
Core Revenues:				
Recurring License Revenue	$ 5,709,735	$ 5,186,967	$ 522,768	10.1%
Perpetual License Sales of Progressive Gaming Systems	11,570	68,714	(57,144)	-83.2%
Gross Revenue	5,721,305	5,255,681	465,624	8.9%
Royalties Netted against Gross Revenue	(750,624)	(735,882)	(14,742)	2.0%
Total Core Revenue	$ 4,970,681	$ 4,519,799	$ 450,882	10.0%
Digital Revenues:				
Recurring License Revenue	$ 4,369,614	$ 3,947,334	$ 422,280	10.7%
Gross Revenue	4,369,614	3,947,334	422,280	10.7%
Royalties Netted against Gross Revenue	(1,365,076)	(1,141,991)	(223,085)	19.5%
Total Digital Revenue	$ 3,004,538	$ 2,805,343	$ 199,195	7.1%
Consolidated Revenues:				
Recurring License Revenue	$ 10,079,349	$ 9,134,301	$ 945,048	10.3%
Perpetual License Sales of Progressive Gaming Systems	11,570	68,714	(57,144)	-83.2%
Gross Revenue	10,090,919	9,203,015	887,904	9.6%
Royalties Netted against Gross Revenue	(2,115,700)	(1,877,873)	(237,827)	12.7%
Revenue	$ 7,975,219	$ 7,325,142	$ 650,077	8.9%
Costs and expenses				
Cost of ancillary products and assembled components	$ 63,314	$ 241,139	$ (177,825)	-73.7%
Selling, general and administrative	5,854,086	4,021,121	1,832,965	45.6%
Research and development	216,711	230,545	(13,834)	-6.0%
Depreciation and amortization	896,217	806,483	89,734	11.1%
Stock-based compensation	280,153	122,202	157,951	129.3%
Total costs and expenses	7,310,481	5,421,490	1,888,991	34.8%
Income from operations	664,738	1,903,652	(1,238,914)	-65.1%
Other income (expense):				
Interest income	17,060	4,789	12,271	256.2%
Interest expense	(729,544)	(872,101)	142,557	-16.3%
Foreign currency exchange loss	(1,583)	(21,184)	19,601	-92.5%
Transaction termination income	5,234,678	—	5,234,678	n/m
Total other income (expense), net	4,520,611	(888,496)	5,409,107	-608.8%
Income before (provision) benefit for income taxes	$ 5,185,349	$ 1,015,156	$ 4,170,193	410.8%
(Provision) benefit for income taxes	(55,985)	23,983	(79,968)	-333.4%
Net income	$ 5,129,364	$ 1,039,139	$ 4,090,225	393.6%
Total Core Recurring Revenue[(1)]	$ 4,959,111	$ 4,451,085	$ 508,026	11.4%
Total Digital Recurring Revenue[(2)]	3,004,538	2,805,343	199,195	7.1%
Total Recurring Revenue	$ 7,963,649	$ 7,256,428	$ 707,221	9.7%

(1) The Company defines Total Core Recurring Revenue, as Gross Core Revenue less Perpetual License Sales of Progressive Gaming Systems and less Royalties Netted Against Gross Revenue.

(2) All Digital revenue is of a recurring nature. Total Digital Revenue is considered Total Digital Recurring Revenue.

Revenue

Recurring core license revenue increased by $522,768, or 10.1%, for the three months ended September 30, 2026, as compared to the same period in the prior year. Recurring core license revenue growth was driven by new game placements in the U.S. and higher participation-based revenue in foreign jurisdictions, largely fueled by continued momentum from the GOS Progressive System and the MONOPOLY®-branded progressive systems launched earlier this year. Royalties netted against gross core revenue were relatively flat, increasing by $14,742, or 2.0%, for the three months ended September 30, 2026, as compared to the same period in the prior year. Perpetual license sales of our progressive gaming systems was $11,570, representing an 83.2% decrease for the three months ended September 30, 2026, as compared to the same period in the prior year. This decline reflects the deprioritization of such transactions and the timing of individual system sales.

Gross digital revenues of $4,369,614, increased by $422,280, or 10.7%, for the three months ended September 30, 2026, as compared to the same period in the prior year. This favorable growth was driven by higher play volume with existing operators and content launches with new customers. Net of royalties, digital revenues increased by $199,195, representing growth of 7.1% for the three months ended September 30, 2026, as compared to the same period in the prior year. Royalties on licensed titles increased 19.5%, growing faster than gross revenue and increasing royalties to 31.2% of gross revenue for the three months ended September 30, 2026 from 28.9% in the same period in the prior year.

Costs and Expenses

Cost of ancillary products and assembled component expense decreased by $177,825, or 73.7%, for the three months ended September 30, 2026, as compared to the same period in the prior year. The activity in cost of ancillary products and assembled components reflects the component costs associated with the decrease in perpetual license sales of our progressive gaming systems.

Selling, general and administrative expenses increased by $1,832,965, or 45.6%, for the three months ended September 30, 2026, as compared to the same period in the prior year. The increase includes $186,265 of state tax expense driven by managed audits and voluntary disclosures across multiple jurisdictions that the Company self-initiated, largely relating to sales and use tax not charged to customers, substantially all of which is attributable to periods prior to 2026 (see Note 6, Commitments and Contingencies), and $1,194,419 of professional fees and transaction-related costs, primarily related to the termination of the Merger Agreement with Evolution, which was terminated on July 21, 2026. Excluding these items and comparable costs of $310,778 in the prior-year period, selling, general and administrative expenses increased by $763,059, or 20.6%, primarily driven by the timing of $316,736 of G2E trade show expenses, which were incurred in the third quarter of 2026 compared with the fourth quarter of 2025, and higher incentive compensation accruals compared with a reduced accrual level in the prior-year period, and to a lesser extent, higher distributor costs associated with increased placements of land-based products and higher royalty fees on licensed content.

Research and development expenses decreased by $13,834, or 6.0%, for the three months ended September 30, 2026, as compared to the same period in the prior year. This decrease was primarily attributable to reduced use of third-party research and development services.

Depreciation and amortization increased by $89,734, or 11.1%, for the three months ended September 30, 2026, as compared to the same period in the prior year. This increase was primarily driven by depreciation expense associated with incremental placements of assets deployed at client locations, partially offset by lower amortization expense as certain intangible assets became fully amortized.

Stock-based compensation expense increased by $157,951, or 129.3%, for the three months ended September 30, 2026, as compared to the same period in the prior year. The increase was primarily attributable to higher officer-related stock-based compensation.

Interest expense decreased by $142,557, or 16.3%, for the three months ended September 30, 2026, as compared to the same period in the prior year. The decrease was driven by a lower average interest rate and a reduced principal balance of outstanding debt for the three months ended September 30, 2026, as compared to the same period in the prior year. Interest income increased by $12,271, or 256.2%, compared to the prior year period.

Evolution paid the Company a cash termination fee in the amount of $5,234,678 related to the termination of the Merger Agreement, which was recorded in other income for the three months ended September 30, 2026.

Income tax provision was $55,985 for the three months ended September 30, 2026, compared to an income tax benefit of $23,983 for the comparable prior year period. The change was primarily attributable to higher pre-tax book income and the related mix of rate-impacting components, including foreign taxes, permanent items and changes in the valuation allowance.

Primarily as a result of the factors described above, we had net income of $5,129,364 for the three months ended September 30, 2026, as compared to net income of $1,039,139 for the same period in the prior year.

Results of operations for the nine months ended September 30, 2026 and 2025.

Our net revenue consists of the following components:

	Nine Months Ended September 30, 2026	2025	$ Change	% Change
Revenue:				
Core Revenues:				
Recurring License Revenue	$ 16,634,291	$ 15,620,361	$ 1,013,930	6.5%
Perpetual License Sales of Progressive Gaming Systems	159,119	830,255	(671,136)	-80.8%
Gross Revenue	16,793,410	16,450,616	342,794	2.1%
Royalties Netted against Gross Revenue	(2,243,963)	(2,220,309)	(23,654)	1.1%
Total Core Revenue	$ 14,549,447	$ 14,230,307	$ 319,140	2.2%
Digital Revenues:				
Recurring License Revenue	$ 12,927,335	$ 11,803,908	$ 1,123,427	9.5%
Gross Revenue	12,927,335	11,803,908	1,123,427	9.5%
Royalties Netted against Gross Revenue	(3,901,112)	(3,396,449)	(504,663)	14.9%
Total Digital Revenue	$ 9,026,223	$ 8,407,459	$ 618,764	7.4%
Consolidated Revenues:				
Recurring License Revenue	$ 29,561,626	$ 27,424,269	$ 2,137,357	7.8%
Perpetual License Sales of Progressive Gaming Systems	159,119	830,255	(671,136)	-80.8%
Gross Revenue	29,720,745	28,254,524	1,466,221	5.2%
Royalties Netted against Gross Revenue	(6,145,075)	(5,616,758)	(528,317)	9.4%
Revenue	$ 23,575,670	$ 22,637,766	$ 937,904	4.1%
Costs and expenses				
Cost of ancillary products and assembled components	$ 212,505	$ 617,152	$ (404,647)	-65.6%
Selling, general and administrative	15,053,544	12,547,372	2,506,172	20.0%
Research and development	497,322	836,483	(339,161)	-40.5%
Depreciation and amortization	2,685,390	2,372,215	313,175	13.2%
Stock-based compensation	388,819	441,605	(52,786)	-12.0%
Total costs and expenses	18,837,580	16,814,827	2,022,753	12.0%
Income from operations	4,738,090	5,822,939	(1,084,849)	-18.6%
Other income (expense):				
Interest income	17,874	43,546	(25,672)	-59.0%
Interest expense	(2,319,516)	(2,782,049)	462,533	-16.6%
Foreign currency exchange loss	(26,343)	(40,287)	13,944	-34.6%
Loss on extinguishment of debt	—	(2,969,585)	2,969,585	-100.0%
Transaction termination income	5,234,678	—	5,234,678	n/m
Total other income (expense), net	2,906,693	(5,748,375)	8,655,068	-150.6%
Income before provision for income taxes	$ 7,644,783	$ 74,564	$ 7,570,219	10152.6%
Provision for income taxes	(150,885)	(106,350)	(44,535)	41.9%
Net income (loss)	$ 7,493,898	$ (31,786)	$ 7,525,684	-23676.1%
Total Core Recurring Revenue[(1)]	$ 14,390,328	$ 13,400,052	$ 990,276	7.4%
Total Digital Recurring Revenue[(2)]	9,026,223	8,407,459	618,764	7.4%
Total Recurring Revenue	$ 23,416,551	$ 21,807,511	$ 1,609,040	7.4%

(1) The Company defines Total Core Recurring Revenue, as Gross Core Revenue less Perpetual License Sales of Progressive Gaming Systems and less Royalties Netted Against Gross Revenue.

(2) All Digital revenue is of a recurring nature. Total Digital Revenue is considered Total Digital Recurring Revenue.

Revenue

Recurring core license revenue increased by $1,013,930, or 6.5%, for the nine months ended September 30, 2026, as compared to the same period in the prior year. Recurring core license revenue grew across all geographies, driven by new game placements and higher participation-based revenue, largely fueled by continued momentum from the GOS Progressive System and the MONOPOLY®-branded progressive systems launched earlier this year. Royalties netted against gross core revenue were relatively flat, increasing by $23,654, or 1.1%, for the nine months ended September 30, 2026, as compared to the same period in the prior year. Perpetual license sales of our progressive gaming systems was $159,119, representing an 80.8% decrease for the nine months ended September 30, 2026, as compared to the same period in the prior year. This decline reflects the deprioritization of such transactions and the timing of individual system sales. We continue to prioritize recurring placements of our progressive systems, which we believe generate greater value per installation over the life of the placement than a one-time sale, while continuing to offer perpetual license sales selectively, primarily in connection with strategic customer opportunities where that structure is preferred. We expect perpetual license sales for the full year 2026 to be lower than the prior year as we work toward the optimal balance between perpetual sales and recurring placements.

Gross digital revenues of $12,927,335, increased by $1,123,427, or 9.5%, for the nine months ended September 30, 2026, as compared to the same period in the prior year. This favorable growth was driven by higher play volume with existing operators and content launches with new customers. Net of royalties, digital revenues increased by $618,764, representing growth of 7.4% for the nine months ended September 30, 2026, as compared to the same period in the prior year. Royalties on licensed titles increased 14.9%, growing faster than gross revenue and increasing royalties to 30.2% of gross revenue for the nine months ended September 30, 2026 from 28.8% in the same period in the prior year.

Costs and Expenses

Cost of ancillary products and assembled component expense decreased by $404,647, or 65.6%, for the nine months ended September 30, 2026, as compared to the same period in the prior year. The activity in cost of ancillary products and assembled components reflects the component costs associated with the decrease in perpetual license sales of our progressive gaming systems.

Selling, general and administrative expenses increased by $2,506,172, or 20.0%, for the nine months ended September 30, 2026, as compared to the same period in the prior year. The increase includes $691,626 of state tax expense driven by managed audits and voluntary disclosures across multiple jurisdictions that the Company self-initiated, largely relating to sales and use tax not charged to customers, substantially all of which is attributable to periods prior to 2026 (see Note 6, Commitments and Contingencies), and $1,481,930 of professional fees and transaction-related costs, primarily related to the termination of the Merger Agreement with Evolution, which was terminated on July 21, 2026. Excluding these items and comparable costs of $762,733 in the prior-year period, selling, general and administrative expenses increased by $1,095,349, or 9.3%, primarily driven by the timing of $317,988 of G2E trade show expenses, the majority of which were incurred in the third quarter of 2026 compared with the fourth quarter of 2025, and higher incentive compensation accruals compared with a reduced accrual level in the prior-year period, as well as higher distributor costs associated with increased placements of land-based products and higher royalty fees on licensed content.

Research and development expenses decreased by $339,161, or 40.5%, for the nine months ended September 30, 2026, as compared to the same period in the prior year. This decrease was primarily driven by lower payroll costs resulting from reduced headcount and reduced use of third-party research and development services.

Depreciation and amortization increased by $313,175, or 13.2%, for the nine months ended September 30, 2026, as compared to the same period in the prior year. This increase was primarily driven by depreciation expense associated with incremental placements of assets deployed at client locations.

Stock-based compensation expense decreased by $52,786, or 12.0%, for the nine months ended September 30, 2026, as compared to the same period in the prior year. The decrease was primarily attributable to a change in the form of board compensation as our directors elected to receive cash compensation in lieu of restricted shares for the first half of 2026, representing $114,750 of the decrease and partially offset by higher officer-related stock-based compensation.

Interest expense decreased by $462,533, or 16.6%, for the nine months ended September 30, 2026, as compared to the same period in the prior year. The decrease was due to the reduced principal balance of outstanding debt and a lower average interest rate, for the nine months ended September 30, 2026, as compared to the same period in the prior year. Interest income decreased by $25,672, or 59.0% compared to the prior year period.

The Company recognized a loss on extinguishment of debt of $2,969,585 for the nine months ended September 30, 2025 related to the refinancing of our debt from Fortress to BMO in January 2025, primarily driven by the write-off of unamortized debt issuance costs.

Evolution paid the Company a cash termination fee in the amount of $5,234,678 related to the termination of the Merger Agreement, which was recorded in other income for the nine months ended September 30, 2026.

Income tax provision increased to $150,885 for the nine months ended September 30, 2026, compared to income tax provision of $106,350 for the comparable prior year period. The increase was primarily attributable to changes in pre-tax book income and the related mix of rate-impacting components, including permanent items and changes in valuation allowance considerations, as compared to the prior-year period.

Primarily as a result of the factors described above, we had net income of $7,493,898 for the nine months ended September 30, 2026, as compared to a net loss of $31,786 for the same period in the prior year.

Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA") and Free Cash Flow ("FCF").

Adjusted EBITDA includes adjustments to U.S. GAAP net income (loss) to exclude interest, income taxes, depreciation, amortization, stock-based compensation, transaction termination income, foreign currency exchange loss (gain), and severance and other expenses related to litigation, professional fees and transaction-related costs, non-income tax assessments, and other adjustments to reflect changes that occur in our business but do not represent ongoing operations, including loss on extinguishment of debt. Adjusted EBITDA is not a measure of performance defined in accordance with U.S. Generally Accepted Accounting Principles ("U.S. GAAP"). However, Adjusted EBITDA is used by management to evaluate our operating performance. Management believes that disclosure of the Adjusted EBITDA metric offers investors, regulators and other stakeholders a view of our operations in the same manner management evaluates our performance. When combined with U.S. GAAP results, management believes Adjusted EBITDA provides a comprehensive understanding of our financial results. Adjusted EBITDA should not be considered as an alternative to net income (loss) or to net cash provided by operating activities as a measure of operating results or of liquidity. It may not be comparable to similarly titled measures used by other companies, and it excludes financial information that some may consider important in evaluating our performance. We define Free Cash Flow as Adjusted EBITDA less cash paid for interest, net of interest income received, cash used in investing activities, and cash paid for income taxes, net of refunds. Free Cash Flow is not a measure of performance defined in accordance with U.S. GAAP. Management uses Free Cash Flow to evaluate the cash generated by our operations that is available to service and repay indebtedness and to reinvest in the business, and believes disclosure of Free Cash Flow provides investors, regulators and other stakeholders with useful information for the same purpose. Free Cash Flow should not be considered an alternative to net income (loss) as a measure of operating performance, or to net cash provided by operating activities as a measure of liquidity. It should not be inferred that the entire Free Cash Flow amount is available for discretionary expenditures. Free Cash Flow may not be comparable to similarly titled measures used by other companies.

A reconciliation of U.S. GAAP net income (loss) to Adjusted EBITDA and to Free Cash Flow are presented below.

	Three Months Ended September 30,		Nine Months Ended September 30,	
Adjusted EBITDA and Free Cash Flow Reconciliation:	**2026**	**2025**	**2026**	**2025**
Net income (loss)	$ 5,129,364	$ 1,039,139	$ 7,493,898	$ (31,786)
Interest expense	729,544	872,101	2,319,516	2,782,049
Interest income	(17,060)	(4,789)	(17,874)	(43,546)
Provision (benefit) for income taxes	55,985	(23,983)	150,885	106,350
Depreciation and amortization	896,217	806,483	2,685,390	2,372,215
EBITDA	6,794,050	2,688,951	12,631,815	5,185,282
Stock-based compensation [(1)]	280,153	122,202	388,819	441,605
Employee severance costs and other expenses [(2)]	—	—	36,000	83,030
Professional fees, acquisition costs and other [(3)]	1,194,419	310,778	1,481,930	762,733
Non-income tax assessment [(4)]	186,265	—	691,626	—
Gain on disposal of assets [(5)]	—	—	—	(62)
Foreign exchange loss [(6)]	1,583	21,184	26,343	40,287
Loss on extinguishment of debt [(7)]	—	—	—	2,969,585
Transaction termination income [(8)]	(5,234,678)	—	(5,234,678)	—
Tariffs [(9)]	—	95,380	—	95,380
Adjusted EBITDA	$ 3,221,792	$ 3,238,495	$ 10,021,855	$ 9,577,840
Cash paid for interest, net [(10)]	(689,736)	(835,951)	(2,103,981)	(2,612,787)
Cash used in investing activities	(1,033,848)	(1,052,611)	(3,130,104)	(2,214,355)
Cash paid for income taxes, net [(11)]	(63,500)	(30,000)	(182,130)	(147,914)
Free Cash Flow	$ 1,434,708	$ 1,319,933	$ 4,605,640	$ 4,602,784

(1) Represents the non-cash expense associated with the value of equity awards granted to employees, directors and consultants by the Company.

(2) Represents costs associated with the severance of employees.

(3) Represents professional fees and transaction-related fees incurred related to acquisitions, mergers and professional fees incurred for other projects not considered part of the normal course of business.

(4) Represents a charge of state tax expense across multiple jurisdictions recorded in connection with managed audits and voluntary disclosures that the Company self-initiated, largely relating to sales and use tax not charged to customers, substantially all of which is attributable to periods prior to 2026.

(5) Represents gains and losses related to the write off of certain fixed assets.

(6) Represents foreign exchange losses and gains associated with the fluctuations of foreign currency rates.

(7) Represents the loss on the extinguishment of debt associated with the refinancing of our debt from Fortress to BMO.

(8) Represents the cash termination fee received from Evolution under the terms of the Merger Agreement.

(9) Represents the total amount expended on tariffs.

(10) Represents cash paid for interest during the period, net of interest income received.

(11) Represents cash paid for income taxes during the period, net of refunds received.

Liquidity and capital resources. We have generally been able to fund our continuing operations, our investments, and the obligations under our existing borrowings through cash flow from operations. We may require additional capital to undertake acquisitions or to repay in full our indebtedness. Our ability to access capital for operations or for acquisitions will depend on conditions in the capital markets and investors' perceptions of our business prospects and such conditions and perceptions may not always favor us.

As of September 30, 2026, we had total current assets of $15,082,522 and total assets of $31,347,317. As of December 31, 2025, we had total current assets of $11,569,839 and total assets of $27,500,619. Current assets increased by $3,512,683 as of September 30, 2026 compared to December 31, 2025, primarily due to a $4,755,734 increase in cash and cash equivalents resulting from receipt of the $5,234,678 termination fee from Evolution, partially offset by a $963,166 decrease in accounts receivable due to increased collection efforts. Total assets increased by $3,846,698 over the same period, primarily due to the increase in current assets described above and a $857,255 increase in assets deployed at client locations, net, reflecting new deployments during the period.

Total current liabilities increased by $533,648 to $8,588,649 as of September 30, 2026, from $8,055,001 as of December 31, 2025. The increase was primarily due to a $677,642 increase in the current portion of long-term debt, primarily reflecting increased principal payments due within the next twelve months under the BMO Credit Agreement, and a $536,509 increase in accounts payable primarily resulting from professional fees and transaction-related costs associated with the proposed acquisition of the Company by Evolution, which was terminated on July 21, 2026. These increases were partially offset by a $302,525 decrease in accrued expenses due to the timing of royalty payments for licensed intellectual property and a $205,790 decrease in the current portion of operating lease liabilities as the lease for our corporate headquarters approaches the end of its term.

Based on our current forecast of operations, we believe we will have sufficient liquidity to fund our operations and to meet the obligations under our financing arrangements as they come due over at least the next 12 months.

We continue to file applications for new or enhanced licenses in several jurisdictions, which may result in significant future legal and regulatory expenses. A significant increase in such expenses may require us to postpone growth initiatives or investments in personnel and research and development of our products. It is our intention to continue such initiatives and investments.

Our operating activities provided cash of $11,858,235 for the nine months ended September 30, 2026, compared to $5,469,738 for the comparable prior year period. The $6,388,497 increase was primarily attributable to net income of $7,493,898 for the nine months ended September 30, 2026, which included the $5,234,678 termination fee received from Evolution, compared to a net loss of $31,786 in the prior year period, and a $1,552,430 favorable change in operating assets and liabilities, driven primarily by collections of accounts receivable and a change in accounts payable related to professional fees and transaction-related costs associated with the terminated Merger Agreement. Higher depreciation and amortization of $313,175 was partially offset by a $52,786 decrease in stock-based compensation expense. The prior year period included a $2,969,585 non-cash loss on extinguishment of debt related to the refinancing of the Fortress loan with BMO.

Investing activities used cash of $3,130,104 for the nine months ended September 30, 2026, compared to $2,214,355 for the comparable prior year period. The $915,749 increase in cash used was primarily due to a $491,742 increase in investment in internally developed software, reflecting continued development of our products, and a $476,307 increase in expenditures for assets deployed at client locations, reflecting increased placements of our progressive gaming systems. These increases were partially offset by a $145,681 decrease in acquisitions of assemblies in process.

Financing activities used cash of $3,832,743 for the nine months ended September 30, 2026, consisting of $2,103,608 of principal payments on long-term debt, $1,214,933 paid to cancel the outstanding Fortress warrants, and $514,202 of repurchases of our common stock under our share repurchase program. Financing activities used cash of $18,224,567 for the comparable prior year period. The $14,391,824 decrease in cash used was primarily due to the refinancing of our debt from Fortress to BMO in the prior year period, which resulted in a net cash outflow of $13,345,186, including related debt issuance costs and fees, and a $2,875,000 decrease in principal payments under the BMO Credit Agreement, as the prior year period included larger voluntary prepayments. These decreases in cash used were partially offset by the warrant cancellation payments and share repurchases in the current period.

Credit Facility. On January 6, 2025, we entered into a new credit agreement with BMO that provides for a $2,000,000 senior secured revolving credit facility and a $45,000,000 senior secured term loan. On January 6, 2025, we borrowed $45,000,000 under the new term loan and used this amount plus cash on hand to repay all amounts outstanding under the Fortress Credit Agreement, which was terminated. Pursuant to the terms of the Credit Agreement, the new term loan and new revolving credit facility will mature on January 6, 2028.

As of September 30, 2026 and December 31, 2025, we had no outstanding borrowings under the revolving credit facility.

On July 24, 2026, the Company entered into an amendment (the "First Amendment") to the Credit Agreement with BMO. The First Amendment, among other things, permits the Company to repurchase up to $4,000,000 of the Company's capital stock, equity interests or warrants, provided that such approved restricted payment satisfies certain conditions, including that (i) the Company has minimum unencumbered liquid assets of $5,000,000 after taking into account such approved restricted payments; (ii) the sole source of funds for the payment of such approved restricted payment is the termination fee paid to the Company in connection with the termination of the Merger Agreement by Evolution Malta Holding Limited, (iii) the Company is in compliance with all financial covenants; and (iv) certain other conditions are satisfied. The First Amendment also amended the Fixed Charge Coverage Ratio, and various requirements related to the provision of certain financial reports by the Company to BMO.

On September 23, 2026, the Company entered into an amendment (the "Second Amendment") to the Credit Agreement with BMO, as amended by the First Amendment dated as of July 24, 2026. The Second Amendment, among other things, (i) increases the annual capital expenditure limitation imposed upon the Company and any of its Subsidiaries, up to no more than ten percent (10%) of the prior year's net revenue per annum and (ii) approves a one-time EBITDA addback in the amount of $505,361 solely for purposes of determining compliance with certain financial ratios set forth in the Credit Agreement.

Share Repurchase Program. On July 22, 2026, the Company's Board of Directors authorized a share repurchase program of up to $4,000,000 of the Company's outstanding common stock and warrants. Repurchases under the share repurchase program may be made from time to time through open market purchases, privately negotiated transactions, or a trading plan intended to qualify under Rule 10b5-1 under the Exchange Act, with the timing and amount determined based on market conditions and other factors, including constraints specified in the Rule 10b5-1 repurchase plan. All shares repurchased will be retired. The share repurchase program, which has no fixed expiration date, supersedes the Company's prior authorization to repurchase up to $750,000 of its common stock, under which no shares were repurchased.

On July 31, 2026, the Company repurchased 330,758 shares of its common stock under the program in a privately negotiated transaction with a shareholder, at a price of approximately $1.55 per share, for an aggregate cost of $514,202. On August 12, 2026 the Company paid $1,214,933 to cancel 778,320 outstanding warrants which were originally issued to certain warrantholders on November 15, 2021 in connection with the Fortress Credit Agreement. Following the warrant cancellation, the Company has no warrants outstanding. As of September 30, 2026, $2,270,865 remained available under the program.

Critical accounting policies and estimates. Our significant accounting policies and estimates are described in our 2025 Form 10-K. Other than the share repurchase policy described above, there have been no material changes to those policies.

Off-balance sheet arrangements. As of September 30, 2026, there were no off-balance sheet arrangements.

Recently issued accounting pronouncements. See Note 2, Significant Accounting Policies, for a discussion of recently adopted and recently issued accounting pronouncements, including the Company's early adoption of ASU 2025-12. We do not expect the adoption of recently issued accounting pronouncements not yet adopted to have a significant impact on our results of operations, financial position or cash flow.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

A smaller reporting company is not required to provide the information required by this Item.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure controls and procedures

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act are recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed submitted under the Exchange Act is accumulated and communicated to management including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

We carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of the end of the period covered by this Quarterly Report. This evaluation was carried out under the supervision and with the participation of our Chief Executive Officer and our Chief Financial Officer. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of September 30, 2026, our disclosure controls and procedures were effective.

Changes in internal control over financial reporting

No change in our internal control over financial reporting occurred during our last fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Limitations on the effectiveness of control and procedures and internal controls

Our management does not expect that our disclosure controls and procedures or our internal control over financial reporting will necessarily prevent all fraud and material error. Our disclosure controls and procedures are designed to provide reasonable assurance of achieving our objectives, and our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective at that reasonable assurance level. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the internal control. The design of any system of controls 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. Over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate.

ITEM 5. OTHER INFORMATION

None

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Refer to Note 6 – Commitments and Contingencies in the accompanying notes to our condensed consolidated financial statements.

ITEM 1A. RISK FACTORS

We are a "smaller reporting company" and as a result, are not required to provide information required by this Item.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

On July 22, 2026, the Company's Board of Directors authorized a repurchase program of up to $4,000,000 of the Company's outstanding common stock and warrants. Repurchases under the program may be made from time to time through open market purchases, privately negotiated transactions, or a trading plan intended to qualify under Rule 10b5-1 under the Exchange Act, with the timing and amount determined based on market conditions and other factors, including the terms of any such Rule 10b5-1 plan. The program has no fixed expiration date and supersedes the Company's prior authorization to repurchase up to $750,000 of its common stock, under which no shares were repurchased. The Company will retire repurchased shares of common stock.

The table below sets forth information regarding our common stock repurchases during the three months ended September 30, 2026.

Period	Total number of shares purchased[1]	Average price paid per share	Total number of shares purchased as part of publicly announced plans or program	Approximate dollar value of shares that may yet be purchased under the plan or program[2]
July 1 - 31, 2026	330,758	$ 1.55	330,758	$ 3,485,798
August 1 - 31, 2026	—	—	—	$ 2,270,865
September 1 - 30, 2026	—	—	—	$ 2,270,865
Total	330,758	$ 1.55	330,758	

(1) Total number of shares purchased excludes the cancellation of warrants to purchase a total of 778,320 shares of common stock on August 12, 2026 because the warrants are not a registered class of equity securities under the Exchange Act.

(2) Reflects $1,214,933 paid by the Company on August 12, 2026 to cancel 778,320 warrants under the share repurchase program. As of September 30, 2026, $2,270,865 remained available under the program.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

(a) None

(b) None

(c) During the nine months ended September 30, 2026, none of our directors or officers adopted or terminated a Rule 10b5-1 trading plan or arrangement or a non-Rule 10b5-1 trading plan or arrangement, as defined in Item 408(c) of Regulation S-K.

ITEM 6. EXHIBITS

Exhibit Number	Description	Form	File No.	Exhibit	Filing Date	Filed Herewith
3.1	Amended and Restated Articles of Incorporation	8-K	000-30653	3.1	February 13, 2009	
3.2	Amended and Restated Bylaws	8-K	000-30653	3.2	February 13, 2009	
3.3	Second Amended and Restated Bylaws	8-K	000-30653	3.2	February 14, 2020	
10.1	Board of Directors Service Agreement with Bryan W. Waters, Director	10-K	000-30653	10.11	March 31, 2015	
10.2	Board of Directors Service Agreement with Cheryl Kondra, Director	8-K	000-30653	10.1	December 7, 2021	
10.3	Form of Indemnification Agreement dated July 15, 2022, between the Company and Meredith Brill	8-K	000-30653	10.2	July 15, 2022	
10.4	Board of Directors Service Agreement with Meredith Brill, Director	8-K	000-30653	10.1	July 15, 2022	
10.5	First Amendment to Board of Directors Service Agreement with Meredith Brill, Director	8-K	000-30653	10.1	July 26, 2022	
10.6	Changes to Board Compensation	8-K	000-30653	1.01	January 27, 2023	
10.7	Amended and Restated Online Game License Agreement with Evolution Malta Limited	8-K	000-30653	10.1	May 16, 2023	
10.8	Redacted License Agreement with the Talisman Group LLC	10-Q	000-30653	10.13	August 14, 2023	
10.9	Employment Agreement between the Company and Matt Reback effective November 13, 2023	8-K	000-30653	10.1	November 7, 2023	
10.10	Employment Agreement Dated May 22, 2024, between the Company and Steven Kopjo.	8-K	000-30653	10.1	May 24, 2024	
10.11	Galaxy Gaming, Inc 2014 Amended and Restated Equity Incentive Plan	8-K	000-30653	10.1	July 18, 2024	
10.12	Form of Indemnification Agreement Dated July 31, 2024, between the Company and Matt Reback	8-K	000-30653	10.1	August 5, 2024	
10.13	Form of Indemnification Agreement Dated July 31, 2024, between the Company and Steven Kopjo	8-K	000-30653	10.2	August 5, 2024	
10.14	Amendment to Employment Agreement with Matt Reback dated December 27, 2024	8-K	000-30653	10.1	December 31, 2024	
10.15	Credit Agreement dated as of January 6, 2025, by and between Galaxy Gaming, Inc. and BMO Bank N.A.	8-K	000-30653	10.1	January 8, 2025	
10.16	Form of Indemnification Agreement between Company and Mark Lipparelli	10-K	000-30653	10.22	March 30, 2026	
10.17	Form of Indemnification Agreement between Company and Bryan Waters	10-K	000-30653	10.23	March 30, 2026	
10.18	Termination of a Material Definitive Agreement	8-K	000-30653	1.02	July 21, 2026	
10.19	First Amendment to Loan Documents dated as of July 24, 2026, by and between Galaxy Gaming, Inc. and BMO Bank N.A.	8-K	000-30653	10.1	July 30, 2026	
10.20	Warrant Cancellation Agreement, dated August 12, 2026, by and between Galaxy Gaming, Inc. and Drawbridge Special Opportunities Fund LP	8-K	000-30653	10.1	August 17, 2026	

10.21	Warrant Cancellation Agreement, dated August 12, 2026, by and between Galaxy Gaming, Inc. and Fortress Lending II Holdings LP	8-K	000-30653	10.2	August 17, 2026	
10.22	Warrant Cancellation Agreement, dated August 12, 2026, by and between Galaxy Gaming, Inc. and Fortress Lending Fund II MA-CRPTF LP	8-K	000-30653	10.3	August 17, 2026	
10.23	Amended and Restated Employment Agreement Dated September 8, 2026, between the Company and Steven Kopjo	8-K	000-30653	10.1	September 10, 2026	
10.24	Amended and Restated Employment Agreement Dated September 18, 2026, between the Company and Matt Reback	8-K	000-30653	10.1	September 21, 2026	
10.25	Second Amendment to Loan Documents dated as of September 23, 2026, by and between Galaxy Gaming, Inc. and BMO Bank N.A.	8-K	000-30653	10.1	September 25, 2026	
10.26	Board of Directors Service Agreement with John Boushy	8-K	000-30653	10.1	October 21, 2026	
10.27	Form of Indemnification Agreement for John Boushy	8-K	000-30653	10.2	October 21, 2026	
31.1	Certification of Chief Executive Officer pursuant to Securities Exchange Act Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X
31.2	Certification of Chief Financial Officer pursuant to Securities Exchange Act Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X
32.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X

101.INS	Inline XBRL Instance Document – the instance does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

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

Galaxy Gaming, Inc.

Date: November 9, 2026

By: /s/ MATTHEW REBACK
Matthew Reback
President and Chief Executive Officer
(Principal Executive Officer)

Galaxy Gaming, Inc.

Date: November 9, 2026

By: /s/ STEVEN KOPJO
Steven Kopjo
Chief Financial Officer
(Principal Accounting Officer)

Exhibit 31.1

CERTIFICATIONS

I, Matthew Reback, certify that;

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended September 30, 2026, of Galaxy Gaming, Inc. (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 9, 2026

/s/ MATTHEW REBACK
By: Matthew Reback
Title: Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, Steven Kopjo, certify that;

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended September 30, 2026, of Galaxy Gaming, Inc. (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 9, 2026

/s/ STEVEN KOPJO
By: Steven Kopjo
Title: Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND
CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly Report of Galaxy Gaming, Inc. (the "Company") on Form 10-Q for the quarter ended September 30, 2026 filed with the Securities and Exchange Commission (the "Report"), I, Matthew Reback, Chief Executive Officer of the Company, and I, Steven Kopjo, Chief Financial Officer of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the consolidated financial condition of the Company as of the dates presented and the consolidated result of operations of the Company for the periods presented.

By: /s/ MATTHEW REBACK
Name: Matthew Reback
Title: Principal Executive Officer
Date: November 9, 2026

By: /s/ STEVEN KOPJO
Name: Steven Kopjo
Title: Principal Financial Officer
Date: November 9, 2026

This certification has been furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.