

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

FORM 10-K

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

For the fiscal year ended December 31, 2024

or

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

For the transition period from _____ to _____

Commission file number: 001-40020

RELIANCE GLOBAL GROUP, INC.
(Exact name of registrant as specified in its charter)

Florida	46-3390293
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
300 Blvd. of the Americas, Suite 105 Lakewood, NJ	08701
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (732) 380-4600

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	RELI	The Nasdaq Capital Market
Series A Warrants	RELIW	Nasdaq Capital Market

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☐ No X

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes ☐ No X

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes X No ☐

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

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

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes ☐ No X

The aggregate market value of the common stock, \$0.086 par value per share, held by non-affiliates of the registrant, based on the closing sale price of registrant's common stock (\$3.8456) as quoted on the NASDAQ on June 28, 2024 (the last business day of the registrant's most recently completed second fiscal quarter), was approximately \$3.6 million.

At March 6, 2025, the registrant had 2,869,869 shares of common stock, par value \$0.086 per share, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the registrant's definitive Proxy Statement for its 2025 Annual Meeting of Stockholders are incorporated by reference into Part III of this Annual Report on Form 10-K. The Proxy Statement will be filed with the Securities and Exchange Commission within 120 days of the registrant's fiscal year ended December 31, 2024.

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Industry and Market Data

Unless otherwise indicated, information contained in this Annual Report on Form 10-K concerning our industry and the markets in which we operate, including our general expectations and market opportunity and market size, is based on information from various sources, including independent industry publications. In presenting this information, we have also made assumptions based on such data and other similar sources, and on our knowledge of, and our experience to date in the relevant industries and markets. This information involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. We believe that the information from these industry publications that is included in this Annual Report on Form 10-K is reliable. The industry in which we operate is subject to a high degree of uncertainty and risk due to a variety of factors, including those described in "Risk Factors." These and other factors could cause results to differ materially from those expressed in the estimates made by the independent parties and by us.

PART I

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements (within the meaning of the federal securities law) that involve substantial risks and uncertainties. All statements, other than statements of historical facts, included in this Annual Report on Form 10-K regarding our strategy, future operations, future financial position, future net sales, gross margin expectations, projected costs, projected expenses, prospects and plans and objectives of management are forward-looking statements. The words "anticipates," "believes," "estimates," "expects," "intends," "may," "plans," "projects," "will," "would," and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. We have based these forward-looking statements on our current expectations and projections about future events. Although we believe that the expectations underlying any of our forward-looking statements are reasonable, these expectations may prove to be incorrect, and all of these statements are subject to risks and uncertainties. Should one or more of these risks and uncertainties materialize, or should underlying assumptions, projections, or expectations prove incorrect, our actual results, performance, or financial condition may vary materially and adversely from those anticipated, estimated, or expected. We have included important factors in the cautionary statements included in this Annual Report on Form 10-K, particularly in the section entitled "Risk Factors," that we believe could cause actual results or events to differ materially from the forward-looking statements that we make. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures, investments or terminations of distribution arrangements that we may make. We do not assume any obligation to update any forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by law.

Unless the context requires otherwise, references to "Reliance Global Group," the "Company," "we," "our," and "us" in this Annual Report on Form 10-K refer to Reliance Global Group, Inc.

Item 1. BUSINESS

About Reliance Global Group, Inc.

Reliance Global Group, Inc. was incorporated in Florida on August 2, 2013 under the name Ethos Media Network, Inc. In September 2018, Reliance Global Holdings, LLC, a related

party ("Reliance Holdings"), purchased a controlling interest in the Company. Ethos Media Network, Inc. was renamed Reliance Global Group, Inc. on October 18, 2018.

We operate as a company managing assets in the insurance markets, as well as other related sectors. Our focus is to grow the Company by pursuing an aggressive acquisition strategy, initially and primarily focused upon wholesale and retail insurance agencies as well as advancing in the Insurtech space. We are led and advised by a management team that offers over 100 years of combined business expertise in insurance, real estate and the financial service industry.

In the insurance sector, our management has extensive experience acquiring and managing insurance portfolios in several states, as well as developing specialized programs targeting niche markets. Our primary strategy is to identify specific risk to reward arbitrage opportunities and develop these on a national platform, thereby increasing revenues and returns, and then identify and acquire undervalued wholesale and retail insurance agencies with operations in growing or underserved segments, expand and optimize their operations, and achieve asset value appreciation while generating interim cash flows.

As part of our growth and acquisition strategy, we remain active in M&A markets and anticipate completing insurance agency/brokerage transactions throughout the course of 2025 and beyond. As of December 31, 2024, we have acquired nine insurance agencies and continue to migrate into our single brand name, RELI Exchange.

Recent Developments

Spetner Stock Exchange Agreement

On May 14, 2024, and as amended and restated on September 6, 2024, the Company entered into a Stock Exchange Agreement (the "Stock Exchange Agreement") to acquire Spetner Associates, Inc. ("Spetner"). Spetner is a dynamic tech enabled benefits enrollment company and a leader in its field.

Pursuant to the Stock Exchange Agreement, the Company agreed to: (i) acquire 80% of the issued and outstanding shares of common stock, par value \$1.00 per share, of Spetner for \$13,714,286 (which amount is to be paid as \$5,500,000 in cash, shares of the Company's common stock equal to a beneficial ownership of 9.9% in the Company at the time of issuance, and any remaining balance is to be paid by the Company's issuance of promissory notes); and (ii) have the sole option to acquire the remaining 20% of Spetner common stock for a predetermined amount based on a multiple of 10 of EBITDA. On October 29, 2024, the Company entered into Amendment No. 1 ("Amendment No. 1") to the Stock Exchange Agreement. Pursuant to Amendment No. 1, the Company issued to the sellers of Spetner, 140,064 shares of the Company's common stock, as a non-refundable deposit and a prepayment of a portion of the First Purchase Price (as defined in the Stock Exchange Agreement), in the approximate amount of \$329,431.

On February 20, 2025, the Company entered into an Amendment No. 2 (the "Amendment") to that certain Amended and Restated Stock Exchange Agreement, dated as of September 6, 2024 (the "Original Agreement"), by and among the Company, Spetner Associates, Inc. ("Spetner"), Jonathan Spetner, and Agudath Israel of America ("Agudath"), as amended on October 29, 2024 ("Amendment 1"). Mr. Spetner and Agudath may be referred to herein collectively as the "Sellers" and each individually as a "Seller".

Pursuant to the Amendment, the Company agreed to issue to each of Mr. Spetner and Agudath 78,500 shares of the Company's common stock as a non-refundable deposit and a prepayment of a portion of the First Purchase Price, in the amount of \$239,425 (collectively the "Additional Deposit Shares"). The Additional Deposit Shares were issued on February 20, 2025.

Further, the Amendment provides that the Additional Deposit Shares, (together with the Deposit Shares, as defined in and as issued pursuant to Amendment 1), shall be deemed a deposit and a prepayment of a portion of the First Purchase Price, and shall constitute a portion of the First Payment Shares, the value of the Deposit Shares and the Additional Deposit Shares, and the portion of the First Purchase Price to be paid by issuance of the First Payment Shares which has been satisfied by the issuance of the Deposit Shares and the Additional Deposit Shares, and collectively, was agreed to be equal to \$568,856. The Amendment also sets forth that the purchase price for the First Closing Shares shall be \$16,050,000, and that \$6,500,000 of the First Purchase Price (the "Cash Payment"), shall be paid to Mr. Spetner.

The Original Agreement, prior to Amendment 1, provided that the First Payment Shares would be issued solely to Mr. Spetner, however, the Amendment provides that, in the event that the First Closing occurs, the issuance of Deposit Shares and the Additional Deposit Shares to Agudath as set forth above shall be deemed to satisfy the obligations of the Company to issue such applicable portion of First Payment Shares to Mr. Spetner.

Further, the Amendment provides that, in the event the First Closing occurs, the Deposit Shares and the Additional Deposit Shares shall be retained by the Sellers and shall constitute payment of a portion of the First Payment Shares. The Deposit Shares and the Additional Deposit Shares shall be non-refundable to the Company unless the First Closing is prevented by the Sellers.

The Company expects to leverage synergies Spetner will provide for its other subsidiaries by means of integration and harnessing cross selling opportunities.

Bylaws Amendment

On February 4, 2025, the Company's Board of Directors approved Amendment No. 1 (the "Bylaws Amendment") to the Company's bylaws. The Bylaws Amendment had the effect of (i) amending the title of the bylaws to be "Bylaws of Reliance Global Group, Inc.", to reflect the change of Company's name since adoption of the bylaws (in May 2017, the Company's name was changed from Eye on Media Network, Inc. to Ethos Media Network, Inc., and in October 2018, the Company's name was changed from Ethos Media Network, Inc. to Reliance Global Group, Inc.); and (ii) reducing the quorum needed to hold a meeting of the Company's stockholders from a majority of the shares entitled to vote, represented in person or proxy, to thirty-three and one-third (33-1/3%) percent of the shares entitled to vote, represented in person or proxy.

Increase in Authorized Shares

On February 7, 2025, the Company filed articles of amendment (the "Articles Amendment") to its articles of incorporation, as amended, with the Florida Secretary of State. The Articles Amendment had the effect of increasing the total number of authorized shares of the Company's common stock from 117,647,058 to 2,000,000,000. The Articles Amendment had no effect on the number of authorized shares of preferred stock. Accordingly, following the filing of the Articles Amendment, effective February 7, 2025, the Company's authorized capital stock consisted of 2,750,000,000 shares, representing (i) 2,000,000,000 shares of common stock, and (ii) 750,000,000 shares of preferred stock.

The Articles Amendment was approved by the Company's Board of Directors on October 2, 2024, and by the Company's stockholders on December 31, 2024.

Further, fiscal year 2024 continued to provide sustained organic growth in our current portfolio of owned insurance agencies and also marked significant advancements in our proprietary InsurTech capabilities, further enhancing our abilities to support agents and clients alike.

1. **RELI Exchange Client Referral Portal:** In January 2024, we launched the Client Referral Portal within the RELI Exchange platform. This innovative tool simplifies client acquisition for agents, allowing seamless referral management and client tracking directly through the RELI Exchange system. By automating these processes, the portal empowers agents to focus more on client relationships and revenue-generating activities while reducing administrative burdens.
2. **Beta Launch of Advanced Quote & Bind Solution for Commercial Policies:** In September 2024, we introduced the beta version of our Advanced Quote & Bind InsurTech

Solution for commercial policies ahead of schedule. This cutting-edge platform leverages advanced automation and AI to streamline the process of quoting and binding commercial insurance policies, significantly improving efficiency for agents and carriers. Early feedback has highlighted its potential to revolutionize the commercial insurance space, with full-scale deployment planned for 2025.

Technological Innovation and Market Leadership

In 2021 we developed and launched 5MinuteInsure.com (5MI), a proprietary direct-to-consumer InsurTech platform that enables consumers to compare and purchase car and home insurance in a time-efficient and effective manner. Currently live in 44 states, 5MI offers coverage with more than thirty carriers. 5MI was the precursor of the RELI Exchange platform and with advancements such as the Client Referral Portal and the Advanced Quote & Bind Solution, RELI Exchange now combines the low barriers to entry of an agency network with state-of-the-art technology. By leveraging artificial intelligence ("AI") and data mining, our platforms provide instant and competitive insurance quotes from more than 30 insurance carriers nationwide while reducing administrative burdens for agents.

Our competitive advantage includes:

- Scale to compete at a national level.
- Capitalizing on the consumer shift to "online" with the personal touch of an agent, which we believe is the only InsurTech company with this combination.
- Leveraging proprietary agency software and automation to compare carrier prices for competitive renewal pricing.
- Employing an empowered and scalable insurance agency model.

Looking Ahead

With these developments, the Company continues to redefine the insurance landscape. Our One-Firm approach unites owned and operated agencies into a single cohesive unit, allowing for efficient cross-collaboration, market expansion, and improved carrier relationships. As we move into 2025, we remain dedicated to scaling our operations, pursuing strategic acquisitions, and expanding our suite of InsurTech solutions to meet the evolving needs of agents, carriers, and clients. We anticipate continuing our focus on enhancing digital capabilities while leveraging our strong industry presence to expand our market share and operational footprint.

The RELI Exchange Business to Business ("B2B") InsurTech platform and partner network for insurance agents and agencies also:

- Boast being what we believe is the only white label insurance brokerage agency – New agents can have a multimillion-dollar agency look on day one, with a full suite of back-office support (business resources, licensing, compliance, etc.).
- Combines the low barriers to entry of an agency network, with state-of-the-art tech.
- Builds on the AI and data mining backbone of 5MI
- Is designed to provide instant and competitive insurance quotes from more than 30 insurance carriers nationwide.
- Reduces back-office burden and expenses by reducing the need for paperwork and redundant tasks.
- Provides agents more time to focus on revenue driving activities, such as selling policies.

In addition, we have a vast mentorship program behind the scenes, to upskill our sales teams. Once people are registered, we enroll them in our mentorship program, and coach them to bring new business.

RELI Exchange is a complete, private label system where agents have more flexibility in how they choose to brand themselves, compared to competitor platforms that require agents to work under the platform's brand name. We believe agents have a greater sense of ownership on our platform, and the feeling that comes with a well-financed agency.

Insurance Agency Industry Overview

There are three main insurance sectors: (1) property/casualty (P/C), which consists mainly of auto, home, and commercial insurance; (2) life/health (L/H), which consists mainly of life insurance and annuity products; and (3) accident and health, which is normally written by insurers whose main business is health insurance. The insurance industry plays a huge role in the U.S. economy (Source: OECD Insurance Statistics).

Insurance agencies act as intermediaries between insurance carriers and consumers. Unlike carriers, agencies do not bear insurance risk.

An insurance agency or broker solicits, writes, and binds policies through many different insurance companies, as they are not directly employed by any insurance carrier. Thus, insurance agencies can decide which insurance carriers they would like to represent and which products they would like to sell. They are like a retail shop that sells insurance services and products created by the insurance carrier. The main difference between a broker and an agent has to do with who they represent. An agent represents one or more insurance companies, acting as an extension of the insurer. A broker represents the insurance buyer.

An insurance carrier, on the other hand, is a manufacturer of insurance services and products that the insurance agencies sell. They control the underwriting process, claims process, pricing, and the overall management of the insurance products. Insurance carriers do not sell their products through direct agents, but only through independent agencies. Insurance policies are created and administered by the insurance carrier.

A key operating difference between agencies and carriers is the risk profile. The potential financial risks to the insurance industry caused by unforeseen events such as natural disasters are the responsibility of the carriers (and their re-insurers). Agencies and brokers bear no insurance risk. This risk difference is key, especially considering volatile weather patterns and an increased rate of natural disasters.

The global InsurTech market size was valued at \$17.08 billion in 2024 and is expected to grow to \$82.3 billion by 2029, at a compound annual growth rate of 38.9% (Insurtech Global Market Report 2025). The increasing need for digitization of insurance services is expected to propel the market growth. Insurtech is the usage of technology innovations particularly designed to make the existing insurance model more efficient. By using technologies such as AI and data analytics, InsurTech solutions allow products to be priced more competitively. Insurance companies are widely adopting these solutions to drive cheaper, better, and faster operational results. Hence, the insurance industry is witnessing increased investment in technology. The outbreak of COVID-19 had a positive impact on the market. Numerous insurance companies are reconsidering their long-term strategies and short-term needs. COVID-19 and its impacts have accelerated the implementation of online platforms and new mobile applications to meet consumer needs. (Sources: Grand View Research, Insurtech Market Size, Share & Growth Report, 2021-2028 and 2022 - 2030).

The Company therefore has strategically invested in its RELI Exchange and 5MI online digital platforms as additional steps in expanding its national footprint which now also includes a client referral portal. As discussed above, RELI Exchange and 5MI are high-tech proprietary tools developed by the Company as business to business or business to consumer portals which enables agents/consumers to compare and purchase car home and life insurance in a time efficient and effective manner. These platforms tap into the growing number of online users and utilize advanced AI and data mining techniques, to provide competitive insurance quotes in approximately 1-5 minutes, with minimal data input needed from the agent/consumer.

General Industry Outlook

Insurance brokers and agencies play a critical role within the insurance market by distributing policies and consulting insurance underwriters and consumers. This industry is a

vital component to the larger insurance sector as industry operators act as intermediaries between insurance providers and downstream consumers. Operators generate income via commissions earned on policies sold. Given the transaction-based nature of the industry, revenue primarily depends on three factors: (1) policy (premium) pricing; (2) demand for insurance; and (3) the popularity of using agents and brokers in the distribution process.

Some of the issues that insurers must address will fall within the areas of mergers and acquisitions (M&A), technology, product development, talent, as well as tax reform, as described below.

- **M&A.** The convergence of market pressures to attain sustainable growth, a persistent wealth of capital and capacity, combined with high interest rates may demonstrate that insurers should be prepared for an uptick in M&A activity in 2025. As it stands now, fairly rich valuations could dampen activity; however, M&A could offer opportunities to scale and obtain new capabilities, primarily as it relates to technology.
- **Proprietary Technology.** Advancements in AI, mobile and digital technology are forcing insurers to innovate, which is expected to continue and intensify, where every insurance agency will need to focus on what makes their customer experiences and products unique. They will also need to integrate with technology enablers to bring to their customers a value proposition via a connected ecosystem. Furthermore, to better compete within the industry, those within the distribution system would benefit tremendously by improving the ability to share critical data and analytics between systems. Insurers are seeking to employ the cloud to power advanced analytics, improve data gathering, and grow cognitive applications. To keep pace with the industry and prepare for a cloud-enabled future, insurance carriers should prioritize migrating their existing systems to the cloud and launch new applications off-site.
- **Product Development.** Economic and technological changes create the need for new types of coverage, revamped policies, and alternative distribution platforms; adaptation of this, however, has been slow within the insurance industry. Siloed business lines, legacy processes, and regulatory considerations hinder the rapid and agile product development needed within this highly competitive landscape. Accordingly, insurers would benefit by focusing on creating hybrid policies that cover both commercial and personal risks. They could also supply on-demand coverage options, which provide greater control to customers for their policy terms and time frames. Furthermore, novel and unique micro-experiences could become the foundation for digital expansion as agencies are distinguished by the niche markets they sell to and can better service versus their peers. Digital content campaigns and user interfaces targeting specialized prospects and customer segments are expected to continue to expand. These micro-experiences could allow agencies to have access to a market that can quote, bind, and service insurance online, and where they are focused on commercial lines and specialty insurance for niche markets. In such a scenario, they may be able to offer new opportunities for agencies to expand quickly via digital building blocks that can be easily integrated into existing business and/or workflows.

Insurance Options

Single-carrier platforms limit buyers' choices and often lead to high costs or insufficient coverage. We've partnered with an extensive list of carriers and filter results for buyers according to their needs. This gets them the right coverage at a fair price. From there, they're connected to an agent who onboards them with minimal friction.

Insurance Buyers

Insurance buyers want coverage that fits their needs at a fair price. They also want good customer service. We believe the independent insurance agents, combined with the RELI Exchange platform can serve these needs best. Our platform makes it easy to weigh the options and connect with a knowledgeable agent with the buyer's interests in mind.

Expert Agents

We train our agents to evaluate coverages based on buyers' needs, and to explain options in simple terms. Furthermore, service doesn't stop there. People's needs change during different life events, and we facilitate adjustments to their coverage when it matters most.

Agents can revolutionize their insurance businesses—or start a new one on RELI Exchange. They have the freedom to offer coverage from a variety of carriers, utilizing our cutting-edge technology and proven sales system. This is particularly beneficial to captive insurance agents who previously found themselves limited to one carrier and pricing model. By offering more choices, agents now have more chances of closing business with interested buyers. By partnering with us, agents gain access to a variety of carriers, yet are able to streamline their workflows to focus on business development with support from our team and lower marketing costs.

Top Carriers

Insurance carriers want to maximize profits without detracting from the customer experience. The challenge is that it's costly to distribute coverage through independent agents with varying levels of expertise. Some carriers choose the Captive Agent route to save on cost, but RELI Exchange offers a better alternative. We reduce overhead and scale distribution for carriers while maintaining good standards with our technology and back office support team.

The performance improvements and lower costs lead to higher customer retention and a better customer experience, which translates to a higher customer lifetime value and more profits for the carrier and the agent.

Leadership Team

Our leadership team has over 100 years of combined industry experience.

Information About our Executive Officers

Ezra Beyman. Mr. Beyman, age 70, has served as the Chairman of our Board and our Chief Executive Officer since 2018. Mr. Beyman is the central force leading the success and growth of Reliance Global Group, Inc. Drawing on his nearly three decades of entrepreneurial experience in real estate and over ten years in insurance, he has set his vision and acuity on one integrated goal: integrity and success. At one point in time Mr. Beyman's portfolio of commercial and residential properties comprised of approximately 40,000 units, as well as several insurance agencies. In 1985, he founded a small mortgage brokerage, together with his wife, which he operated in his basement. From there, his company rapidly grew into a dynamic force on the market. By 2008, he owned the third largest licensed mortgage brokerage in the U.S., having acquired numerous mortgage companies in the interim. He also expanded to real estate acquisition, having grown his portfolio to over three billion dollars. In expanding his investments, Mr. Beyman began exploring opportunities in other markets, acquiring several insurance agencies in both Florida and New Jersey. His ventures included entering the domains of warrantee and insurance carriers. Raised in the New York metropolitan area, Mr. Beyman spent his secondary and post-secondary school years at Mesivta Tifereth Yerushalayim, where he advanced his analytic abilities while mastering various areas of Talmudic studies, earning a position as one of the closest students of the Dean. He earned his First Talmudic degree in 1975.

Joel Markovits. Mr. Markovits, age 44, has served as our Chief Financial Officer since January 1, 2023. He joined Reliance in June 2021 as our Financial Reporting Manager, acting in this role through January 31, 2022. As of February 1, 2022, Mr. Markovits served in the capacity of Chief Accounting Officer through December 31, 2022 when he began his role as Chief Financial Officer. Prior to joining Reliance, Mr. Markovits was a senior manager at KPMG LLP from April 2015 to May 2021, where he led some of the larger and more complex audit engagements, including serving as lead audit senior manager on a global \$16 billion (annual revenues) enterprise reporting on both U.S. GAAP and IFRS standards. He was also a data and analytics specialist and technology innovation leader at KPMG LLP for its largest U.S. business unit, overseeing the development and deployment of technological capabilities that enhanced data analyses. Mr. Markovits has been a Certified Public Accountant in the State of New Jersey since November 2013.

Yaakov Beyman. Mr. Beyman, age 42, joined Reliance in July 2018. Prior to joining the Company, from December 2012 to July 2018, he was Executive VP of Insurance Division, of Empire Insurance Holdings. Mr. Beyman oversees our overall insurance operations, including strategy and developing/implementing operational tools. He holds insurance licenses in most of the continental U.S., and is involved heavily in marketing, maintaining state of the art technological models, financial management and distributions, and entity creation and maintenance.

Information About Other Key Employees

Grant Barra. Mr. Barra, age 43, has served as our Senior Vice President since April 2022, and has brought significant experience in the insurance industry. In 2008, he founded Barra & Associates in 2008, which quickly grew to become a recognized provider of both personal and commercial insurance products, including property and casualty, life, health and other insurance products. Mr. Barra served as Barra & Associates' CEO until it was acquired by Reliance in 2022 and subsequently rebranded as RELI Exchange. Mr. Barra also previously served in a leadership role for a single life carrier, where he focused on recruitment, development, and motivating independent agents to sell life insurance products. Earlier in his career, he founded Grant Barra Agency, providing all lines of insurance policies under a captive agency agreement. Mr. Barra received a Bachelor of Science in Business Administration from DeVry University, in addition to earning a certificate in contract law with Harvard University (HarvardX). He is a Chartered Leadership Fellow and a member of the Life Underwriting Training Council at The American College of Financial Services.

Moshe Fishman. Mr. Fishman, age 34, brings a unique perspective to the insurance sales process. Prior to joining Reliance, Moshe founded Tekeno Travel in 2010, a luxury travel concierge company. In 2014, Moshe launched Fishman Insurance Agency with a strong focus on property and casualty insurance. In 2017 Mr. Fishman formed Tekeno Financial which had an exclusive focus on alternative investment vehicles with a strong understanding of particular life insurance structures. In early 2021, Mr. Fishman joined Reliance and is one of the driving talents of the RELI Exchange and 5MI platforms.

Agency Partner Network and Proprietary InsurTech Platform at ReliExchange.com

Our go-to-market strategy

Our go-to-market high level goals include:

- Brand awareness
- Targeted market segmentation and positioning
- Content marketing and thought leadership
- Best in class recruitment team

Target #1: Captive

- When an agent represents one insurance company, they have limited offerings for clients. Assuming the same activity, with Reliance, the agent is expected to close more business, earning multiples of the agent would otherwise earn due to our partnerships with many of the largest carriers in the industry.
- Key target for agency partners
- Eliminate many of the biggest expenses of running an independent agency as an agency partner with RELI Exchange.

Target #2: Agency Producers/CSRs

- Agents that want their own agency.

Target #3: New Agency Startups

- Our platform makes it easy for those with little to no experience that want to start their own agency business. This is a significant market with many potential participants.

Promotion

To meet our agency registration objectives, we have engaged in both inbound and outbound marketing. Outbound sales and marketing includes outreach on social media through posts and direct messages using tools on LinkedIn and other platforms, phone, email, and other methods of communication. Inbound marketing is primarily through driving traffic to our website through search engines, social media, and digital publicity campaigns. These combined tactics give us a constant influx of marketing qualified leads (MQL) and sales qualified leads (SQL) to predictably hit our target metrics each month.

Email Marketing

As we continue to build our database of customers and prospects, we will implement an effective email marketing campaign. This includes newsletters as well as content flows that drip out over time to keep people engaged. This content is pre-programmed to automatically fire at set intervals whenever someone registers for a list. Through automation, we continue to build rapport with people who eventually sign up for the service.

Public Relations

The digital marketing tactics that we use have the following benefits:

- Increase brand credibility
- Generate leads
- Attract investors and partners
- Make other marketing more effective

- Attract talent
- Improve reputation on Google
- Drive domain authority for SEO
- Differentiate from competitors
- Increase perceived value
- Convert leads faster

Social Media

Using platforms like LinkedIn, Facebook, and X (formerly Twitter), we post regular content with the aim of growing our visibility and credibility through social media storytelling. Our goal is to maintain a consistent brand story for customers, prospects, stakeholders, and industry experts. Tactics include:

- Daily social listening – monitoring competitors, industry news, and influencers.
- Creative design and content planning
- Daily posting schedule
- Real-time events support and live posting
- Daily monitoring comments and discussions
- A content coordinator with approving capabilities to approve/direct.
- Monitoring data, providing monthly reports
- Weekly meetings with updates on new content, industry news approval etc....
- Daily outreach, engagement, and growth of LinkedIn profile.
- Weekly: two posts that demonstrate expertise, experience and thought leadership.
- Monthly: strategic growth and visibility

Podcasts

We have appeared on several podcasts as subject matter experts, and will continue with outreach to increase exposure, visibility, brand awareness, and sales.

Website Search Engine Optimization ("SEO")

Our goal is to improve the website to drive more organic traffic through Google and other search engines. The two primary objectives are to create engaging content, and to improve the technical SEO of our website.

SEO growth opportunities include:

- SEO audit and execution to improve HTML, structured data and other technical issues
- SEO review of any future site migration and platform upgrade plans as part of the M&A process
- Information architecture and internal linking for SEO
- Content topic and structural improvements
- Keyword tracking
- Competitive analysis

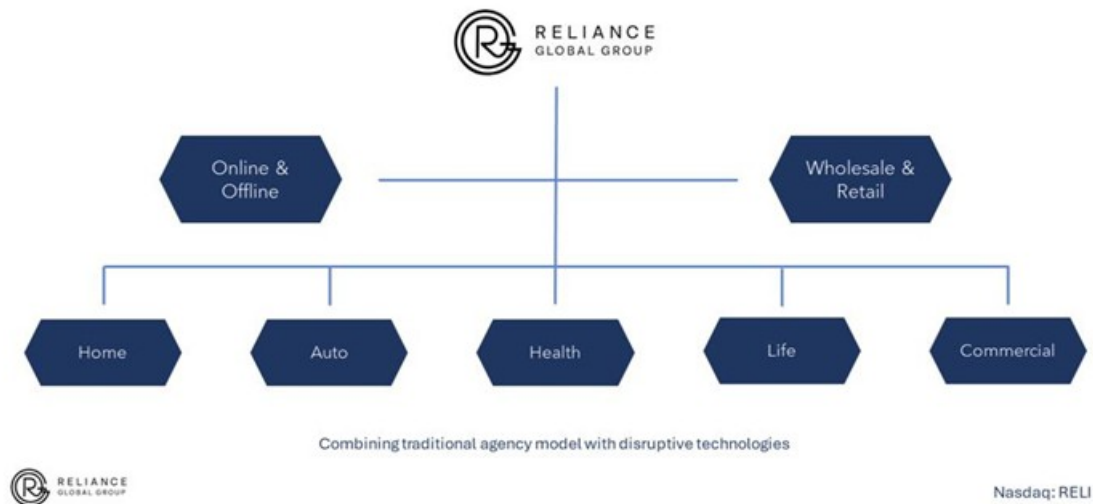
Products

Our best-in-class product offerings include the following:

- (1) An agency partner contract
- (2) An agent / pro contract

Our value proposition is that we provide people a complete, white label business. Agents have a fast and easy website presence, get contracts with carriers they would not normally access, and can get paid for referrals.

First-in-Class Offering



Price

Costs are very low. Access is approximately \$90/month for agents, and \$190/month for agency partners. This is a singular solution that provides an all-in-one insurance agency.

For comparison, people used to pay approximately \$50,000 to build out an insurance agency. Additionally, licensing can be approximately \$750, with \$100-200 in monthly expenditures. RELI Exchange removes these costly barriers to entry through technology.

With the RELI Exchange platform, our vision is to remove all barriers and activate contracted agents at scale. Being cost-efficient for these agencies is key to our success. Unlike the franchise model, RELI Exchange is designed with low barriers to entry and a compelling value proposition. In addition, RELI Exchange significantly enhances competitive advantages through provided agency partners.

People (Target Audience)

We have identified several highly receptive target audiences, including:

- Existing insurance agents and agency leadership/owners
- People looking for a career change (GenX, older Millennials)
- Experienced salespeople
- Younger "quiet quitters" and "great resigners" who want more purposeful, lucrative work and flexibility
- Recent college graduates with debt and unmarketable degrees with few career options
- Captive agents who feel trapped

The RELI Exchange Platform

The RELI Exchange platform is a revolutionary way to get insurance quotes without requiring users to undergo a complicated process of manually completing lengthy forms. With basic contact information, our proprietary tool can generate accurate home auto and life insurance quotes from credible providers in under 5 minutes, for free. Then, our platform connects each user with a fully trained and knowledgeable agent who guides them through the rest of the process to deliver the best coverage at the best price.

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RELI Exchange is at the forefront of the digital transformation of the insurance industry. Our platform leverages unique technology, a proprietary database, and expert methodologies from experienced insurance agents to deliver a quality experience to agents and people looking to get insured.

In addition to providing customers with a great experience, RELI Exchange automates many processes for agents to free up their time to sell to new customers. The result is higher profitability with less work. Most importantly, mentorship is part of the RELI Exchange model, so that agents always receive the support they need to be successful.

System for Agent and Agency Partner Success

RELI Exchange agents have a distinct advantage over their captive counterparts when it comes to serving clients. They have access to multiple carriers in their markets, to provide more choices and solutions that fit their customers' needs. Additionally, our automations and back-office support eliminate time spent on service requests and renewals, so agents can focus on sales growth.

We spent years developing our proprietary sales processes, backed up by an engaging mentorship program to maximize agent success. We provide every agent with comprehensive training, product and carrier knowledge, and cutting-edge technology. Plus, our back-office support team is readily available to train and assist agents at every step.

We actively recruit agents who are passionate about owning their own business and have a proven track record in business development. Our revenues are tied directly to their success, creating an environment that delivers consistent results.

Agents benefit from low startup costs and minimal overhead—no employees or physical location is required. In contrast, captive agents are often burdened with immediate hiring requirements, storefront leases, and advertising budgets. Moreover, our software platform delivers economies of scale so that fixed and variable costs are reduced for greater profitability.

Online Insurance and 5MI

In August 2021, we launched 5MI, which is a licensed online insurance agency that utilizes state of the art digital technology and seek to use this platform to develop business in

the online insurance business which we believe represents an underutilized opportunity.

While 90% of customers are open to purchasing insurance online, 75% of the people who attempt to make online purchases report problems (Source: J.D. Power, *Direct-to-Consumer Auto Insurers Take Top Honors in Shopping Study as New Normal Arrives for P&C Industry*, J.D. Power Finds ; Invoca, 41 Insurance Marketing Statistics You Need to Know in 2024). Moreover, the current insurance purchasing processes is time consuming and lacks transparency. We believe consumers are looking for an online platform that will replicate the services they could obtain from a traditional brick and mortar insurance agency, thus driving business toward the online site as we all migrate to online.

Another key benefit to our online insurance platform is the ability to combine seamlessly with electronic capabilities in processing, such as 5MI's proprietary backend processing technology to support our traditional agency business. The 5MI technology is used internally through our RELI Exchange markets to offer more products to our existing client base. By implementing AI, robotic process automation and automatic shopping for best rates at renewals, we believe we can dramatically reduce costs, and allow our agents to focus on selling new policies, creating a digitally empowered and scalable insurance agency model.

Specific benefits of the 5MI platform include:

- A simplified application process
- Real-time connections with over 15 top-rated insurance companies, which allows consumers to transparently compare real live quotes from multiple insurers side-by-side.
- Instant accurate coverage recommendations for home, auto and life insurance, providing consumers confidence they are not under or over-insured.
- In-house insurance buying and policy binding capabilities, meaning no redirection to other websites and the ability to finalize purchases on 5MI in as little as five minutes.
- 24/7 access to policies and other documents through our white labeled agency partner portals.
- Finally, when it's time for policy renewal, 5MI can populate the best offers in the market before their policy expires.

Thus, we believe in the specific benefits of the online insurance business, and we believe that 5MI provides the platform to transform this segment of the industry.

Business Operations (OneFirm and RELI Exchange)

Reliance has adopted a "One-Firm" approach, whereby the Reliance owned and operated agencies come together to operate as one cohesive unit which allows for efficient and effective cross-selling, cross-collaboration, and the effective deployment of the Company's human capital. This strategy also aims to enhance the Company's overall market presence across the U.S., with all business lines operating under the RELI Exchange brand. It's expected to benefit agents and clients by improving relationships with carriers, leading to better commission and bonus contracts due to higher business volumes. The approach also strengthens the capability of RELI Exchange agency partners to secure diverse insurance policies and fosters increased cross-selling opportunities. We believe that this unified strategy positions the Company for rapid scaling and integration of accretive acquisitions, expanding its industry reach.

Insurance M&A Overview

M&A deal volume in the insurance agency market remains robust with \$281 billion in deals during 2024 (Deloitte).

Reliance Insurance Agency Brand Acquisitions:

- RELI Exchange
- Altruist Benefits
- J.P. Kush & Associates
- US Benefits Alliance
- Employee Benefits Solutions
- Fortman Insurance Solutions
- Southwestern Montana Insurance Center
- UIS Agency
- Commercial Coverage Solutions

Acquisition History

- In October 2018, announced first two acquisitions: Employee Benefits Solutions and U.S. Benefits Alliance; Michigan-based agencies specializing in the sale of health insurance products in the wholesale and retail industry
- In December 2018, acquired Commercial Coverage Solutions, LLC, a commercial property and casualty insurance company specializing in commercial trucking and transportation insurance
- In September 2019, two agencies transferred ownership from Reliance Global Holdings, LLC, a private company affiliated with Reliance Global Group:
 - Southwestern Montana Insurance, a group health insurance agency providing personal and commercial lines of insurance
 - Fortman Insurance Agency, LLC, an agency providing multiple lines of insurance in the property/casualty and life/health insurance sectors
- In September 2019, acquired Altruist Benefit Consulting; serves customers throughout the entire State of Michigan, specializing in providing individual and group health insurance
- In September 2020, acquired the assets of UIS Agency, LLC (UIS), a premier regional insurance agency serving the commercial transportation industry
- In May 2021, acquired J.P. Kush and Associates, Inc., a premier healthcare insurance agency with operations in 10 states, headquartered in Troy, Michigan
- In April 2022, acquired Barra & Associates, (changed to RELI Exchange following acquisition) a recognized provider of both personal and commercial insurance products, including P&C insurance, life insurance, health insurance and other insurance products.
- During 2024, the Company entered into definitive documents to acquire Spetner Associates Inc, a dynamic highly profitable tech enabled benefits enrollment company and leader in its field. The Company is targeting a close during fiscal year 2025.

Insurance Agency Acquisition Strategy

- Numerous acquisition targets within a highly fragmented market
 - Reliance's access to capital supports the growth of the acquired companies
- Ownership and management remain engaged
- Focus on acquiring growing and profitable businesses, for below-market prices
 - Ability to leverage cash flow of acquiree through low-cost debt financing and provide earnouts as part of consideration

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- Economies of scale through first class technology infrastructure and national sales/marketing platform
 - Few insurance agencies have the size and scale to compete at a national level
- Management expertise in acquisitions, operations, and financial management

Digitizing Bricks & Mortar Agencies

- Capitalizing on consumer shift to 'online'
 - More and more customers search for insurance online, but consumers prefer the personal touch of an agent
- Proprietary backend processing technology to support Reliance's agency business
- Strategy to acquire traditional 'offline' home, auto and life agencies, and utilize technology to more cost effectively service the acquired policies
- By implementing AI, robotic process automation (RPA) and automatic shopping for best rates at renewals, Reliance can:
 - Dramatically reduce cost
 - Allow agents to focus on selling new policies,
 - Create a digitally empowered and scalable insurance agency model
- Ability to rapidly expand Reliance's agency network nationwide and drive margin expansion through the combination of digital backend and continued M&A of cash flow positive and accretive acquisitions

Employees

As of December 31, 2024, we employed 64 employees across all Company subsidiaries.

We believe that a diverse workforce is important to our success. We will continue to focus on the hiring, retention, and advancement of underrepresented populations, and to cultivate an inclusive and diverse corporate culture. In the future, we intend to continue to evaluate our use of human capital measures or objectives in managing our business such as the factors we employ or seek to employ in the development, attraction and retention of personnel and maintenance of diversity in our workforce.

The success of our business is fundamentally connected to the well-being of our people. Accordingly, we are committed to the health, safety and wellness of our employees. We provide our employees and their families with access to a variety of innovative, flexible and convenient health and wellness programs, including benefits that provide protection and security so they can have peace of mind concerning events that may require time away from work or that impact their financial well-being; that support their physical and mental health by providing tools and resources to help them improve or maintain their health status and encourage engagement in healthy behaviors; and that offer choice where possible so they can customize their benefits to meet their needs and the needs of their families.

We also provide robust compensation and benefits programs to help meet the needs of our employees. We believe that we maintain a satisfactory working relationship with our employees and have not experienced any labor disputes.

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Competition

The insurance brokerage business is highly competitive, and numerous firms actively compete with us for customers and insurance markets. Competition is largely based upon innovation, knowledge, terms and conditions of coverage, quality of service and price. We believe that we're well positioned to be highly competitive and continuously gain market share. Additionally, our focus on InsurTech is a game-changer in the industry and helps us stand-out versus the competition.

Insurance agency M&A is a highly competitive industry, as well. Competition is due to many well-established companies having extensive experience in identifying and effecting business combinations who possess great technical, human, and financial resources. Several firms and banks with substantially greater resources and market presence compete with us. While we believe that there are numerous potential target businesses that we could acquire, our ability to compete in acquiring certain sizable target businesses might be limited.

Government Regulation

The business practices and compensation arrangements of the insurance intermediary industry, including our practices and arrangements, are regulated by various governmental authorities. Certain of our offices are parties to profit-sharing contingent commission agreements with certain insurance companies, including agreements providing for potential

payment of revenue-sharing commissions by insurance companies based primarily on the overall profitability of the aggregate business written with those insurance companies and/or additional factors such as retention ratios and the overall volume of business that an office or offices place with those insurance companies. The legislatures of various states may adopt new laws addressing contingent commission arrangements, including laws prohibiting such arrangements, and addressing disclosure of such arrangements to insureds.

We and our employees must be licensed to act as brokers, intermediaries, or third-party administrators by state regulatory authorities in the locations in which we conduct business. Regulations and licensing laws vary by individual state and are often complex. The applicable licensing laws and regulations in all states are subject to amendment or reinterpretation by regulatory authorities, and such authorities are vested in most cases with relatively broad discretion as to the granting, revocation, suspension, and renewal of licenses. We believe that we are in compliance with the applicable licensing laws and regulations of all states in which we currently operate. However, the possibility still exists that we or our employees could be excluded or temporarily suspended from carrying on some or all of our activities in, or could otherwise be subjected to penalties by, a particular jurisdiction.

Nearly all states have insurance laws requiring personal property and casualty insurers to file rating plans, policy or coverage forms, and other information with the state's regulatory authority. In many cases, such rating plans, policy, or coverage forms, must be approved prior to use and the regulator has the authority to disapprove a rate filing. While we are not an insurer, and thus not required to comply with state laws and regulations regarding insurance rates, our commissions are derived from a percentage of the premium rates set by insurers in conjunction with state law.

Stock Splits

On February 23, 2023, the Company effectuated a 1-for-15 reverse split of the Company's issued and outstanding common stock (the "Reverse Split-2023"). The par value remained unchanged.

On July 1, 2024, the Company effectuated a 1-for-17 reverse stock split of the Company's issued and outstanding common stock (the "Reverse Split-2024"). The par value remained unchanged. All amounts and values presented in this Annual Report on Form 10-K have been retroactively adjusted to reflect the Reverse Split-2023 and the Reverse Split-2024 for all periods presented, unless otherwise indicated. The Reverse Split-2024 resulted in a rounding addition of approximately 110,350 shares valued at par, totaling \$9,490 for which shares were issued in July 2024.

ITEM 1A. RISK FACTORS

The following important factors, among others, could cause our actual operating results to differ materially from those indicated or suggested by forward-looking statements made in this Annual Report on Form 10-K or presented elsewhere by management from time to time. Investors should carefully consider the risks described below before making an investment decision. The risks described below are not the only ones we face. Additional risks not presently known to us or that we currently believe are not material may also significantly impair our business operations. Our business could be harmed by any of these risks. The trading price of our common stock could decline due to any of these risks, and investors may lose all or part of their investment.

Risks Related to Our Business

We may experience significant fluctuations in our quarterly and annual results.

Fluctuations in our quarterly and annual financial results have resulted and will continue to result from numerous factors, including:

- The Company having a limited operating history
- The Company has limited resources and there is significant competition for business combination opportunities. Therefore, the Company may not be able to acquire other assets or businesses
- The Company may be unable to obtain additional financing, if required, to complete an acquisition, or to complement the operations and growth of existing and target business, which could compel the Company to restructure a potential business transaction or abandon a particular business combination
- We hold our cash and cash equivalents that we use to meet our working capital and operating expense needs in deposit accounts that could be adversely affected if the financial institution holding such funds fail.
- Our inability to retain or hire qualified employees, as well as the loss of any of our executive officers, could negatively impact our ability to retain existing business and generate new business
- Our growth strategy depends, in part, on the acquisition of other insurance intermediaries, which may not be available on acceptable terms in the future or which, if consummated, may not be advantageous to us
- A cybersecurity attack, or any other interruption in information technology and/or data security and/or outsourcing relationships, could adversely affect our business, financial condition and reputation
- Rapid technological change may require additional resources and time to adequately respond to dynamics, which may adversely affect our business and operating results
- Changes in data privacy and protection laws and regulations, or any failure to comply with such laws and regulations, could adversely affect our business and financial results
- Because our insurance business is highly concentrated in Michigan, New York, Montana, New Jersey, Ohio, and Illinois adverse economic conditions, natural disasters, or regulatory changes in these regions could adversely affect our financial condition
- If we fail to comply with the covenants contained in certain of our agreements, our liquidity, results of operations and financial condition may be adversely affected
- Certain of our agreements contain various covenants that limit the discretion of our management in operating our business and could prevent us from engaging in certain potentially beneficial activities
- There are inherent uncertainties involved in estimates, judgments and assumptions used in the preparation of financial statements in accordance with United States Generally Accepted Accounting Principles (U.S. GAAP). Any changes in estimates, judgments and assumptions could have a material adverse effect on our financial position and results of operations and therefore our business
- Improper disclosure of confidential information could negatively impact our business
- Our business could be adversely impacted by inflation.

These factors, some of which are not within our control, may cause the price of our common stock to fluctuate substantially. If our operating results fail to meet or exceed the expectations of securities analysts or investors, our stock price could drop suddenly and significantly. Due to the Company's limited operating history, we believe period to period comparisons of our financial results are not always meaningful and should not be relied upon as an indication of future performance.

The Company has limited resources and there is significant competition for business combination opportunities. Therefore, the Company may not be able to acquire other assets or businesses.

The Company expects to encounter intense competition from other entities having a business objective similar to ours, which are also competing for acquisitions. Many of these entities are well established and have extensive experience in identifying and effecting business combinations directly or through affiliates. Many of these competitors possess greater technical, human, financial and other resources. While the Company believes that there are numerous potential target businesses that it could acquire, the Company's ability to compete in acquiring certain sizable target businesses might be limited if the Company's limited financial resources are less than that of its competitors. This inherent competitive limitation gives others an advantage in pursuing the acquisition of certain target businesses.

The Company may be unable to obtain additional financing, if required, to complete an acquisition, or to Company the operations and growth of existing and target business, which could compel the Company to restructure a potential business transaction or abandon a particular business combination.

To date, much of our capital for acquiring and operating insurance agencies comes from loans from unaffiliated lenders, from direct market capital raises or funds provided by an affiliate. We may be required to seek additional financing. We cannot assure you that such financing would be available on acceptable terms, if at all. If additional financing proves to be unavailable, we would be compelled to restructure or existing business, or abandon a proposed acquisition or acquisitions. In addition, if we consummate additional acquisitions, we may require additional financing to complement the operations or growth of that business. The failure to secure additional financing could have a material adverse effect on the continued development or growth of our business.

We hold our cash and cash equivalents that we use to meet our working capital and operating expense needs in deposit accounts that could be adversely affected if the financial institution holding such funds fail.

We hold our cash and cash equivalents that we use to meet our working capital and operating expense needs in deposit accounts at one financial institution. The balance held in these accounts exceeds the Federal Deposit Insurance Corporation, or FDIC, standard deposit insurance limit of \$250,000. If the financial institution in which we hold such funds fails or is subject to significant adverse conditions in the financial or credit markets, we could be subject to a risk of loss of all or a portion of such uninsured funds or be subject to a delay in accessing all or a portion of such uninsured funds. Any such loss or lack of access to these funds could adversely impact our short-term liquidity and ability to meet our operating expense obligations, including payroll obligations.

For example, on March 10, 2023, Silicon Valley Bank, or SVB, and Signature Bank, were closed by state regulators and the FDIC was appointed receiver for each bank. The FDIC created successor bridge banks and all deposits of SVB and Signature Bank were transferred to the bridge banks under a systemic risk exception approved by the United States Department of the Treasury, the Federal Reserve and the FDIC. If the financial institution in which we hold funds for working capital and operating expenses were to fail, we cannot provide any assurances that such governmental agencies would take action to protect our uninsured deposits or investments in a similar manner.

Our inability to retain or hire qualified employees, as well as the loss of any of our executive officers, could negatively impact our ability to retain existing business and generate new business.

Our success depends on our ability to attract and retain skilled and experienced personnel. There is significant competition from within the insurance industry and from businesses outside the industries for exceptional employees, especially in key positions. If we are not able to successfully attract, retain and motivate our employees, our business, financial results and reputation could be materially and adversely affected.

Losing employees who manage or support substantial customer relationships or possess substantial experience or expertise could adversely affect our ability to secure and complete customer engagements, which would adversely affect our results of operations. Also, if any of our key personnel were to join an existing competitor or form a competing company, some of our customers could choose to use the services of that competitor instead of our services. While our key personnel are generally prohibited by contract from soliciting our employees and customers for a two-year period following separation from employment with us, they are not prohibited from competing with us.

In addition, we could be adversely affected if we fail to adequately plan for the succession of our senior leaders and key executives. We cannot guarantee that the services of these executives will continue to be available to us. The loss of our senior leaders or other key personnel, or our inability to continue to identify, recruit and retain such personnel, or to do so at reasonable compensation levels, could materially and adversely affect our business, results of operations, cash flows and financial condition.

Our growth strategy depends, in part, on the acquisition of other insurance intermediaries, which may not be available on acceptable terms in the future or which, if consummated, may not be advantageous to us.

Our growth strategy partially includes the acquisition of other insurance intermediaries. Our ability to successfully identify suitable acquisition candidates, complete acquisitions, integrate acquired businesses into our operations, and expand into new markets requires us to implement and continuously improve our operations and our financial and management information systems. Integrated, acquired businesses may not achieve levels of revenues or profitability comparable to our existing operations, or otherwise perform as expected. In addition, we compete for acquisition and expansion opportunities with firms and banks that may have substantially greater resources than we do. Acquisitions also involve a number of special risks, such as diversion of management's attention; difficulties in the integration of acquired operations and retention of personnel; increase in expenses and working capital requirements, which could reduce our return on invested capital; entry into unfamiliar markets or lines of business; unanticipated problems or legal liabilities; estimation of the acquisition earn-out payables; and tax and accounting issues, some or all of which could have a material adverse effect on our results of operations, financial condition and cash flows. Post-acquisition deterioration of operating performance could also result in lower or negative earnings contribution and/or goodwill impairment charges.

A cybersecurity attack, or any other interruption in information technology and/or data security and/or outsourcing relationships, could adversely affect our business, financial condition, and reputation.

We rely on information technology and third-party vendors to provide effective and efficient service to our customers, process claims, and timely and accurately report information to carriers which often involves secure processing of confidential sensitive, proprietary, and other types of information. Cybersecurity breaches of any of the systems we rely on may result from circumvention of security systems, denial-of-service attacks or other cyber-attacks, hacking, "phishing" attacks, computer viruses, ransomware, malware, employee or insider error, malfeasance, social engineering, physical breaches, or other actions, any of which could expose us to data loss, monetary and reputational damages and significant increases in compliance costs. An interruption of our access to, or an inability to access, our information technology, telecommunications or other systems could significantly impair our ability to perform such functions on a timely basis. If sustained or repeated, such a business interruption, system failure or service denial could result in a deterioration of our ability to write and process new and renewal business, provide customer service, pay claims in a timely manner or perform other necessary business functions. We have from time-to-time experienced cybersecurity breaches, such as computer viruses, unauthorized parties gaining access to our information technology systems and similar incidents, which to date have not had a material impact on our business.

Additionally, we are an acquisitive organization and the process of integrating the information systems of the businesses we acquire is complex and exposes us to additional risk as we might not adequately identify weaknesses in the targets' information systems, which could expose us to unexpected liabilities or make our own systems more vulnerable to attack. In the future, any material breaches of cybersecurity, or media reports of the same, even if untrue, could cause us to experience reputational harm, loss of clients and revenue, loss of proprietary data, regulatory actions and scrutiny, sanctions or other statutory penalties, litigation, liability for failure to safeguard clients' information or financial losses. Such losses may not be insured against or not fully covered through insurance we maintain.

Rapid technological change may require additional resources and time to adequately respond to dynamics, which may adversely affect our business and operating results.

Frequent technological changes, new products and services and evolving industry standards are influencing the insurance businesses. The Internet, for example, is increasingly used to securely transmit benefits, property and personal information, and related information to customers and to facilitate business-to-business information exchange and

transactions.

We are continuously taking steps to upgrade and expand our information systems capabilities. Maintaining, protecting, and enhancing these capabilities to keep pace with evolving industry and regulatory standards, and changing customer preferences, requires an ongoing commitment of significant resources. If the information we rely upon to run our businesses was found to be inaccurate or unreliable or if we fail to effectively maintain our information systems and data integrity, we could experience operational disruptions, regulatory or other legal problems, increases in operating expenses, loss of existing customers, difficulty in attracting new customers, or suffer other adverse consequences.

Changes in data privacy and protection laws and regulations, or any failure to comply with such laws and regulations, could adversely affect our business and financial results.

We are subject to a variety of continuously evolving and developing laws and regulations globally regarding privacy, data protection, and data security, including those related to the collection, storage, handling, use, disclosure, transfer, and security of personal data. Significant uncertainty exists as privacy and data protection laws may be interpreted and applied differently from country to country and may create inconsistent or conflicting requirements. These laws apply to transfers of information among our affiliates, as well as to transactions we enter into with third party vendors. These and similar initiatives around the world could increase the cost of developing, implementing, or securing our servers and require us to allocate more resources to improved technologies, adding to our information technology and compliance costs. In addition, enforcement actions and investigations by regulatory authorities related to data security incidents and privacy violations continue to increase. The enactment of more restrictive laws, rules, regulations or future enforcement actions or investigations could impact us through increased costs or restrictions on our business, and noncompliance could result in regulatory penalties and significant legal liability.

Because our insurance business is highly concentrated in Michigan, New York, Montana, New Jersey, Ohio, and Illinois adverse economic conditions, natural disasters, or regulatory changes in these regions could adversely affect our financial condition.

A significant portion of our insurance business is concentrated in Michigan, New York, Montana, New Jersey, Ohio, and Illinois. For the years ended December 31, 2024, and 2023 we derived \$14,054,361 and \$13,731,826 respectively or 100% of our annual revenue, respectively, from our operations located in these regions (FYE 2024 - Michigan – 53%, New York – 2%, Montana – 13% and Ohio – 16%, and Illinois – 17%. FYE 2023 - Michigan – 55%, New York – 2%, Montana – 14% and Ohio – 16%, and Illinois – 13%). The insurance business is primarily a state-regulated industry, and therefore, state legislatures may enact laws that adversely affect the insurance industry. Because our business is concentrated in these four states, we face greater exposure to unfavorable changes in regulatory conditions in those states than insurance intermediaries whose operations are more diversified through a greater number of states. In addition, the occurrence of adverse economic conditions, natural or other disasters, or other circumstances specific to or otherwise significantly impacting these states could adversely affect our financial condition, results of operations and cash flows. We are susceptible to losses and interruptions caused by hurricanes or other weather conditions, and other possible events such as terrorist acts and other natural or man-made disasters. Our insurance coverage with respect to natural disasters is limited and is subject to deductibles and coverage limits. Such coverage may not be adequate or may not continue to be available at commercially reasonable rates and terms.

If we fail to comply with the covenants contained in certain of our agreements, our liquidity, results of operations and financial condition may be adversely affected.

The Oak Street credit agreements, in the aggregate principal amount of \$11,060,319 and \$12,417,737, as of December 31, 2024 and 2023, that govern our debt contain various covenants and other limitations with which we must comply with, including covenants for the debt service coverage ratio and debt to EBITDA ratio and a covenant that at all times that the loans are outstanding: (i) Ezra Beyman, our chief executive officer, Debra Beyman, Mr. Beyman's wife, or Yaakov Beyman, son of Mr. and Ms. Beyman, or someone else approved by Oak Street, as applicable, will be the manager of the current subsidiaries of the Company, (ii) Mr. Ezra Beyman will be President and Chairperson of the Board of the Company, and (iii) Reliance Global Holdings will continue to remain a shareholder of the Company's equity and Ezra and Debra will be the sole owners of Reliance Global Holdings as tenants in entirety. The credit agreements also contain provisions which cause a "cross default" if we default our obligations under other material contracts to which we are parties. The credit agreements contain customary and usual events of default, including, subject to certain specified cure periods and notice requirements, the Company's or one of its subsidiaries' failure to comply with the covenants therein. Upon an event of default, the lender has customary and usual remedies to cure these defaults including, but not limited to, the ability to accelerate the indebtedness. As of December 31, 2024, the Company is in compliance with all its financial covenants.

Certain of our agreements contain various covenants that limit the discretion of our management in operating our business and could prevent us from engaging in certain potentially beneficial activities.

The restrictive covenants in our debt agreements may impact how we operate our business and prevent us from engaging in certain potentially beneficial activities. Among other covenants, our debt agreements require us to maintain a minimum ratio of EBITDA, adjusted for certain transaction-related items ("Covenant EBITDA"), to interest expense and a maximum ratio of net indebtedness to Covenant EBITDA. Our compliance with these covenants could limit management's discretion in operating our business and could prevent us from engaging in certain potentially beneficial activities.

There are inherent uncertainties involved in estimates, judgments and assumptions used in the preparation of financial statements in accordance with U.S. GAAP. Any changes in estimates, judgments and assumptions could have a material adverse effect on our financial position and results of operations and therefore our business.

The preparation of financial statements in accordance with U.S. GAAP involves making estimates, judgments and assumptions that affect reported amounts of assets (including intangible assets), liabilities and related reserves, revenues, expenses, and income. Estimates, judgments and assumptions are inherently subject to change in the future, and any such changes could result in corresponding changes to the values of assets, liabilities, revenues, expenses and income, and could have a material adverse effect on our financial position, results of operations and cash flows.

Improper disclosure of confidential information could negatively impact our business.

We are responsible for maintaining the security and privacy of our customers' confidential and proprietary information and the personal data of their employees. We have put in place policies, procedures and technological safeguards designed to protect the security and privacy of this information; however, we cannot guarantee that this information will not be improperly disclosed or accessed. Disclosure of this information could harm our reputation and subject us to liability under our contracts and laws that protect personal data, resulting in increased costs or loss of revenues.

Our business, results of operations, financial condition and liquidity may be materially adversely affected by certain actual and potential claims, regulatory actions and proceedings.

We are subject to various actual and potential claims, regulatory actions and other proceedings including those relating to alleged errors and omissions in connection with the placement or servicing of insurance and/or the provision of services in the ordinary course of business, of which we cannot, and likely will not be able to, predict the outcome with certainty. Because we often assist customers with matters involving substantial amounts of money, including the placement of insurance and the handling of related claims that customers may assert, errors and omissions claims against us may arise alleging potential liability for all or part of the amounts in question. Also, the failure of an insurer with

whom we place business could result in errors and omissions claims against us by our customers, which could adversely affect our results of operations and financial condition. Claimants may seek large damage awards, and these claims may involve potentially significant legal costs, including punitive damages. Such claims, lawsuits and other proceedings could, for example, include claims for damages based upon allegations that our employees or sub-agents failed to procure coverage, report claims on behalf of customers, provide insurance companies with complete and accurate information relating to the risks being insured or appropriately apply funds that we hold for our customers on a fiduciary basis. In addition, given the long-tail nature of professional liability claims, errors and omissions matters can relate to matters dating back many years. Where appropriate, we have established provisions against these potential matters that we believe to be adequate in the light of current information and legal advice, and we adjust such provisions from time to time according to developments.

While most of the errors and omissions claims made against us (subject to our self-insured deductibles) have been covered by our professional indemnity insurance, our business, results of operations, financial condition and liquidity may be adversely affected if, in the future, our insurance coverage proves to be inadequate or unavailable, or if there is an increase in liabilities for which we self-insure. Our ability to obtain professional indemnity insurance in the amounts and with the deductibles we desire in the future may be adversely impacted by general developments in the market for such insurance or our own claims experience. In addition, regardless of monetary costs, these matters could have a material adverse effect on our reputation and cause harm to our carrier, customer or employee relationships, or divert personnel and management resources.

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Our business could be adversely impacted by inflation.

Increases in inflation may have an adverse effect on our business. Current and future inflationary effects may be driven by, among other things, supply chain disruptions and governmental stimulus or fiscal policies. Continuing increases in inflation could impact the overall demand for our products, our costs for labor, material and services, and the margins we are able to realize on our products, all of which could have an adverse impact on our business, financial position, results of operations and cash flows. Inflation may also result in higher interest rates, which in turn would result in higher interest.

Risks Related to the Insurance Industry

We may experience increased competition from insurance companies, technology companies and the financial services industry, as well as the shift away from traditional insurance markets.

The insurance intermediary business is highly competitive and we actively compete with numerous firms for customers, properties and insurance companies, many of which have relationships with insurance companies, or have a significant presence in niche insurance markets that may give them an advantage over us. Other competitive concerns may include the quality of our products and services, our pricing, and the ability of some of our customers to self-insure and the entrance of technology companies into the insurance intermediary business. Several insurance companies are engaged in the direct sale of insurance, primarily to individuals, and do not pay commissions to agents and brokers. In addition, and to the extent that banks, securities firms, private equity companies, and insurance companies affiliate, the financial services industry may experience further consolidation, and we therefore may experience increased competition from insurance companies and the financial services industry, as a growing number of larger financial institutions increasingly, and aggressively, offer a wider variety of financial services, including insurance intermediary services.

Worsening of Current U.S. economic conditions as a result of the COVID-19 pandemic and the Russian Federation Military Action may adversely affect our business.

Management continues to evaluate the impact of the COVID-19 pandemic on the industry and has concluded that while it is reasonably possible that the virus could have a negative effect on the Company's financial position or results of its operations, the specific impact is not readily determinable as of the date of the financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

In February 2022, the Russian Federation and Belarus commenced a military action with the country of Ukraine. As a result of this action, various nations, including the United States, have instituted economic sanctions against the Russian Federation and Belarus. Further, the impact of this action and related sanctions on the world economy are not determinable as of the date of these financial statements and the specific impact on the Company's financial condition, results of operations, and cash flows is also not determinable as of the date of these financial statements.

If economic conditions were to worsen, a number of negative effects on our business could result, including declines in values of insurable exposure units, declines in insurance premium rates, the financial insolvency of insurance companies, the reduced ability of customers to pay, declines in the stock of residential housing or declines in property values. Also, if general economic conditions are poor, some of our customers may cease operations completely or be acquired by other companies, which could have an adverse effect on our results of operations and financial condition. If these customers are affected by poor economic conditions, but yet remain in existence, they may face liquidity problems or other financial difficulties that could result in delays or defaults in payments owed to us, which could have a significant adverse impact on our consolidated financial condition and results of operations. Any of these effects could decrease our net revenues and profitability.

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Our business, and therefore our results of operations and financial condition, may be adversely affected by conditions that result in reduced insurer capacity.

Our results of operations depend on the continued capacity of insurance carriers to underwrite risk and provide coverage, which depends in turn on those insurance companies' ability to procure reinsurance. Capacity could also be reduced by insurance companies failing or withdrawing from writing certain coverages that we offer to our customers. We have no control over these matters. To the extent that reinsurance becomes less widely available or significantly more expensive, we may not be able to procure the amount or types of coverage that our customers desire and the coverage we are able to procure for our customers may be more expensive or limited.

Quarterly and annual variations in our commissions that result from the timing of policy renewals and the net effect of new and lost business production may have unexpected effects on our results of operations.

Our commission income (including profit-sharing contingent commissions and override commissions) can vary quarterly or annually due to the timing of policy renewals and the net effect of new and lost business production. We do not control the factors that cause these variations. Specifically, customers' demand for insurance products can influence the timing of renewals, new business, and lost business (which includes policies that are not renewed), and cancellations. In addition, we rely on insurance companies for the payment of certain commissions. Because these payments are processed internally by these insurance companies, we may not receive a payment that is otherwise expected from a particular insurance company in a particular quarter or year until after the end of that period, which can adversely affect our ability to forecast these revenues and therefore budget for significant future expenditures. Quarterly and annual fluctuations in revenues based upon increases and decreases associated with the timing of new business, policy renewals and payments from insurance companies may adversely affect our financial condition, results of operations and cash flows.

Profit-sharing contingent commissions are special revenue-sharing commissions paid by insurance companies based upon the profitability, volume and/or growth of the business placed with such companies generally during the prior year. Override commissions are paid by insurance companies based upon the volume of business that we place with them and are generally paid over the course of the year. Because profit-sharing contingent commissions and override commissions affect our revenues, any decrease in their payment to us could adversely affect our results of operations, profitability, and our financial condition.

Our business practices and compensation arrangements are subject to uncertainty due to potential changes in regulations.

The business practices and compensation arrangements of the insurance intermediary industry, including our practices and arrangements, are subject to uncertainty due to investigations by various governmental authorities. Certain of our offices are parties to profit-sharing contingent commission agreements with certain insurance companies, including agreements providing for potential payment of revenue-sharing commissions by insurance companies based primarily on the overall profitability of the aggregate business written with those insurance companies and/or additional factors such as retention ratios and the overall volume of business that an office or offices place with those insurance companies. Additionally, to a lesser extent, some of our offices are parties to override commission agreements with certain insurance companies, which provide for commission rates in excess of standard commission rates to be applied to specific lines of business, such as group health business, and which are based primarily on the overall volume of business that such office or offices placed with those insurance companies. The legislatures of various states may adopt new laws addressing contingent commission arrangements, including laws prohibiting such arrangements, and addressing disclosure of such arrangements to insureds. Various state departments of insurance may also adopt new regulations addressing these matters which could adversely affect our results of operations.

Risk of lack of knowledge in distant geographic markets

Although the Company intends to focus its investments in locations with which we are generally familiar, the Company runs a risk of experiencing underwriting challenges or issues associated with a lack of familiarity in some markets. Each market has nuances and idiosyncrasies that affect values, marketability, desirability, and demand for individual assets that may not be easily understood from afar. While we believe we can effectively mitigate these risks in a myriad of ways, there is no guarantee that investments in any geographic market will perform as expected.

Potential liability or other expenditures associated with potential environmental contamination may be costly.

Various federal, state, and local laws subject multifamily residential community owners or operators to liability for management, and the costs of removal or remediation, of certain potentially hazardous materials that may be present in the land or buildings of a multifamily residential community. Potentially hazardous materials may include polychlorinated biphenyls, petroleum-based fuels, lead-based paint or asbestos, among other materials. Such laws often impose liability without regard to fault or whether the owner or operator knew of, or was responsible for, the presence of such materials. The presence of, or the failure to manage or remediate properly, these materials may adversely affect occupancy at such apartment communities as well as the ability to sell or finance such apartment communities. In addition, governmental agencies may bring claims for costs associated with investigation and remediation actions, damages to natural resources and for potential fines or penalties in connection with such damage or with respect to the improper management of hazardous materials. Moreover, private plaintiffs may potentially make claims for investigation and remediation costs they incur or personal injury, disease, disability or other infirmities related to the alleged presence of hazardous materials at a multifamily residential community. In addition to potential environmental liabilities or costs associated with our current multifamily residential communities, we may also be responsible for such liabilities or costs associated with communities we acquire or manage in the future, or multifamily residential communities we no longer own or operate.

We compete in a highly regulated industry, which may result in increased expenses or restrictions on our operations.

We conduct business in several states of the United States of America and are subject to comprehensive regulation and supervision by government agencies in each of those states. The primary purpose of such regulation and supervision is to provide safeguards for policyholders rather than to protect the interests of our shareholders, and it is difficult to anticipate how changes in such regulation would be implemented and enforced. As a result, such regulation and supervision could reduce our profitability or growth by increasing compliance costs, technology compliance, restricting the products or services we may sell, the markets we may enter, the methods by which we may sell our products and services, or the prices we may charge for our services and the form of compensation we may accept from our customers, carriers and third parties.

The laws of the various state jurisdictions establish supervisory agencies with broad administrative powers with respect to, among other things, licensing of entities to transact business, licensing of agents, admittance of assets, regulating premium rates, approving policy forms, regulating unfair trade and claims practices, determining technology and data protection requirements, establishing reserve requirements and solvency standards, requiring participation in guarantee funds and shared market mechanisms, and restricting payment of dividends. Also, in response to perceived excessive cost or inadequacy of available insurance, states have from time to time created state insurance funds and assigned risk pools, which compete directly, on a subsidized basis, with private insurance providers. We act as agents and brokers for such state insurance funds and assigned risk pools in Michigan as well as certain other states. These state funds and pools could choose to reduce the sales or brokerage commissions we receive. Any such reductions, in a state in which we have substantial operations could affect the profitability of our operations in such state or cause us to change our marketing focus.

Further, state insurance regulators and the NAIC continually re-examine existing laws and regulations, and such re-examination may result in the enactment of insurance-related laws and regulations, or the issuance of interpretations thereof, that adversely affect our business. Certain federal financial services modernization legislation could lead to additional federal regulation of the insurance industry in the coming years, which could result in increased expenses or restrictions on our operations.

Other legislative developments that could adversely affect us include: changes in our business compensation model as a result of regulatory developments (for example, the Affordable Care Act); and federal and state governments establishing programs to provide health insurance or, in certain cases, property insurance in catastrophe-prone areas or other alternative market types of coverage, that compete with, or completely replace, insurance products offered by insurance carriers. Also, as climate change issues become more prevalent, the U.S. and foreign governments are beginning to respond to these issues. This increasing governmental focus on climate change may result in new environmental regulations that may negatively affect us and our customers. This could cause us to incur additional direct costs in complying with any new environmental regulations, as well as increased indirect costs resulting from our customers incurring additional compliance costs that get passed on to us. These costs may adversely impact our results of operations and financial condition.

Although we believe that we are in compliance in all material respects with applicable local, state, and federal laws, rules and regulations, there can be no assurance that more restrictive laws, rules, regulations or interpretations thereof, will not be adopted in the future that could make compliance more difficult or expensive.

Risks Related to Investing in our Securities

We may experience volatility in our stock price that could affect your investment.

The market price of our common stock may be subject to significant fluctuations in response to various factors, including quarterly fluctuations in our operating results; changes in securities analysts' estimates of our future earnings; changes in securities analysts' predictions regarding the short-term and long-term future of our industry; changes to the tax code; and our loss of significant customers or significant business developments relating to us or our competitors. Our common stock's market price also may be affected by our inability to meet stock analysts' earnings and other expectations. Any failure to meet such expectations, even if minor, could cause the market price of our common stock to decline. In addition, stock markets have generally experienced a high level of price and volume volatility, and the market prices of equity securities of many listed companies have experienced wide price fluctuations not necessarily related to the operating performance of such companies. These broad market fluctuations may adversely affect our common stock's market price. In the past, securities class action lawsuits frequently have been instituted against companies following periods of volatility in the market price of such companies' securities. If any such litigation is initiated against us, it could result in substantial costs and a diversion of management's attention and resources, which could have a material adverse effect on our business, results of operations, financial condition, and cash flows.

Our failure to meet the continued listing requirements of The Nasdaq Capital Market could result in a delisting of our common stock.

Our shares of common stock are currently listed on Nasdaq. If we fail to satisfy the continued listing requirements of The Nasdaq Capital Market, such as the corporate governance requirements, minimum bid price requirement or the minimum stockholders' equity requirement, Nasdaq may take steps to delist our common stock. Any delisting would likely have a negative effect on the price of our common stock and would impair stockholders' ability to sell or purchase their common stock when they wish to do so.

Any perception that we may not comply with Nasdaq continued listing requirements or a delisting of our common stock by Nasdaq could adversely affect our ability to attract new investors, decrease the liquidity of the outstanding shares of our common stock, reduce the price at which such shares trade and increase the transaction costs inherent in trading such shares with overall negative effects for our stockholders. In addition, delisting of our common stock from Nasdaq could deter broker-dealers from making a market in or otherwise seeking or generating interest in our common stock, and might deter certain institutions and persons from investing in our common stock.

The Company's CEO has common stock equity and debt interests.

As of March 6, 2025, our CEO and Chairman of the Board, Ezra Beyman, is the beneficial owner of approximately 3.47% of the Company's common stock, consisting of 99,672 common shares.

As of December 31, 2024, there were no outstanding loan balances due to our CEO affiliated entities, Reliance Global Holdings LLC and YES Americana Group, LLC ("Americana"). However, subsequent to December 31, 2024, and on March 5, 2025 (the "Americana Facility Effective Date"), the Company entered into a revolving credit facility agreement (the "Americana Facility"), and issued a revolving note thereunder in favor of Americana, pursuant to which Americana agreed to lend the Company up to \$600,000 for purposes of additional working capital for purposes of additional working capital related to incremental Spetner acquisition related costs, and general uses. The Americana Facility carries interest at an annual rate of 0.1%, calculated on a daily basis. Payment of principal and interest are due on the maturity date, 12 months from the Americana Facility Effective Date and optional pre-payments are permitted at any time. As of March 6, 2025, there is \$450,000 outstanding under the Americana Facility.

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Under our credit agreements with Oak Street, the Company has agreed that at all times that the loans are outstanding: (i) Ezra Beyman, our CEO and Chairman of the Board, Debra Beyman, Mr. Beyman's wife, or Yaakov Beyman, son of Mr. and Ms. Beyman, or someone else approved by Oak Street, as applicable, will be the manager of the current subsidiaries of the Company, (ii) Mr. Ezra Beyman will be President and Chairperson of the Board of the Company, and (iii) Reliance Global Holdings will continue to remain a shareholder of the Company's equity and Ezra and Debra will be the sole owners of Reliance Global Holdings as tenants in entirety. The loans by Oak Street immediately mature and become due and payable if the Company fails to comply with these provisions, subject to certain notice and/or cure periods.

Broad discretion of management.

Any person who invests in the Company's common stock will do so without an opportunity to evaluate the specific merits or risks of any prospective acquisition. As a result, investors will be entirely dependent on the broad discretion and judgment of management in connection with the selection of acquisitions. There can be no assurance that determinations made by the Company's management will permit us to achieve the Company's business objectives.

Future sales or other dilution of our equity could adversely affect the market price of our common stock.

We grow our business organically as well as through acquisitions. One method of acquiring companies or otherwise Companying our corporate activities is through the issuance of additional equity securities. The issuance of any additional shares of common or of preferred stock or convertible securities could be substantially dilutive to holders of our common stock. Moreover, to the extent that we issue restricted stock units, performance stock units, options or warrants to purchase shares of our common stock in the future and those options or warrants are exercised or as the restricted stock units or performance stock units vest, our stockholders may experience further dilution. Holders of our common stock have no preemptive rights that entitle holders to purchase their pro rata share of any offering of shares of any class or series and, therefore, such sales or offerings could result in increased dilution to our stockholders. The market price of our common stock could decline as a result of sales of shares of our common stock or the perception that such sales could occur.

The price of our common stock may fluctuate significantly, and this may make it difficult to resell shares of common stock at attractive prices.

The trading price of our common stock may fluctuate widely as a result of a number of factors, including the risk factors described above many of which are outside our control. In addition, the stock market is subject to fluctuations in the share prices and trading volumes that affect the market prices of the shares of many companies. These broad market fluctuations have adversely affected and may continue to adversely affect the market price of our common stock. Among the factors that could affect our stock price are:

- General economic and political conditions such as recessions, economic downturns and acts of war or terrorism;
- Quarterly variations in our operating results;
- Seasonality of our business cycle;
- Changes in the market's expectations about our operating results;
- Our operating results failing to meet the expectation of securities analysts or investors in a particular period;
- Changes in financial estimates and recommendations by securities analysts concerning us or the insurance brokerage or financial services industries in general;
- Operating and stock price performance of other companies that investors deem comparable to us;
- News reports relating to trends in our markets, including any expectations regarding an upcoming "hard" or "soft" market;
- Cyberattacks and other cybersecurity incidents;
- Changes in laws and regulations affecting our business;
- Material announcements by us or our competitors;
- The impact or perceived impact of developments relating to our investments, including the possible perception by securities analysts or investors that such investments divert management attention from our core operations;
- Market volatility;

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- A negative market reaction to announced acquisitions;
- Competitive pressures in each of our divisions;
- General conditions in the insurance brokerage and insurance industries;
- Legal proceedings or regulatory investigations;
- Sales of substantial amounts of common shares by our directors, executive officers or significant stockholders or the perception that such sales could occur.
- Stockholder class action lawsuits may be instituted against us following a period of volatility in our stock price. Any such litigation could result in substantial cost and a diversion of management's attention and resources.

Possible issuance of additional securities.

As of December 31, 2024, our Articles of Incorporation authorized the issuance of 117,647,059 shares of common stock, par value \$0.086 per share. Effective February 7, 2025, our authorized shares were increased to 2,000,000,000. As of December 31, 2024, we had 2,250,210 shares issued and outstanding. We may be expected to issue additional shares in connection with our pursuit of new business opportunities and new business operations. To the extent that additional shares of common stock are issued, our shareholders would experience dilution of their respective ownership interests. If we issue shares of common stock in connection with our intent to pursue new business opportunities, a change in control of the Company may be expected to occur. The issuance of additional shares of common stock may adversely affect the market price of our common stock, in the event that an active trading market commences.

We could be negatively impacted by cybersecurity attacks.

We may use a variety of information technology systems in the ordinary course of business, which are potentially vulnerable to unauthorized access, computer viruses and cyberattacks, including cyberattacks to our information technology infrastructure and attempts by others to gain access to our proprietary or sensitive information, and ranging from individual attempts to advanced persistent threats. The risk of such a security breach or disruption has generally increased as the number, intensity and sophistication of attempted attacks and intrusions from around the world have increased and will likely continue to increase in the future. The procedures and controls we use to monitor these threats and mitigate our exposure may not be sufficient to prevent cyber security incidents. The results of these incidents could include disrupted operations, misstated or unreliable financial data, theft of trade secrets or other intellectual property, liability for disclosure of confidential customer, supplier or employee information, increased costs arising from the implementation of additional security protective measures, regulatory enforcement litigation and reputational damage, which could materially adversely affect our financial condition, business and results of operations. These risks require continuous and likely increasing attention and other resources from us to, among other actions, identify and quantify these risks, upgrade and expand our technologies, systems and processes to adequately address them and provide periodic training for employees to assist them in detecting phishing, malware and other schemes. Such attention diverts time and other resources from other activities and there is no assurance that our efforts will be effective. Additionally, the cost of maintaining and improving such systems and processes, procedures and internal controls may increase from its current level. Potential sources for disruption, damage or failure of our information technology systems include, without limitation, computer viruses, security breaches, human error, cyberattacks, natural disasters and defects in design. Additionally, we rely on third party service providers for certain aspects of our business. We can provide no assurance that the networks and systems that our third party vendors have established or use will be effective. Even if we are not targeted directly, cyberattacks on the U.S. and foreign governments, financial markets, financial institutions, or other businesses, including vendors, software creators, cybersecurity service providers, and other third parties with whom we do business, may occur, and such events could disrupt our normal business operations and networks in the future.

We are subject to a variety of federal, state, and international laws and other obligations regarding data protection.

We are subject to a variety of federal, state, and international laws and other obligations regarding data protection. Several jurisdictions have passed laws in this area, and other jurisdictions are considering imposing additional restrictions. These laws continue to develop and may be inconsistent from jurisdiction to jurisdiction. Complying with emerging and changing domestic and international requirements may cause us or our businesses to incur substantial costs or require us or one of our businesses to change its business practices. Any failure by us to comply with our own privacy policy, applicable association rules, or with other federal, state or international privacy-related or data protection laws and regulations could result in proceedings against us by governmental entities or others.

Dividends unlikely.

The Company does not expect to pay dividends for the foreseeable future. The payment of dividends will be contingent upon the Company's future revenues and earnings, if any, capital requirements and overall financial conditions. The payment of any future dividends will be within the discretion of the Company's board of directors as then constituted. It is the Company's expectation that future management following a business combination will determine to retain any earnings for use in its business operations and accordingly, the Company does not anticipate declaring any dividends in the foreseeable future.

Speculative Nature of Warrants.

Warrants offered in our various equity offerings do not confer any rights of common stock ownership on their holders, such as voting rights, and could limit the rights to receive dividends, they rather merely represent the right to acquire shares of our common stock at a fixed price for a limited period of time. Moreover, following these offerings, the market value of the warrants is uncertain and there can be no assurance that the market value of the warrants will equal or exceed their public offering price. There can be no assurance that the market price of the common stock will ever equal or exceed the exercise price of the warrants, and consequently, whether it will ever be profitable for holders of the warrants to exercise the warrants.

State blue sky registration; potential limitations on resale of the Company's common stock

The holders of the Company's shares of common stock registered under the Securities Exchange Act of 1934, as amended (the "Securities Act") and those persons who desire to purchase them in any trading market that may develop in the future, should be aware that there may be state blue-sky law restrictions upon the ability of investors to resell the Company's securities. Accordingly, investors should consider the secondary market for the Company's securities to be a limited one.

Changes in tax laws could materially affect our financial condition, results of operations and cash flows.

The tax regimes we are subject to or operate under, including income and non-income taxes, are unsettled and may be subject to significant change. For example, the Inflation Reduction Act (the "IRA") was signed into law on August 16, 2022 and was effective beginning in fiscal 2023. The IRA imposes a 15% minimum tax for large corporations on global adjusted financial statement income for tax years beginning after December 31, 2022, and a 1% excise tax on certain share repurchases occurring after December 31, 2022. We do not currently expect that the IRA will have a material impact on our income tax liability, but will continue to monitor this change in future periods. We are unable to predict what changes to the tax laws of the U.S. and other jurisdictions may be proposed or enacted in the future or what effect such changes would have on our business. Any significant increase in our future effective tax rate could have a material adverse impact on our business, financial condition, results of operations, or cash flows.

Expectations of our company relating to environmental, social and governance factors may impose additional costs and expose us to new risks.

There is an increasing focus from certain investors, customers and other key stakeholders concerning corporate responsibility, specifically related to environmental, social and governance ("ESG") factors. We expect that an increased focus on ESG considerations will affect some aspects of our operations, particularly as we expand into new geographic markets. There are a number of constituencies that are involved in a range of ESG issues, including investors, special interest groups, public and consumer interest groups and third-party service providers. As a result, there is an increased emphasis on corporate responsibility ratings and several third parties provide reports on companies to measure and assess corporate responsibility performance. In addition, the ESG factors by which companies' corporate responsibility practices are assessed may change, which could result in greater expectations of us and cause us to undertake costly initiatives to satisfy such new criteria. Alternatively, if we are unable to satisfy such new criteria, investors may conclude that our policies with respect to corporate responsibility are inadequate. We risk damage to our brand and reputation if our corporate responsibility procedures or standards do not meet the standards set by various constituencies. In the future, we may be required to make substantial investments in matters related to ESG which could require significant investment and impact our results of operations. Any failure in our decision-making or related investments in this regard could affect consumer perceptions as to our brand. Furthermore, if our competitors' corporate responsibility performance is perceived to be greater than ours, potential or current investors may elect to invest with our competitors instead. In addition, in the event that we communicate certain initiatives and goals regarding ESG matters, we could fail, or be perceived to fail, in our achievement of such initiatives or goals, or we could be criticized for the scope of such initiatives or goals. If we fail to satisfy the expectations of investors and other key stakeholders or our initiatives are not executed as planned, our reputation and financial results could be materially and adversely affected.

Item 1B. Unresolved Staff Comments

Not applicable.

Item 1C. Cybersecurity**Cybersecurity Risk Management and Strategy**

The cybersecurity risk management program, processes, and strategy described in this section are limited to the personal and business information belonging to or maintained by the Company (collectively, "Confidential Information"), our own third-party critical systems and services supporting or used by the Company (collectively, "Critical Systems"), and service providers.

We will consider developing and implementing a cybersecurity risk management program intended to protect the confidentiality, integrity, and availability of our Confidential Information and Critical Systems. Our cybersecurity risk management program will be integrated into our overall enterprise risk management program and includes a cybersecurity incident response plan.

Our contemplated cybersecurity risk management program shall include:

- risk assessments designed to help identify material cybersecurity risks to our Confidential Information, Critical Systems and the broader enterprise IT environment;
- a security team principally responsible for managing (1) our cybersecurity risk assessment processes, (2) our security controls, and (3) our response to cybersecurity incidents;
- cybersecurity awareness and spear-phishing resistance training of our employees, and senior management;
- a cybersecurity incident response plan that includes procedures for responding to cybersecurity incidents; and
- a vendor management policy for service providers.

We have not identified risks from known cybersecurity threats, including as a result of any prior cybersecurity incidents, that have materially affected or are reasonably likely to materially affect us, including our operations, business strategy, results of operations, or financial condition. We face risks from cybersecurity threats that, if realized, could have a material adverse effect on us including an adverse effect on our business, financial condition and results of operations.

Cybersecurity Governance

Our executive management team, along with our managed information technology service provider, is responsible for assessing and managing risks from cybersecurity threats to the Company, including our Confidential Information and Critical Systems. The team has primary responsibility for our overall cybersecurity risk management program. Our management team works closely with our information technology service provider.

Our management team may meet with our information technology service provider periodically to discuss then-current cybersecurity issues, which may include efforts to prevent, detect, mitigate, and remediate cybersecurity risks and incidents through various means, including threat intelligence and other information obtained from governmental, public or private sources, and external service providers engaged by us; and alerts and reports produced by security tools deployed in the information technology environment including a spear-phishing report.

Our Board considers cybersecurity risk as part of its risk oversight function and oversight of cybersecurity and other information technology risks.

Our Board oversees management's implementation of our cybersecurity risk management program. Our executive management team is responsible for updating the Board, as necessary, regarding significant cybersecurity incidents.

Our Board shall also receive period reports from management (as deemed applicable) on our cybersecurity risks and cybersecurity risk management program.

Item 2. Properties

Below is a schedule of the properties we currently occupy:

Entity Name	Location	Own/Lease	Description	Approx. Sq. Footage	Lease Term	Monthly Rent in USD
Employee Benefits Solutions	Cadillac, Michigan	Lease	Office Building	3,024	10/2019– 9/2030	\$ 2,900
Southwestern Montana Insurance Center	Belgrade, Montana	Lease	Office Building	6,000	4/2024– 3/2028	\$ 7,500
Fortman Insurance Center	Bluffton, Ohio	Lease	Office Building	990	2/2025– 1/2030	\$ 1,500
Fortman Insurance Center	Ottawa, Ohio	Lease	Office Building	2,386	5/2019– 4/2039	\$ 2,640
Altruist Benefits Consultants	Bingham Farms, MI	Lease	Office Building	1,767	6/2021– 8/2027	\$ 4,295
Reliance Global Group, Inc.	Lakewood, NJ	Lease	Office Building	4,436	6/2021 – 3/2029	\$ 8,999
Reliance Global Group, Inc.	Suffern, NY	Lease	Office Building		9/2022 – 8/2025	\$ 2,000
Reli Exchange	Schaumburg, IL	Lease	Office Building		4/2022 – 07/2028	\$ 3,677

Item 3. Legal Proceedings

From time to time, we are subject to various legal proceedings and claims, either asserted or unasserted, arising in the ordinary course of business. While the outcome of these claims cannot be predicted with certainty, management does not believe the outcome of any of these matters will have a material adverse effect on our business, financial position, results of operations, or cash flows. Litigation relating to the insurance brokerage industry is not uncommon. As such the Company, from time to time have been, subject to such litigation. No assurances can be given with respect to the extent or outcome of any such litigation in the future.

Item 4. Mine Safety Disclosures

Not applicable.

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PART II**Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities****Holders of Record**

As of December 31, 2024, there were approximately 524 holders of record of our ordinary shares, although there is a much larger number of beneficial owners.

Dividends

The Company has never paid any cash dividends and does not expect to pay dividends for the foreseeable future. We anticipate that we will retain funds and future earnings to support operations and to finance the growth and development of our business. The payment of dividends will be contingent upon the Company's future revenues and earnings, if any, capital requirements, overall financial condition, and other factors that our board of directors deems relevant. The payment of any future dividends will be within the discretion of the Company's board of directors as then constituted. It is the Company's expectation that future management following a business combination will determine to retain any earnings for use in its business operations and accordingly, the Company does not anticipate declaring any dividends in the foreseeable future.

Issuer Purchases of Equity Securities

There have been no equity securities repurchased by the Company for the years ending December 31, 2024 and 2023.

Market Information

Our common stock is listed on the NASDAQ Capital Market under the symbol "RELI", and our warrants to purchase common stock are listed on the NASDAQ Capital Market under the symbol "RELIW."

On March 5, 2025, the closing price per share of our common stock was \$1.47 as reported on the NASDAQ.

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Recent Sales of Unregistered Securities

Date of Transaction	Transaction type (e.g. new issuance, cancellation, shares returned to treasury) and all under Section 4(a)(2) of the Securities Act of 1933	Number of Securities Issued (or cancelled) (1)	Class of Securities	Value of Securities issued (\$/per share) at Issuance	Were the Securities issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Securities were issued to (entities must have individual with voting/ investment control disclosed).	Reason for Securities issuance (e.g. for cash or debt conversion) OR Nature of Services Provided (if applicable)	Restricted or Unrestricted as of this filing?	Exemption or Registration Type?
4/25/2024	New	30,029	Common	5.91	No	Julie A. Blockey Outside the Box Capital Inc.	Acquisition Earn-Out payment		4(a)(2)
5/21/2024	New	17,824	Common	5.61	No		Services	Restricted	4(a)(2)
6/20/2024	New	39,569	Common	3.96	No	Armistice Capital Master Fund, Ltd.	In Exchange for Series B Common Stock Purchase Warrant	Restricted	4(a)(2)
6/21/2024	New	192,236	Common	3.96	No	Armistice Capital Master Fund, Ltd.	In Exchange for Series G Common Stock Purchase Warrant	Restricted	4(a)(2)
10/9/2024	New	6,667	Common	2.25	No	Simon Jacobson	Services	Restricted	4(a)(2)
10/29/2024	New	70,032	Common Stock	2.35	No	Jonathan Spetner	Amendment to Stock Exchange Agreement	Restricted	4(a)(2)
10/29/2024	New	70,032	Common Stock	2.35	No	Agudath Israel of America	Amendment to Stock Exchange Agreement	Restricted	4(a)(2)
11/20/2024	New	72,464	Common	1.38	No	Outside the Box Capital Inc.	Service	Restricted	4(a)(2)

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Use of Proceeds from Registered Securities

Not applicable

Issuer Purchases of Equity Securities

Not applicable.

Item 6. Selected Financial Data

RESERVED

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

Reliance Global Group, Inc. was incorporated in Florida on August 2, 2013 under the name Ethos Media Network, Inc. In September 2018, Reliance Holdings, purchased a controlling interest in the Company. Ethos Media Network, Inc. was renamed Reliance Global Group, Inc. on October 18, 2018.

We operate as a diversified company engaging in business in the insurance market, as well as other related sectors. Our focus is to grow the Company by pursuing an aggressive acquisition strategy, initially and primarily focused upon wholesale and retail insurance agencies. We are led and advised by a management team that offers over 100 years of combined business expertise in real estate, insurance, and the financial service industry.

In the insurance sector, our management has extensive experience acquiring and managing insurance portfolios in several states, as well as developing specialized programs targeting niche markets. Our primary strategy is to identify specific risk to reward arbitrage opportunities and develop these on a national platform, thereby increasing revenues and returns, and then identify and acquire undervalued wholesale and retail insurance agencies with operations in growing or underserved segments, expand and optimize their operations, and achieve asset value appreciation while generating interim cash flows.

As part of our growth and acquisition strategy, we continue to survey the current insurance market for value-add acquisition opportunities. As of December 31, 2024, we have acquired nine insurance agencies and long term, we seek to conduct all transactions and acquisitions through our direct operations.

Over the next 12 months, we plan to focus on the expansion and growth of our business through continued asset acquisitions in insurance markets and organic growth of our current insurance operations through geographic expansion and market share growth.

Further, we launched our 5MinuteInsure.com ("5MI") Insurtech platform during 2021 which expanded our national footprint. 5MI is a high-tech proprietary tool developed by us as a business to consumer portal which enables consumers to instantly compare quotes from multiple carriers and purchase their car and home insurance in a time efficient and effective manner. 5MI taps into the growing number of online shoppers and utilizes advanced artificial intelligence and data mining techniques, to provide competitive insurance quotes in around 5 minutes with minimal data input needed from the consumer. The platform launched during the summer of 2021 and currently operates in 46 states offering coverage with more than 30 highly rated insurance carriers.

With the acquisition of Barra, we launched RELI Exchange, our business-to-business (B2B) InsurTech platform and agency partner network that builds on the artificial intelligence and data mining backbone of 5MinuteInsure.com. Through RELI Exchange we on-board agency partners and provide them an InsurTech platform white labeled, designed and branded specifically for their business. This combines the best of digital and human capabilities by providing our agency partners and their customers quotes from multiple carriers within minutes. Since its inception, RELI Exchange, has increased its agent roster by close to 300%.

Business Operations

We've adopted a 'One-Firm' strategy, whereby the Reliance owned and operated agencies come together to operate as one cohesive unit which allows for efficient and effective cross-selling, cross-collaboration, and the effective deployment of the Company's human capital. This strategy also aims to enhance the Company's overall market presence across the U.S., with all business lines operating under the RELI Exchange brand. It's expected to benefit agents and clients by improving relationships with carriers, leading to better commission and bonus contracts due to higher business volumes. The approach also strengthens the capability of RELI Exchange agency partners in securing diverse insurance policies and fosters increased cross-selling opportunities. This unified strategy positions the company for rapid scaling and integration of accretive acquisitions, expanding its industry reach.

Business Trends and Uncertainties

The insurance intermediary business is highly competitive, and we actively compete with numerous firms for customers, properties and insurance companies, many of which have relationships with insurance companies, or have a significant presence in niche insurance markets that may give them an advantage over us. Other competitive concerns may include the quality of our products and services, our pricing and the ability of some of our customers to self-insure and the entrance of technology companies into the insurance intermediary business. A number of insurance companies are engaged in the direct sale of insurance, primarily to individuals, and do not pay commissions to agents and brokers.

Financial Instruments

The Company's financial instruments as of December 31, 2024, consist of derivative warrants. These are accounted at fair value as of inception/issuance date, and at fair value as of each subsequent balance sheet date. Any change in fair value is recorded as non-operating, (non-cash) gain or loss.

Insurance Operations

Our insurance operations focus on the acquisition and management of insurance agencies throughout the U.S. Our primary focus is to pinpoint undervalued wholesale and retail insurance agencies with operations in growing or underserved segments (including healthcare and Medicare, as well as personal and commercial insurance lines). We then focus on expanding their operations on a national platform and improving operational efficiencies in order to achieve asset value appreciation while generating interim cash flows. In the insurance sector, our management team has over 100 years of experience acquiring and managing insurance portfolios in several states, as well as developing specialized programs targeting niche markets. We plan to accomplish these objectives by acquiring wholesale and retail insurance agencies it deems to represent a good buying opportunity (as opposed to insurance carriers) as insurance agencies bear no insurance risk. Once acquired, we plan to develop them on a national platform to increase revenues and profits through a synergetic structure. The Company is initially focused on segments that are underserved or growing, including healthcare and Medicare, as well as personal and commercial insurance lines.

Revenues

The Company's revenue is primarily comprised of commission paid by health insurance carriers related to insurance plans that have been purchased by a member who used the Company's service. The Company defines a member as an individual currently covered by an insurance plan, including individual and family, Medicare-related, small business, and ancillary plans, for which the Company is entitled to receive compensation from an insurance carrier.

Insurance Acquisitions and Strategic Activities

As of the date of this filing, we have acquired nine insurance agencies (see table below). As we continue to execute on our acquisition strategy, our reach within the insurance industry can provide us with the ability to offer lower rates, which could boost our competitive position within the industry.

Acquired	Date	Location	Line of Business
U.S. Benefits Alliance, LLC (USBA)	October 24, 2018	Michigan	Health Insurance
Employee Benefit Solutions, LLC (EBS)	October 24, 2018	Michigan	Health Insurance
Commercial Solutions of Insurance Agency, LLC (CCS or Commercial Solutions)	December 1, 2018	New Jersey	P&C – Trucking Industry
Southwestern Montana Insurance Center, Inc. (Southwestern Montana or Montana)	April 1, 2019	Montana	Group Health Insurance
Fortman Insurance Agency, LLC (Fortman or Fortman Insurance)	May 1, 2019	Ohio	P&C and Health Insurance
Altruis Benefits Consultants, Inc. (Altruis)	September 1, 2019	Michigan	Health Insurance
UIS Agency, LLC (UIS)	August 17, 2020	New York	Health Insurance
J.P. Kush and Associates, Inc. (Kush)	May 1, 2021	Michigan	Health Insurance
Barra & Associates, LLC	April 26, 2022	Illinois	Health Insurance

Recent Developments

Private Placements

On March 13, 2023, the Company entered into a securities purchase agreement with one institutional buyer for the purchase and sale of, (i) an aggregate of 9,120 shares (the "Common Shares") of the Company's common stock, par value \$0.086 per share (the "Common Stock") along with accompanying common warrants (the "Common Units"), (ii) prefunded warrants (the "Prefunded Warrants") that are exercisable into 52,800 shares of Common Stock (the "Prefunded Warrant Shares") along with accompanying common warrants (the "Pre-Funded Units"), and (iii) common warrants (the "Common Warrants") to initially acquire up to 123,839 shares of Common Stock (the "Common Warrant Shares") (representing 200% of the Common Shares and Prefunded Warrant Shares) in a private placement offering (the "Private Placement"). Additionally, the Company agreed to issue a warrant to the Placement Agent (defined below), to initially acquire 3,096 shares of common stock (the "PA Warrant"). The closing of the Private Placement occurred on March 16, 2023. As of December 31, 2024, with exception to the PA Warrant which remains outstanding, the aforementioned warrants have been exercised into common shares and none remain outstanding.

Stock Splits

On February 23, 2023, the Company effectuated a 1-for-15 reverse split of the Company's issued and outstanding common stock (the "Reverse Split-2023"). The par value remained unchanged.

On July 1, 2024, the Company effectuated a 1-for-17 reverse stock split of the Company's issued and outstanding common stock (the "Reverse Split-2024"). The par value remained unchanged. All amounts presented in this Annual Report on Form 10-K have been retrospectively adjusted to reflect the Reverse Split-2023 and the Reverse Split-2024 for all periods presented, unless otherwise indicated. The Reverse Split-2024 resulted in a rounding addition of approximately 110,350 shares valued at par, totalling \$9,490 for which shares were issued in July 2024.

Bylaws Amendment

On February 4, 2025, the Company's Board of Directors approved Amendment No. 1 (the "Bylaws Amendment") to the Company's bylaws. The Bylaws Amendment had the effect of (i) amending the title of the bylaws to be "Bylaws of Reliance Global Group, Inc.", to reflect the change of Company's name since adoption of the bylaws (in May 2017, the Company's name was changed from Eye on Media Network, Inc. to Ethos Media Network, Inc., and in October 2018, the Company's name was changed from Ethos Media Network, Inc. to Reliance Global Group, Inc.); and (ii) reducing the quorum needed to hold a meeting of the Company's stockholders from a majority of the shares entitled to vote, represented in person or proxy, to thirty-three and one-third (33-1/3%) percent of the shares entitled to vote, represented in person or proxy.

Increase in Authorized Shares

On February 7, 2025, the Company filed articles of amendment (the "Articles Amendment") to its articles of incorporation, as amended, with the Florida Secretary of State. The Articles Amendment had the effect of increasing the total number of authorized shares of the Company's common stock from 117,647,058 to 2,000,000,000. The Articles Amendment had no effect on the number of authorized shares of preferred stock. Accordingly, following the filing of the Articles Amendment, effective February 7, 2025, the Company's authorized capital stock consisted of 2,750,000,000 shares, representing (i) 2,000,000,000 shares of common stock, and (ii) 750,000,000 shares of preferred stock.

The Articles Amendment was approved by the Company's Board of Directors on October 2, 2024, and by the Company's stockholders on December 31, 2024.

Amendment No. 2 to Spetner Amended and Restated Stock Exchange Agreement

On February 20, 2025, the Company entered into an Amendment No. 2 (the "Amendment") to that certain Amended and Restated Stock Exchange Agreement, dated as of September 6, 2024 (the "Original Agreement"), by and among the Company, Spetner Associates, Inc. ("Spetner"), Jonathan Spetner, and Agudath Israel of America ("Agudath"), as amended on October 29, 2024 ("Amendment 1"). Mr. Spetner and Agudath may be referred to herein collectively as the "Sellers" and each individually as a "Seller".

Pursuant to the Amendment, the Company agreed to issue to each of Mr. Spetner and Agudath 78,500 shares of the Company's common stock as a non-refundable deposit and a prepayment of a portion of the First Purchase Price, in the amount of \$239,425 (collectively the "Additional Deposit Shares"). The Additional Deposit Shares were issued on February 20, 2025.

Further, the Amendment provides that the Additional Deposit Shares, (together with the Deposit Shares, as defined in and as issued pursuant to Amendment 1), shall be deemed a deposit and a prepayment of a portion of the First Purchase Price, and shall constitute a portion of the First Payment Shares, the value of the Deposit Shares and the Additional Deposit Shares, and the portion of the First Purchase Price to be paid by issuance of the First Payment Shares which has been satisfied by the issuance of the Deposit Shares and

the Additional Deposit Shares, and collectively, was agreed to be equal to \$568,856. The Amendment also sets forth that the purchase price for the First Closing Shares shall be \$16,050,000, and that \$6,500,000 of the First Purchase Price (the "Cash Payment"), shall be paid to Mr. Spetner.

The Original Agreement, prior to Amendment 1, provided that the First Payment Shares would be issued solely to Mr. Spetner, however, the Amendment provides that, in the event that the First Closing occurs, the issuance of Deposit Shares and the Additional Deposit Shares to Agudath as set forth above shall be deemed to satisfy the obligations of the Company to issue such applicable portion of First Payment Shares to Mr. Spetner.

Further, the Amendment provides that, in the event the First Closing occurs, the Deposit Shares and the Additional Deposit Shares shall be retained by the Sellers and shall constitute payment of a portion of the First Payment Shares. The Deposit Shares and the Additional Deposit Shares shall be non-refundable to the Company unless the First Closing is prevented by the Sellers.

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Non-GAAP Measure

The Company believes certain financial measures which meet the definition of non-GAAP financial measures, as defined in Regulation G of the SEC rules, provide important supplemental information. Namely our key financial performance metric Adjusted EBITDA ("AEBITDA") is a non-GAAP financial measure that is not in accordance with, or an alternative to, measures prepared in accordance with GAAP. "AEBITDA" is defined as earnings before interest, taxes, depreciation, and amortization (EBITDA) with additional adjustments as further outlined below, to result in Adjusted EBITDA ("AEBITDA"). The Company considers AEBITDA an important financial metric because it provides a meaningful financial measure of the quality of the Company's operational, cash impacted and recurring earnings and operating performance across reporting periods. Other companies may calculate Adjusted EBITDA differently than we do, which might limit its usefulness as a comparative measure to other companies in the industry. AEBITDA is used by management in addition to and in conjunction (and not as a substitute) with the results presented in accordance with GAAP. Management uses AEBITDA to evaluate the Company's operational performance, including earnings across reporting periods and the merits for implementing cost-cutting measures. We have presented AEBITDA solely as supplemental disclosure because we believe it allows for a more complete analysis of results of operations and assists investors and analysts in comparing our operating performance across reporting periods on a consistent basis by excluding items that we do not believe are indicative of our core operating performance. Consistent with Regulation G, a description of such information is provided below herein and tabular reconciliations of this supplemental non-GAAP financial information to our most comparable GAAP information are contained in this Annual Report on Form 10-K under "Results of Operations".

We exclude the following items, and the following items define our non-GAAP financial measure AEBITDA:

- Interest and related party interest expense: Unrelated to core Company operations and excluded to provide more meaningful supplemental information regarding the Company's core operational performance.
- Depreciation and amortization: Non-cash charge, excluded to provide more meaningful supplemental information regarding the Company's core operational performance.
- Goodwill and/or asset impairment: Non-cash charge, excluded to provide more meaningful supplemental information regarding the Company's core operational performance.
- Equity-based compensation: Non-cash compensation provided to employees and service providers, excluded to provide more meaningful supplemental information regarding the Company's core cash impacted operational performance.
- Change in estimated acquisition earn-out payables: An Earn-out liability is a liability to the seller upon an acquisition which is contingent on future earnings. These liabilities are valued at each reporting period and the changes are reported as either a gain or loss in the change in estimated acquisition earn-out payables account in the consolidated statements of operations. The gain or loss is non-cash, can be highly volatile and overall is not deemed relevant to ongoing operations, thus, it's excluded to provide more meaningful supplemental information regarding the Company's core operational performance.
- Recognition and change in fair value of warrant liabilities: This account includes changes to derivative warrant liabilities which are valued at each reporting period and could result in either a gain or loss. The period changes do not impact cash, can be highly volatile, and are unrelated to ongoing operations, and thus are excluded to provide more meaningful supplemental information regarding the Company's core operational performance.
- Other income, net: This account includes non-routine and/or non-core operating income or expenses and other individually de minimis items and is thus excluded as unrelated to core operations of the company.
- Transactional costs: This includes expenses related to mergers, acquisitions, financings and refinancings, and amendments or modification to indebtedness. These costs are unrelated to primary Company operations and are excluded to provide more meaningful supplemental information regarding the Company's core operational performance.
- Non-standard costs: This account includes non-standard non-operational items, related to costs incurred for a legal suit the Company has filed against one of the third parties involved in the discontinued operations and was excluded to provide more meaningful supplemental information regarding the Company's core operational performance.
- Loss from discontinued operations before tax: This account includes the net results from discontinued operations, and since discontinued, are unrelated to the Company's ongoing operations and thus excluded to provide more meaningful supplemental information regarding the Company's core operational performance.

Refer to the reconciliation of net (loss) income to AEBITDA, illustrated below in tabular format.

Results of Operations

Comparison of the year ended December 31, 2024 to the year ended December 31, 2023

The following table sets forth our revenue and expenses for each of the years presented and provides insight into the value and percentage changes:

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RELiance GLOBAL GROUP, INC. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF OPERATIONS ANALYTICS

	December 31, 2024	December 31, 2023	Value Fluctuation	Percent Fluctuation	Explanations
Commission Income	\$ 14,054,361	\$ 13,731,826	\$ 322,535	2%	Increased commission income primarily driven by sustained organic growth.
Commission Expense ("CE")	4,189,599	3,732,939	456,660	12%	Increased CE correlated to growth and revenue mix.
Salaries and wages ("S&W")	7,226,810	7,503,052	(276,242)	-4%	Decreased S&W's per OneFirm efficiencies and overall leaner operations.
General and administrative					Increased G&A is due to general inflation and increased acquisition costs, offset by OneFirm efficiency

expenses ("G&A")	4,219,635	4,089,989	129,646	3%	enhancements.
Marketing and advertising expenses ("M&A")	357,697	364,974	(7,277)	-2%	M&A decrease consistent with Company's current marketing strategy.
Change in estimated acquisition earn-out payables	47,761	1,716,873	(1,669,112)	-97%	Decrease pursuant to the settlement of all earn-out payables.
Depreciation and amortization ("D&A")	1,786,068	2,609,191	(823,123)	-32%	Decrease due to impaired intangible assets no longer incurring D&A.
Asset impairment	3,922,110	-	3,922,110	0%	Increase due to impaired intangible assets write off.
Goodwill Impairment	-	7,594,000	(7,594,000)	-100%	
Total operating expenses	21,749,680	27,611,018	(5,861,338)	-21%	
Loss from operations	(7,695,319)	(13,879,192)	6,183,873	-45%	
Other income (expense)					
Interest expense	(1,442,808)	(1,506,186)	63,378	-4%	Decrease per principle payments and decreasing interest rates.
Interest expense related parties	(140,802)	(150,067)	9,265	-6%	Decrease per periodic paydowns on loan balances
Other income, net	51,345	6,530	44,815	686%	Increased other income relates primarily to certain non-recurring sales of accounts.
Recognition and change in fair value of warrant liabilities	156,000	5,503,647	(5,347,647)	-97%	Fluctuation per fair value changes in derivative warrant liabilities and warrants exercised.
Total other (expense) income	(1,376,265)	3,853,924	(5,230,189)	-136%	
Loss from continuing operations before tax	(9,071,584)	(10,025,268)	953,684	-10%	
Loss from discontinued operations before tax	-	(1,984,714)	1,984,714	-100%	
Net loss	<u>\$ (9,071,584)</u>	<u>\$ (12,009,982)</u>	<u>\$ 2,938,398</u>	-24%	
AEBITDA	<u>\$ (321,224)</u>	<u>\$ (526,798)</u>	<u>\$ 205,573</u>	-39%	

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Non-GAAP Reconciliation from Net Loss to AEBITDA

The following table provides a reconciliation from net loss to AEBITDA (adjusted EBITDA) for the years ended December 31, 2024 and December 31, 2023.

	December 31, 2024	December 31, 2023
Net loss	<u>\$ (9,071,584)</u>	<u>\$ (12,009,982)</u>
Adjustments:		
Interest and related party interest expense	1,583,610	1,656,253
Depreciation and amortization	1,786,068	2,609,191
Asset impairment	3,922,110	-
Goodwill impairment	-	7,594,000
Equity-based compensation employees, directors, and service providers	858,108	1,272,155
Change in estimated acquisition earn-out payables	47,761	1,716,873
Other income, net	(51,345)	(6,530)
Transactional costs	636,494	101,500
Non-standard costs	123,554	58,675
Recognition and change in fair value of warrant liabilities	(156,000)	(5,503,647)
Loss from discontinued operations before tax	-	1,984,714
Total adjustments	<u>8,750,360</u>	<u>11,483,185</u>
AEBITDA	<u>\$ (321,224)</u>	<u>\$ (526,798)</u>

Liquidity and capital resources

As of December 31, 2024, the Company had a cash balance of approximately \$1,798,000, of which approximately \$1,425,000 was restricted, and working capital of approximately \$416,000, compared with a cash balance of approximately \$2,739,000, of which approximately \$1,410,000 was restricted and a working capital of approximately \$1,189,000 as of December 31, 2023.

Inflation

The Company generally may be impacted by rising costs for certain inflation-sensitive operating expenses such as labor, employee benefits, and facility leases. The Company believes inflation could have a material impact to pricing and operating expenses in future periods due to the state of the economy and current inflation rates.

Off-balance sheet arrangements

We do not have any off-balance sheet arrangements as such term is defined in Regulation S-K.

Cash Flows

	Year Ended December 31,	
	2024	2023

Net cash used in operating activities	\$	(2,515,000)	\$	(847,970)
Net cash used and provided in investing activities		(83,228)		710,189
Net cash provided by financing activities		1,657,000		966,923
Net (decrease) increase in cash, cash equivalents, and restricted cash	\$	(941,000)	\$	829,142

Operating Activities

Net cash used in operating activities for the year ended December 31, 2024 was approximately \$2,515,000, compared to approximately \$848,000 for the year ended December 31, 2023, representing an increase of cash used in operations of \$1,667,000, or 197%. The 2024 cash used comprises an approximate net loss of \$9,072,000, non-cash positive adjustments of approximately \$6,507,000 non-cash adjustments stemming from depreciation and amortization of approximately \$1,786,000, asset impairments of \$3,922,000, amortization of debt issuance costs of approximately \$40,000, equity-based compensation for employees, directors, and service providers of approximately \$858,000, change in estimated acquisition earn-out payables of approximately \$48,000, non-cash lease expense of approximately \$9,000 and off-set by the change in fair value of warrant liability of approximately \$156,000, as well as changes in net working capital items in the net amount of approximately \$50,000.

Investing Activities

Net cash flows used in investing activities for the year ended December 31, 2024, was approximately \$83,000, compared to net cash flows used in investing activities of approximately \$710,000 for the year ended December 31, 2023. The 2024 net cash used comprises of cash spent for the purchase of property, equipment, and intangible assets.

Financing Activities

Net cash provided by financing activities for the year ended December 31, 2024, was approximately \$1,657,000, as compared to \$967,000 for the year ended December 31, 2023. The 2024 net cash provided primarily comprises cash proceeds from an ATM offering of approximately \$3,713,000, offset by debt principal repayments of approximately \$1,397,000, payments on related party loans of approximately \$661,000 and cash provided by proceeds net of payments on short term financings of approximately \$3,000.

Critical Accounting Policies and Estimates

The preparation of financial statements and related disclosures in conformity with U.S. GAAP requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, expenses, and related disclosures. Estimates and judgments are based on historical experience, forecasted events, and various other assumptions that we believe to be reasonable under the circumstances. Estimates and judgments may vary under different assumptions or conditions. We evaluate our estimates and judgments on an ongoing basis. Our management believes the accounting policies below are critical in the portrayal of our financial condition and results of operations and require management's most difficult, subjective, or complex judgments.

Business acquisitions: Accounting for acquisitions requires us to estimate the fair value of consideration paid and the individual assets and liabilities acquired, which involves a number of judgments, assumptions, and estimates that could materially affect the amount and timing of costs recognized in subsequent periods. Accounting for acquisitions can also involve significant judgment to determine when control of the acquired entity is transferred. We typically obtain independent third-party valuation studies to assist in determining fair values, including assistance in determining future cash flows, discount rates, and comparable market values. Items involving significant assumptions, estimates, and judgments include the following:

- Debt, including discount rate and timing of payments;
- Deferred tax assets, including projections of future taxable income and tax rates;
- Fair value of consideration paid or transferred;
- Intangible assets, including valuation methodology, estimations of future revenue and costs, and discount rates;

Contingencies: We are subject to the possibility of losses from various contingencies. Significant judgment is necessary to estimate the probability and amount of a loss, if any, from such contingencies. An accrual is made when it is probable that a liability has been incurred or an asset has been impaired, and the amount of loss can be reasonably estimated. In accounting for the resolution of contingencies, significant judgment may be necessary to estimate amounts pertaining to periods prior to the resolution that are charged to operations in the period of resolution and amounts related to future periods.

Goodwill and intangible assets: We test goodwill for impairment in our fourth quarter each year, or more frequently if indicators of an impairment exist, to determine whether it is more likely than not that the fair value of the reporting unit with goodwill is less than its carrying value. For reporting units for which this assessment concludes that it is more likely than not that the fair value is more than its carrying value, goodwill is considered not impaired and we are not required to perform the goodwill impairment test. Qualitative factors considered in this assessment include industry and market considerations, overall financial performance, and other relevant events and factors affecting the fair value of the reporting unit. For reporting units for which this assessment concludes that it is more likely than not that the fair value is below the carrying value, goodwill is tested for impairment by determining the fair value of each reporting unit and comparing it to the carrying value of the net assets assigned to the reporting unit. If the fair value of the reporting unit exceeds its carrying value, goodwill is considered not impaired. If the carrying value of the reporting unit exceeds its fair value, we would record an impairment loss up to the difference between the carrying value and implied fair value.

Determining when to test for impairment, the reporting units, the assets and liabilities of the reporting unit, and the fair value of the reporting unit requires significant judgment and involves the use of significant estimates and assumptions. These estimates and assumptions include revenue growth rates, and expenses and are developed as part of our long-range planning process. The same estimates are used in business planning, forecasting, and capital budgeting. We test the reasonableness of the output of our long-range planning process by calculating an implied value per share and comparing that to current stock prices, analysts' consensus pricing, and management's expectations. These estimates and assumptions are used to calculate projected future cash flows for the reporting unit, which are discounted using a risk-adjusted rate to estimate a fair value. The discount rate requires determination of appropriate market comparables. We base fair value estimates on assumptions we believe to be reasonable but that are unpredictable and inherently uncertain. Actual future results may differ from those estimates.

We test other identified intangible assets with definite useful lives when events and circumstances indicate the carrying value may not be recoverable by comparing the carrying amount to the sum of undiscounted cash flows expected to be generated by the asset. We test intangible assets with indefinite lives annually for impairment using a fair value method such as discounted cash flows. Estimating fair values involves significant assumptions, including future sales prices, sales volumes, costs, and discount rates.

Income taxes: We are required to estimate our provision for income taxes and amounts ultimately payable or recoverable in numerous tax jurisdictions around the world. These estimates involve significant judgment and interpretations of regulations and are inherently complex. Resolution of income tax treatments in individual jurisdictions may not be known for many years after completion of the applicable year. We are also required to evaluate the realizability of our deferred tax assets on an ongoing basis in accordance with U.S. GAAP, which requires the assessment of our performance and other relevant factors. Realization of deferred tax assets is dependent on our ability to generate future taxable income. In recent periods, our results of operations have benefited from increases in the amount of deferred taxes we expect to realize, primarily from the levels of capital spending

and increases in the amount of taxable income we expect to realize. Our income tax provision or benefit is dependent, in part, on our ability to forecast future taxable income in these and other jurisdictions. Such forecasts are inherently difficult and involve significant judgments including, among others, projecting future average selling prices and sales volumes, manufacturing and overhead costs, levels of capital spending, and other factors that significantly impact our analyses of the amount of net deferred tax assets that are more likely than not to be realized.

Revenue recognition: All commission revenue is recorded net of any deductions for estimated commission adjustments due to lapses, policy cancellations, and revisions in coverage.

The Company earns additional revenue including contingent commissions, profit-sharing, override and bonuses based on meeting certain revenue or profit targets established periodically by the carriers (collectively, the "Contingent Commissions"). The Contingent Commissions are earned when the Company achieves the targets established by the insurance carriers. The insurance carriers notify the company when it has achieved the target. The Company only recognizes revenue to the extent that it is probable that a significant reversal of the revenue will not occur.

Equity-based compensation: Equity-based compensation is estimated at the grant date based on the fair value of the award and is recognized as expense using the straight-line amortization method over the requisite service period. For performance-based stock awards, the expense recognized is dependent on our assessment of the likelihood of the performance measure being achieved. We utilize forecasts of future performance to assess these probabilities and this assessment requires significant judgment.

Determining the appropriate fair-value model and calculating the fair value of stock-based awards at the grant date requires significant judgment, including estimating stock price volatility and expected option life. We develop these estimates based on historical data and market information which can change significantly over time. A small change in the estimates used can result in a relatively large change in the estimated valuation. We use the Black-Scholes option valuation model to value employee stock options and awards granted under our employee stock purchase plan. We estimate stock price volatility based on our historical volatility implied volatility derived from traded options on our stock.

Item 7A. Quantitative and Qualitative Disclosure about Market Risk

Not applicable.

Item 8. Financial Statements and Supplementary Data

See the financial statements filed as part of this Annual Report on Form 10-K as listed under Item 15 below.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Disclosure controls are procedures that are designed with the objective of ensuring that information required to be disclosed in our reports filed under the Exchange Act, such as this annual report, is recorded, processed, summarized, and reported within the time period specified in the SEC's rules and forms. Disclosure controls are also designed with the objective of ensuring that such information is accumulated and communicated to our management, including the chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

We do not expect that our disclosure controls and procedures will prevent all errors and all instances of fraud. Disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the disclosure controls and procedures are met. Further, the design of disclosure controls and procedures must reflect the fact that there are resource constraints, and the benefits must be considered relative to their costs. Because of the inherent limitations in all disclosure controls and procedures, no evaluation of disclosure controls and procedures can provide absolute assurance that we have detected all our control deficiencies and instances of fraud, if any. The design of disclosure controls and procedures also is based partly on 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.

As of December 31, 2024, we conducted an evaluation, under supervision and with the participation of management, including the chief executive officer and chief financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rules 13a-15 and 15d-15 of the Exchange Act. Based upon that evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures were effective at a reasonable assurance level as of December 31, 2024.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined under Exchange Act Rules 13a-15(f) and 14d-14(f). Our internal control over financial reporting is designed 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.

All internal control systems, no matter how well designed, have inherent limitations and may not prevent or detect misstatements. Therefore, even those systems determined to be effective can only provide reasonable assurance with respect to financial reporting reliability and financial statement preparation and presentation. In addition, projections of any evaluation of effectiveness to future periods are subject to risk that controls become inadequate because of changes in conditions and that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2024. In making the assessment, management used the criteria issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO – 2013) in Internal Control-Integrated Framework. Based on its assessment, management concluded that, as of December 31, 2024, our Company's internal control over financial reporting was effective.

Changes in Internal Control over Financial Reporting

During fiscal year 2024, the Company revised its internal controls over its goodwill evaluation process to ensure that any testing performed at interim dates are rolled forward to the reporting date, as well as to earnings per share ("EPS"), where specialists are utilized when a complex EPS structure may exist. Aside from the foregoing, there have been no changes in our internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act, during our most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

On March 5, 2025, the Company and Americana entered into a Revolving Credit Facility Agreement (the "Credit Agreement") pursuant to which Americana agreed to extend a revolving credit facility of up to \$600,000 to the Company, to provide additional working capital for the Company to cover its incremental Spetner acquisition related costs, as well as for general working capital uses. Subject to the terms and conditions of the Credit Agreement and the other transaction documents, and in reliance upon the representations and warranties set forth therein, Americana agreed to make loans to the Company from time to time, pursuant to the terms of the Credit Agreement, until, but not including, the Maturity Date (as hereinafter defined), provided, however, that the aggregate principal balance of all loans outstanding at any time under the Credit Agreement will not exceed the Loan Availability, defined in the Credit Agreement as \$600,000 less any obligations the Credit Agreement and related transaction documents. Loans made by Americana may be repaid and, subject to the terms and conditions of the Credit Agreement, borrowed again up to, but not including, the Maturity Date, unless the loans are otherwise terminated or extended as provided in the Credit Agreement. The "Maturity Date" means the earlier of (i) 12 months from March 5, 2025; (ii) the date of prepayment of the Revolving Note (as hereinafter defined) by the Company (subject to the terms of the Credit Agreement) and the termination of the Credit Agreement as of such date; or (iii) the date of the occurrence of an Event of Default (as defined in the Credit Agreement) and acceleration of the Revolving Note pursuant to the Credit Agreement.

Subject to the terms and conditions of the Credit Agreement, any request for a loan under the Credit Agreement may be made from time to time and in such amounts as the Company may choose.

On or about March 5, 2025, Americana provided the Company an initial loan under the Credit Agreement in the amount of \$500,000, of which \$450,000 remains outstanding as of March 6, 2025.

Loans under the Credit Agreement bear interest at the rate of 0.1% per annum.

No principal or interest payments are due as to any loan under the Credit Agreement prior to the Maturity Date, and there are no prepayment penalties.

Pursuant to the terms of the Credit Agreement, on March 5, 2025, the Company executed an unsecured revolving promissory note (the "Revolving Note") to evidence the loans under the Credit Agreement, in favor of Americana in the principal amount of \$600,000.

The foregoing description of the Credit Agreement and Revolving Note is subject to and qualified in its entirety by reference to the full text of the Credit Agreement and the Revolving Note, copies of which are attached hereto as Exhibits 10.41 and 10.42, respectively, to this Annual Report on Form 10-K, and the terms of which are incorporated herein by reference.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Certain information required by this Item is incorporated by reference to our definitive Proxy Statement, expected to be filed within 120 days of our fiscal year end.

Code of Ethics and Business Conduct

Our Board has adopted a Code of Ethics and Business Conduct that applies to all of our employees, officers and directors including our principal executive officer, principal financial officer and principal accounting officer. The Code of Ethics and Business Conduct has been filed with the SEC, and is available free of charge, upon request to our Corporate Secretary at Reliance Global Group, Inc., 300 Blvd. of the Americas, Suite 105, Lakewood, NJ 08701; telephone number: (732) 380-4600. Any substantive amendment to the Code of Ethics and Business Conduct, and any waiver of the Code of Ethics and Business Conduct for executive officers or directors, will be made only after approval by the Board or a committee of the Board and will be disclosed on our website at relianceglobalgroup.com. In addition, any such waiver will be disclosed within four business days on a Form 8-K filed with the SEC if then required by applicable rules and regulations.

Item 11. Executive Compensation

The information required by this Item is incorporated by reference to our definitive Proxy Statement, expected to be filed within 120 days of our fiscal year end.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Certain information required by this Item is incorporated by reference to our definitive Proxy Statement, expected to be filed within 120 days of our fiscal year end.

Securities Authorized for Issuance under Equity Compensation Plans

Equity Incentive Plans

Since 2019, the Company has adopted the Reliance Global Group, Inc. 2019 Equity Incentive Plan (the "2019 Plan"), 2023 Equity Incentive Plan (the "2023 Plan"), 2024 Equity Incentive Plan (the "2024 Equity Plan"), and the 2024 Omnibus Incentive Plan (the "2024 Omnibus Plan" and collectively with the 2019 Plan, the 2023 Plan, and the 2024 Equity Plan, the "Plans"). The purpose of the Plans is to provide a means through which the Company and its subsidiaries may attract and retain key personnel, and to provide a means whereby directors, officer, employees, consultants, and advisors of the Company and its subsidiaries can acquire and maintain an equity interest in the Company, or be paid incentive compensation, thereby strengthening their commitment to the welfare of the Company and its subsidiaries and aligning their interests with those of the Company's stockholders. The Plans provide for various stock-based incentive awards, including incentive and non-qualified stock options, stock appreciation rights ("SARs"), restricted stock and restricted stock units ("RSUs"), and other equity-based or cash-based awards. The Plans each, respectively, terminate 10 years after each becoming effective, unless terminated earlier by the Board of Directors.

A total of 1,167,451 shares of common stock were reserved for issuance under the Plans, and as of December 31, 2024, there remain 1,002,407 shares available for issuance. Subsequent to December 31, 2024, the Company granted 999,993 shares to certain directors, officers and employees, which resulted in 2,414 shares remaining available for issuance under the Plans.

The following table gives information about the Company's common stock that may be issued upon the exercise of options granted to employees, directors and consultants under its Plans as of December 31, 2024, which had outstanding grants and remaining unissued shares, taking into account issuance of restricted stock to officers and directors, as follows:

Equity Compensation Plan Information

Number of securities

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders	17	\$ 3,497	1,002,407
Equity compensation plans not approved by security holders	-	-	-
Total	16	\$ 3,497	1,002,407

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this Item is incorporated by reference to our definitive Proxy Statement, expected to be filed within 120 days of our fiscal year end.

Item 14. Principal Accounting Fees and Services

The information required by this Item is incorporated by reference to our definitive Proxy Statement, expected to be filed within 120 days of our fiscal year end.

PART IV

Item 15. Exhibits and Financial Statement Schedules

a) The following documents are filed as part of this Annual Report on Form 10-K

(1) Financial Statements

See Index to Financial Statements on page F-1 of this Annual Report on Form 10-K

(2) Financial Statement Schedules

Schedules not listed above have been omitted because they are not required, not applicable, or the required information is otherwise included elsewhere in Annual Report on Form 10-K.

(3) Exhibits

Item 16. Form 10-K Summary

Not applicable.

Report of Independent Registered Public Accounting Firm PCAOB ID 1013

Shareholders and Board of Directors
Reliance Global Group, Inc. and Subsidiaries
Lakewood, New Jersey

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheet of Reliance Global Group, Inc. and Subsidiaries (the "Company") as of December 31, 2024, the related consolidated statements of operations, stockholders' equity (deficit), and cash flows for the year then ended, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2024, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

We also have audited the adjustments to the 2023 consolidated financial statements to retrospectively apply the effects of the 1:17 reverse stock split as discussed in Note 11 and to retrospectively apply the change in accounting for *ASU 2023-07 Segmented Reporting (Topic 280) Improvements to Reportable Segment Disclosures* discussed in Notes 2 and 17. In our opinion, such adjustments and disclosures are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2023 consolidated financial statements of the Company other than with respect to these adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2023 consolidated financial statements taken as a whole.

Basis for Opinion

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

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

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

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it

Impairment Evaluation of Goodwill and Long-Lived Assets

Critical Audit Matter Description

As described in Notes 6 to the consolidated financial statements, the Company’s consolidated goodwill and intangible assets balances were \$6,693,099 and \$5,423,897, respectively, as of December 31, 2024. Management tests goodwill and intangible assets for impairment at least annually, or more frequently should an event or a change in circumstances occur that would indicate the carrying value may be impaired. If the carrying amount of a reporting unit exceeds its fair value, an impairment is recorded equal to the amount by which the carrying value exceeds the fair value, up to the amount of goodwill and intangible assets associated with the reporting unit. As a result of management’s assessment, the Company did not recognize an impairment charge to goodwill but did recognize an impairment to intangible assets of \$3,922,110 during the year ended December 31, 2024.

The principal considerations for our determination that the goodwill and intangible asset impairment assessment was a critical audit matter are that there is significant judgment in selection of the valuation methods to use, along with assumptions used to estimate the future revenues and cash flows, including revenue growth rates, operating expenses and cash outflows necessary to support the cash flows, weighted average cost of capital and future market conditions as well as the valuation methodologies applied by the Company. This in turn led to a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating audit evidence related to managements inputs and selection of methods used. In addition, the audit effort involved the use of auditor employed professionals with specialized skill and knowledge to assist in performing these procedures and evaluating the audit evidence obtained.

How the Critical Matter Was Addressed in the Audit

The primary audit procedures to address this critical audit matter included:

- Obtained an understanding over the Company’s process for evaluating whether an event of a change in circumstances has occurred and would indicate the carrying value of goodwill and intangible assets may be impaired.
- Utilizing a firm employed valuation specialist with the skills and knowledge to assist in evaluating the reasonableness of the valuation methods selected by management to determine the fair value of the Company, evaluating management’s significant assumptions by comparing inputs to market data, and performing a control premium sensitivity study to determine the impact to the market participant acquisition approach, and performing recalculations of the method utilized by management.
- Testing the completeness and accuracy of the underlying data utilized by management in their evaluation of goodwill and intangible assets impairment.

/s/ Urish Popeck & Co., LLC

We have served as the Company's auditor since 2024

Pittsburgh, Pennsylvania

March 6, 2025

Report of Independent Registered Public Accounting Firm PCAOB ID 339

To the Stockholders and the Board of Directors of
Reliance Global Group, Inc. and Subsidiaries

Opinion on the Financial Statements

We have audited, before the effects of the adjustments to retrospectively apply the effects of the 1-for-17 reverse stock split discussed in Note 11 and to retrospectively apply the change in accounting for ASU 2023-07 Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures described in Notes 2 and 17, the accompanying consolidated balance sheet of Reliance Global Group, Inc. and Subsidiaries (the "Company") as of December 31, 2023, the related consolidated statements of operations, stockholders’ equity (deficit), and cash flows for the year then ended, and the related notes (collectively referred to as the consolidated financial statements) (the 2023 financial statements before the effects of the adjustments discussed in Notes 2, 11 and 17 are not presented herein). In our opinion, the consolidated financial statements, before the effects of the adjustments to retrospectively apply the 1-for-17 reverse stock split described in Note 11 and to retrospectively apply the change in accounting for ASU 2023-07 Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures described in Notes 2 and 17, present fairly, in all material respects, the financial position of the Company as of December 31, 2023, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

We were not engaged to audit, review, or apply any procedures to the adjustments to retrospectively apply the effects of the 1-for-17 reverse stock split described in Note 11 and to retrospectively apply the change in accounting for ASU 2023-07 Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures described in Notes 2 and 17 and, accordingly, we do not express an opinion or any other form of assurance about whether such adjustments are appropriate and have been properly applied. Those adjustments were audited by Urish Popeck & Co., LLC.

Basis for Opinion

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

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

Our audit included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial

statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provide a reasonable basis for our opinion.

/s/ Mazars USA LLP

We served as the Company's auditor from 2020 to 2024.

Fort Washington, Pennsylvania

April 4, 2024

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Reliance Global Group, Inc. and Subsidiaries
Consolidated Balance Sheets

	December 31, 2024	December 31, 2023
Assets		
Current assets:		
Cash	\$ 372,695	\$ 1,329,016
Restricted cash	1,424,999	1,409,895
Accounts receivable	1,460,314	1,298,863
Accounts receivable, related parties	7,813	6,603
Other receivables	42,184	899
Prepaid expense and other current assets	681,450	333,756
Total current assets	3,989,455	4,379,032
Property and equipment, net	133,908	139,999
Right-of-use assets	1,052,926	739,830
Intangibles, net	5,423,897	11,042,757
Goodwill	6,693,099	6,693,099
Other non-current assets	21,792	20,292
Total assets	<u>\$ 17,315,077</u>	<u>\$ 23,015,009</u>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable and other accrued liabilities	\$ 1,186,968	\$ 835,483
Short term financing agreements	58,829	56,197
Current portion of loans payables, related parties	453,177	454,953
Other payables	38,814	7,414
Current portion of long-term debt	1,591,919	1,390,766
Operating lease liability, current portion	244,057	285,171
Earn-out liability, current portion	-	159,867
Total current liabilities	3,573,764	3,189,851
Loans payable, related parties, less current portion	428,052	897,529
Long term debt, less current portion	9,468,400	11,026,971
Operating lease liability, less current portion	847,293	484,335
Warrant liabilities	326	268,993
Total liabilities	14,317,835	15,867,679
Stockholders' equity:		
Preferred stock, \$0.086 par value; 750,000,000 shares authorized and 0 issued and outstanding as of December 31, 2024 and December 31, 2023, respectively	-	-
Common stock, \$0.086 par value; 117,647,059 shares authorized and 2,250,210 and 280,117 issued and outstanding as of December 31, 2024 and December 31, 2023, respectively	193,484	24,089
Additional paid-in capital	50,877,307	46,125,206
Accumulated deficit	(48,073,549)	(39,001,965)
Total stockholders' equity	2,997,242	7,147,330
Total liabilities and stockholders' equity	<u>\$ 17,315,077</u>	<u>\$ 23,015,009</u>

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

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Reliance Global Group, Inc. and Subsidiaries
Consolidated Statements of Operations

	Year Ended December 31, 2024	Year Ended December 31, 2023
Revenue		
Commission income	\$ 14,054,361	\$ 13,731,826
Total revenue	<u>14,054,361</u>	<u>13,731,826</u>
Operating expenses		
Commission expense	4,189,599	3,732,939
Salaries and wages	7,226,810	7,503,052
General and administrative expenses	4,219,635	4,089,989
Marketing and advertising expenses	357,697	364,974
Change in estimated acquisition earn-out payables	47,761	1,716,873

Depreciation and amortization	1,786,068	2,609,191
Asset impairments	3,922,110	-
Goodwill Impairment	-	7,594,000
Total operating expenses	21,749,680	27,611,018
Loss from operations	(7,695,319)	(13,879,192)
Other (expense) income		
Interest expense	(1,442,808)	(1,506,186)
Interest expense related parties	(140,802)	(150,067)
Other income, net	51,345	6,530
Recognition and change in fair value of warrant liabilities	156,000	5,503,647
Total other (expense) income	(1,376,265)	3,853,924
Loss from continuing operations before tax	(9,071,584)	(10,025,268)
Loss from discontinued operations before tax	-	(1,984,714)
Net loss	<u>\$ (9,071,584)</u>	<u>\$ (12,009,982)</u>
Basic loss per share		
Continuing operations	\$ (9.01)	\$ (75.74)
Discontinued operations	\$ -	\$ (11.96)
Basic loss per share	\$ (9.01)	\$ (87.70)
Diluted loss per share		
Continuing operations	\$ (9.01)	\$ (75.74)
Discontinued operations	\$ -	\$ (11.96)
Diluted loss per share	\$ (9.01)	\$ (87.70)
Weighted average number of shares outstanding – Basic	1,007,020	165,899
Weighted average number of shares outstanding – Diluted	1,007,020	165,899

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

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Reliance Global Group, Inc. and Subsidiaries Consolidated Statements of Stockholders' Equity					
	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total
	Shares	Amount			
Balance, December 31, 2023	280,117	\$ 24,089	\$ 46,125,206	\$ (39,001,965)	\$ 7,147,330
Common share payments for earn-outs	30,029	2,582	15,046	-	17,628
Common shares issued for ATM share sales	1,139,501	97,998	3,615,141	-	3,713,139
Common shares issued for Series F warrants	42,545	3,659	(3,659)	-	-
Common share-based compensation	119,054	10,232	523,399	-	533,631
Common shares issued for Series B warrants	39,569	3,403	109,263	-	112,666
Common shares issued for abeyance share conversions	59,471	5,115	(5,115)	-	-
Common shares issued for Series G warrants	192,236	16,532	(16,532)	-	-
Shares issued due to a reverse split	110,350	9,490	(9,490)	-	-
Common shares issued for services	97,274	8,338	206,662	-	215,000
Common shares issued for an acquisition prepayment	140,064	12,046	317,386	-	329,432
Net loss	-	-	-	(9,071,584)	(9,071,584)
Balance December 31, 2024	2,250,210	\$ 193,484	\$ 50,877,307	\$ (48,073,549)	\$ 2,997,242

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

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Reliance Global Group, Inc. and Subsidiaries Consolidated Statements of Stockholders' Equity					
	Common Stock		Additional Paid- in Capital	Accumulated Deficit	Total
	Shares	Amount			

Balance, December 31, 2022	71,740	\$ 6,170	\$ 35,896,852	\$ (26,991,983)	\$ 8,911,039
Share-based compensation	45,094	3,878	871,228	-	875,106
Common shares issued for earnout liabilities	37,425	3,219	2,997,826	-	3,001,045
Common shares issued to settle convertible debt,	3,926	338	644,662	-	645,000
Round up of shares due to reverse split	902	78	(78)	-	-
Shares issued in 2023 private placement	9,120	784	3,445,700	-	3,446,484
Common shares issued for services	15,330	1,318	588,542	-	589,860
Common shares issued for Series B warrants	21,957	1,886	658,624	-	660,510
Common shares issued for Series E warrants	52,800	4,541	(6,245)	-	(1,704)
Common shares issued for Series F warrants	21,823	1,877	1,028,095	-	1,029,972
Net loss	-	-	-	(12,009,982)	(12,009,982)
Balance, December 31, 2023	280,117	\$ 24,089	\$ 46,125,206	\$ (39,001,965)	\$ 7,147,330

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

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Reliance Global Group, Inc. and Subsidiaries
Consolidated Statements of Cash Flows

	Year Ended December 31, 2024	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (9,071,584)	\$ (12,009,982)
Adjustment to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	1,786,068	2,609,191
Asset impairments	3,922,110	-
Goodwill impairment	-	7,594,000
Amortization of debt issuance costs and accretion of debt discount	39,965	46,883
Non-cash operating lease expense amortization	8,746	(5,377)
Equity based compensation expense	533,631	875,106
Equity based payments to service providers	324,477	397,049
Recognition and change in fair value of warrant liability	(156,000)	(5,503,647)
Earn-out fair value and write-off adjustments	47,761	1,716,873
Change in operating assets and liabilities:		
Accounts receivable	(161,450)	(304,542)
Accounts receivable, related parties	(1,209)	11,689
Other receivables	(41,286)	10,565
Prepaid expense and other current assets	(127,739)	104,590
Other non-current assets	(1,500)	2,992
Accounts payable and other accrued liabilities	351,486	(48,266)
Other payables	31,400	(93,699)
Net cash used in continuing operating activities	\$ (2,515,124)	\$ (4,596,575)
Net cash adjustments for discontinued operating activities	-	3,748,605
Total net cash used in continuing and discontinued operating activities	\$ (2,515,124)	\$ (847,970)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investment in NSURE	-	900,000
Purchase of property and equipment	(24,257)	(22,864)
Purchase of intangibles	(58,971)	(166,947)
Net cash (used in) provided by investing activities	\$ (83,228)	\$ 710,189
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal repayments of debt	(1,397,383)	(1,090,622)
Proceeds from short term financings	199,948	241,975
Principal repayments of short-term financings	(197,316)	(322,095)
Payments of loans payable, related parties	(661,253)	(1,045,164)
Payments of earn-out liabilities	-	(419,225)
Proceeds from exercise of warrants into common stock	-	1,028,270
Payments of convertible debt, related parties	-	(855,000)
Proceeds from common shares issued through an at the market offering	3,713,139	-
Private placement of shares and warrants	-	3,446,484
Net cash provided by continuing financing activities	\$ 1,657,135	\$ 984,623
Net cash used in discontinued financing activities	-	(17,700)
Total net cash provided by continuing and discontinued financing activities	1,657,135	966,923

Net (decrease) increase in cash and restricted cash	(941,217)	829,142
Cash and restricted cash at beginning of year	2,738,911	1,909,769
Cash and restricted cash at end of year	<u>\$ 1,797,694</u>	<u>\$ 2,738,911</u>
SUPPLEMENTAL DISCLOSURE OF CASH AND NON-CASH TRANSACTIONS:		
Cash paid during the period for:		
Interest	<u>\$ 1,580,686</u>	<u>\$ 1,612,829</u>
Noncash investing and financing transactions:		
Common shares issued to settle convertible debt, related parties	<u>\$ -</u>	<u>\$ 645,000</u>
Common shares issued for earnout liabilities	<u>\$ 17,628</u>	<u>\$ 3,001,045</u>
Common shares issued for Series B warrants	<u>\$ 112,666</u>	<u>\$ 660,510</u>
Common stock issued for pre-paid assets	<u>\$ -</u>	<u>\$ 192,811</u>
Common shares issued for an acquisition prepayment	<u>\$ 329,432</u>	<u>\$ -</u>
Lease assets acquired in exchange for lease liabilities	<u>\$ 489,634</u>	<u>\$ 156,542</u>

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

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Reliance Global Group, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

NOTE 1. ORGANIZATION AND DESCRIPTION OF BUSINESS

Reliance Global Group, Inc. (formerly known as Ethos Media Network, Inc.) ("RELI", "Reliance", or the "Company") was incorporated in Florida on August 2, 2013, and is a holding company that acquires, owns and operates insurance agencies throughout the United States and is a pioneer in the Insurtech space.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Principles of Consolidation

The accompanying consolidated financial statements included herein have been prepared by the Company in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The accompanying consolidated financial statements include the accounting of Reliance Global Group, Inc., and its wholly owned subsidiaries. All intercompany transactions and balances have been eliminated in consolidation. Reliance operates as a single operating segment.

Liquidity

As of December 31, 2024, the Company's reported cash and restricted cash aggregated balance was approximately \$1,798,000, current assets were approximately \$3,989,000, while current liabilities were approximately 3,574,000. As of December 31, 2024, the Company had working capital of approximately \$416,000 and stockholders' equity of approximately \$2,997,000. For the year ended December 31, 2024, the Company reported a loss from operations of approximately \$7,695,000, of which \$3,922,000 was related to asset impairments. The Company also reported other expense, primarily interest expense of approximately \$1,376,000, which resulted in a net loss of \$9,072,000.

Although there can be no assurance that debt or equity financing will be available on acceptable terms, the Company believes its financial position and its ability to raise capital to be reasonable and sufficient. Based on our assessment, we do not believe there are conditions or events that, in the aggregate, raise substantial doubt about the Company's ability to continue as a going concern within one year of filing these financial statements with the Securities and Exchange Commission ("SEC").

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosures in the financial statements and accompanying notes. Management bases its estimates on historical experience and on assumptions believed to be reasonable under the circumstances. Actual results could differ materially from those estimates.

Cash and Restricted Cash

Cash consists of checking accounts. The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Restricted cash includes cash pledged as collateral to secure obligations and/or all cash whose use is otherwise limited by contractual provisions.

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At times, some cash balances held in banks may exceed the Federal Deposit Insurance Corporation, or FDIC, standard deposit insurance limit of \$250,000.

The reconciliation of cash and restricted cash reported within the applicable balance sheet accounts that sum to the total of cash and restricted cash presented in the statement of cash flows is as follows:

	December 31, 2024	December 31, 2023
Cash	<u>\$ 372,695</u>	<u>\$ 1,329,016</u>
Restricted cash	<u>1,424,999</u>	<u>1,409,895</u>
Total cash and restricted cash	<u><u>\$ 1,797,694</u></u>	<u><u>\$ 2,738,911</u></u>

Property and Equipment

Property and equipment is stated at cost, less accumulated depreciation. Depreciation is recognized over an asset's estimated useful life using the straight-line method beginning on the date an asset is placed in service. The Company regularly evaluates the estimated remaining useful lives of the Company's property and equipment to determine whether events or changes in circumstances warrant a revision to the remaining period of depreciation. Certain capitalized software has been reclassified in the consolidated balance sheet from property and equipment, net to intangibles, net and comparative periods have been adjusted accordingly. Maintenance and repairs are charged to expense as incurred. Estimated useful lives of the Company's Property and Equipment are as follows:

	Useful Life (in years)
Computer equipment	5
Office equipment and furniture	7
Leasehold improvements	Shorter of the useful life or the lease term

Fair Value of Financial Instruments

Fair value is defined as 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. The accounting guidance includes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are as follows:

Level 1 — Observable inputs that reflect quoted prices (unadjusted) in active markets for identical assets and liabilities;

Level 2 — Inputs other than quoted prices in active markets for identical assets and liabilities that are observable either directly or indirectly for substantially the full term of the asset or liability; and

Level 3 — Unobservable inputs for the asset or liability, which include management's own assumption about the assumptions market participants would use in pricing the asset or liability, including assumptions about risk.

As of December 31, 2024, and 2023 respectively, the Company's balance sheet includes certain financial instruments, including cash, accounts payable, and short and long-term debt. The carrying amounts of current assets and current liabilities approximate their fair value because of the relatively short period of time between the origination of these instruments and their expected realization. The carrying amounts of long-term debt approximate their fair value as the variable interest rates are based on a market index.

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Warrant Liabilities: The Company's warrant liabilities (see Note 9, *Warrant Liabilities*) represent liability-classified derivative financial instruments recorded at fair value on a recurring basis. The fair value of the Warrant Liabilities includes significant inputs unobservable in the market and thus are considered Level 3. The Company measures fair value of its material warrant liabilities at issuance, and subsequently at each balance sheet date, using a binomial option pricing model. As of December 31, 2024, the Company did not have any material Warrant Liabilities, and as of December 31, 2023, the significant unobservable inputs, unadjusted for the Reverse Split-2024, can be summarized as follows; stock price - \$0.54, volatility - 110.0%, time to expiry - 4.99, dividend yield - 0%, risk free rate - 3.8%.

The following reconciles the warrant liabilities for the years ended December 31, 2024 and 2023:

	Years ended December 31, 2024 and 2023		
	Series B warrant liabilities	Placement agent warrants	Total
Beginning balance, December 31, 2022	\$ 6,384,250	\$ 48,900	\$ 6,433,150
Unrealized (gain) loss	(5,534,931)	(48,575)	(5,583,506) ¹
Warrants exercised or transferred	(580,651)	-	(580,651)
Ending balance, December 31, 2023	268,668	325	268,993
Unrealized (gain) loss	(156,000)	-	(156,000)
Warrants exercised or exchanged	(112,667)	-	(112,667)
Ending balance, December 31, 2024	\$ -	\$ 325	\$ 325

¹ Recognition and change in fair value of warrant liabilities per income statement is \$5,503,647. The difference of \$79,859 is made up of the Warrant issuance costs.

Earn-out liabilities: The Company utilizes two valuation methods to value its material Level 3 earn-out liabilities, (a) the income valuation approach, and (b) the Monte Carlo simulation method. Key valuation and unobservable inputs for the income valuation approach include contingent payment arrangement terms, projected revenues and cash flows, rates of return, discount rates and probability assessments. The Monte Carlo simulation method includes key valuation and unobservable inputs such as, but not limited to, WACC, Volatility, Credit spread, discount rates and stock price.

The following table reconciles fair value of earn-out liabilities for the years ending December 31, 2024 and 2023:

	December 31, 2024	December 31, 2023
Beginning balance – January 1	\$ 159,867	\$ 2,709,478
Acquisitions and Settlements	-	(3,260,403)
Period adjustments:		
Fair value and estimate changes *	47,761	1,716,873
Earn-out payable in common shares	(17,628)	(159,867)
Earn-out transferred to loans payable, related parties	(190,000)	(846,214)
Ending balance	\$ -	\$ 159,867
Less: Current portion	-	(159,867)
Ending balance, less current portion	\$ -	\$ -

* Recorded as change in estimated acquisition earn-out payables on the consolidated statements of operations.

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Deferred Financing Costs

The Company has recorded deferred financing costs because of fees incurred by the Company in conjunction with its debt financing activities. These costs are amortized to interest expense using the straight-line method which approximates the interest rate method over the term of the related debt. As of December 31, 2024, and 2023, unamortized deferred financing costs were \$233,900 and \$273,864, respectively and are netted against the related debt.

Business Combinations

The Company accounts for its business combinations using the acquisition method of accounting. Under the acquisition method, assets acquired, liabilities assumed, and consideration transferred are recorded at the date of acquisition at their respective fair values. Definite-lived intangible assets are amortized over the expected life of the asset. Any excess of the purchase price over the estimated fair values of the net assets acquired is recorded as goodwill.

Goodwill represents the excess purchase price over the fair value of the tangible net assets and intangible assets acquired in a business combination. Acquisition-related expenses are recognized separately from business combinations and are expensed as incurred. If the business combination provides for contingent consideration such as earn-outs, the Company records the contingent consideration at fair value at the acquisition date. The Company remeasures fair value as of each reporting date and changes resulting from events after the acquisition date, are recognized as follows: 1) if the contingent consideration is classified as equity, the contingent consideration is not re-measured and its subsequent settlement is accounted for within equity, or 2) if the contingent consideration is classified as a liability, the changes in fair value and accretion costs are recognized in earnings.

Identifiable Intangible Assets, net

Finite-lived intangible assets such as customer relationships assets, trademarks and tradenames are amortized over their estimated useful lives, generally on a straight-line basis for periods ranging from 3 to 20 years. Finite-lived intangible assets are reviewed for impairment or obsolescence whenever events or circumstances indicate that the carrying amount of the asset may not be recoverable. Recoverability of intangible assets is measured by a comparison of the carrying amount of the asset to the future undiscounted net cash flows expected to be generated by that asset. If the asset is considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the estimated fair value.

Goodwill and other indefinite-lived intangibles

The Company records goodwill when the purchase price of a business acquisition exceeds the estimated fair value of net identified tangible and intangible assets acquired. Goodwill is assigned on the acquisition date and tested for impairment at least annually, or more frequently when events or changes in circumstances indicate that the fair value of a reporting unit has more likely than not declined below its carrying value. Similarly, indefinite-lived intangible assets (if any) other than goodwill are tested annually or more frequently if indicated, for impairment. If impaired, intangible assets are written down to fair value based on the expected discounted cash flows.

Financial Instruments

The Company evaluates issued financial instruments for classification as either equity or liability based on an assessment of the financial instrument's specific terms and applicable authoritative guidance in ASC 480, Distinguishing Liabilities from Equity ("ASC 480") and ASC 815, Derivatives and Hedging ("ASC 815") as well as in accordance with ASU 2020-06. The assessment considers whether the financial instruments issued are freestanding pursuant to ASC 480, meet the definition of a liability pursuant to ASC 480, and, if applicable whether the financial instruments meet all of the requirements for equity classification under ASC 815, including whether the financial instruments are indexed to the Company's own Common Stock, among other conditions for equity classification. This assessment, which requires the use of professional judgment, is conducted at the time of issuance and as of each subsequent reporting period end date while the financial instruments are outstanding. Financial instruments that are determined to be liabilities under ASC 480 or ASC 815 are held at their initial fair value and remeasured to fair value at each subsequent reporting date, with changes in fair value recorded as a non-operating, non-cash loss or gain, as applicable.

The Company's financial instruments consist of derivatives related to the warrants issued with the securities purchase agreement as discussed in Note 9, *Warrant Liabilities*. The accounting treatment of derivative financial instruments requires that we record the derivatives at their fair values as of the inception date of the debt agreements and at fair value as of each subsequent balance sheet date. Any change in fair value is recorded as non-operating, non-cash income or expense at each balance sheet date. Upon the determination that an instrument is no longer subject to derivative accounting, the fair value of the derivative instrument at the date of such determination will be reclassified to paid in capital.

The adoption of Topic 326 did not significantly change our approach to the valuation of trade receivables. The Company determines whether there is an expected loss on our accounts receivable by reviewing all available data, including our customers' latest available financial statements, their credit standing, our historical collection experience, and current and future market and economic conditions. As of December 31, 2024, and December 31, 2023, it was not deemed necessary to recognize any allowance for credit losses on our trade receivables.

Revenue Recognition

The Company recognizes revenue in accordance with Accounting Standards Codification (ASC) 606 *Revenue from Contracts with Customers* which at its core, recognizes revenue upon the transfer of promised goods or services to customers in an amount that reflects the consideration the entity expects to be entitled to in exchange for those goods or services.

The Company's revenue is primarily comprised of agency commissions earned from insurance carriers (the "Customer" or "Carrier") related to insurance plans produced through brokering, producing, and servicing agreements between insurance carriers and members. The Company defines a "Member" as an individual, family or entity currently covered or seeking insurance coverage.

The Company focuses primarily on agency services for insurance products in the "Healthcare" and property and casualty, which includes auto (collectively "P&C") space, with nominal activity in the life insurance and bond sectors. Healthcare includes plans for individuals and families, Medicare supplements, ancillary and small businesses. The Company also earns revenue in the "Insurance Marketing" space as discussed further below.

Consideration for all agency services typically is based on commissions calculated by applying contractual commission rates to policy premiums. For P&C, commission rates are applied to premiums due, whereas for healthcare, commission rates, including override commissions, are applied to monthly premiums received by the Carrier.

The Company has two forms of billing practices, "Direct Bill" and "Agency Bill". With Direct Bill, Carriers bill and collect policy premium payments directly from Members without any involvement from the Company. Commissions are paid to the Company by the Carrier in the following month. With Agency Bill, the Company bills Members premiums due and remits them to Carriers net of commission earned.

The following outlines the core principles of ASC 606:

Identification of the contract, or contracts, with a customer. A contract with a customer exists when (i) we enter into an enforceable contract with a customer that defines each party's rights regarding the goods or services to be transferred and identifies the payment terms related to these goods or services, (ii) the contract has commercial substance, and (iii) we determine that collection of substantially all consideration for goods or services that are transferred is probable based on the customer's intent and ability to pay the promised consideration.

Identification of the performance obligations in the contract. Performance obligations promised in a contract are identified based on the goods or services that will be transferred to the customer that are both capable of being distinct, whereby the customer can benefit from the goods or service either on its own or together with other resources that are readily available from third parties or from us, and are distinct in the context of the contract, whereby the transfer of the goods or services is separately identifiable from other promises in the contract.

Determination of the transaction price. The transaction price is determined based on the consideration to which we will be entitled in exchange for transferring goods or services to the customer.

Allocation of the transaction price to the performance obligations in the contract. If the contract contains a single performance obligation, the entire transaction price is allocated to the single performance obligation. Contracts that contain multiple performance obligations require an allocation of the transaction price to each performance obligation based on a relative standalone selling price basis.

Recognition of revenue when, or as, the Company satisfies a performance obligation. The Company satisfies performance obligations either over time or at a point in time, as discussed in further detail below. Revenue is recognized at the time the related performance obligation is satisfied by transferring the promised good or service to the customer.

Healthcare revenue recognition:

The Company identifies a contract when it has a binding agreement with a Carrier, the Customer, to provide agency services to Members.

There typically is one performance obligation in contracts with Carriers, to perform agency services that culminate in monthly premium cash collections by the Carrier. The performance obligation is satisfied through a combination of agency services including, marketing carrier's insurance plans, soliciting Member applications, binding, executing and servicing insurance policies on a continuous basis throughout a policy's life cycle which includes and culminates with the Customer's collection of monthly premiums. No commission is earned if cash is not received by Carrier. Thus, commission revenue is earned only after a month's cash receipts from Members' dues is received by the Customer. Each month's Carrier cash collections is considered a separate unit sold and transferred to the Customer i.e., the satisfaction of that month's performance obligation.

Transaction price is typically stated in a contract and usually based on a commission rate applied to Member premiums paid and received by Carrier. The Company generally continues to receive commission payments from Carriers until a Member's plan is cancelled or the Company terminates its agency agreement with the Carrier. Upon termination, the Company normally will no longer receive any commissions from Carriers even on business still in place. In some instances, trailing commissions could occur which would be recognized similar to other Healthcare revenue. With one performance obligation, allocation of transaction price is normally not necessary.

Healthcare typically utilizes the Direct Bill method.

The Company recognizes revenue at a point in time when it satisfies its monthly performance obligation and control of the service transfers to the Customer. Transfer occurs when Member insurance premium cash payments are received by the Customer. The Customer's receipt of cash is the culmination and complete satisfaction of the Company's performance obligation, and the earnings process is complete.

With Direct Bill, since the amount of monthly Customer cash receipts is unknown to the Company until the following month when notice is provided by Customer to Company, the Company accrues revenue at each period end. Any estimated revenue accrued and recognized at a period-end is trued up for financial reporting per actual revenue earned as provided by the Customer during the following month.

P&C revenue recognition:

The Company identifies a contract when it has a binding agreement with a Carrier, the Customer, to provide agency services to Members.

There typically is one performance obligation in contracts with Customers, to perform agency services to solicit, receive proposals and bind insurance policies culminating with policy placement. Commission revenue is earned at the time of policy placement.

Transaction price is typically stated in a contract and usually based on commission rates applied to Member premiums due. With one performance obligation, allocation of transaction price is normally not necessary.

P&C utilizes both the Agency Bill and Direct Bill methods, depending on the Carrier.

The Company recognizes revenue at a point in time when it satisfies its performance obligation and control of the service transfers to the Customer. Transfer occurs when the policy placement process is complete.

With both Direct Bill and Agency Bill, the Company accrues commission revenue in the period policies are placed. With Agency Bill, payment is typically received from Members in the month earned, however with Direct Bill, payment is typically received from Carriers in the month subsequent to the commissions being earned.

Other revenue policies: Insurance commissions earned from Carriers for life insurance products are recorded gross of amounts due to agents, with a corresponding commission expense for downstream agent commissions being recorded as commission expense within the consolidated statements of operations.

When applicable, commission revenue is recognized net of any deductions for estimated commission adjustments due to lapses, policy cancellations, and revisions in coverage.

The Company could earn additional revenue from contingent commissions, profit-sharing, override and bonuses based on meeting certain revenue or profit targets established periodically by the Carriers (collectively, "Contingent Commissions"). Contingent Commissions are earned when the Company achieves targets established by Carriers. The Carriers notify the Company when it has achieved the target. The Company recognizes revenue for any Contingent Commissions at the time it is reasonably assured that a significant revenue reversal is not probable, which is generally when a Carrier notifies the Company that it is on track or has earned a Contingent Commission.

The following table disaggregates the Company's revenue by line of business, showing commissions earned:

Year ended	Medical	Life	Property and Casualty	Total
December 31, 2024	\$ 10,436,750	\$ 171,949	\$ 3,445,662	\$ 14,054,361
December 31, 2023	\$ 10,825,064	\$ 170,759	\$ 2,735,463	\$ 13,731,826

General and Administrative

General and administrative expenses primarily consist of personnel costs for the Company's administrative functions, professional service fees, office rent, all employee travel expenses, and other general costs.

Marketing and Advertising

The Company's direct channel expenses primarily consist of costs for e-mail marketing and newspaper advertisements. The Company's online advertising channel expense primarily consist of social media ads. Advertising costs for both direct and online channels are expensed as incurred.

Equity-Based Compensation

Equity-based compensation cost is measured at the grant date based on the fair value of the award and is recognized as an expense on a straight-line basis over the requisite service or vesting period, based on the terms of the awards. The fair value of the stock-based payments to non-employees that are fully vested and non-forfeitable as at the grant date is measured and recognized at that date, unless there is a contractual term for services in which case such compensation would be amortized over the contractual term. To the extent possible, the Company will estimate and recognize expected forfeitures.

Leases

The Company recognizes leases in accordance with Accounting Standards Codification Topic 842, "Leases" ("ASC 842" or "ASU 2016-12"). This standard provides enhanced transparency and comparability by requiring lessees to record right-of-use assets and corresponding lease liabilities on the balance sheet for most leases. Expenses associated with leases are recognized as a single lease expense, generally on a straight-line basis.

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The Company is the lessee in a contract when the Company obtains the right to use an asset. We currently lease real estate and office space under non-cancelable operating lease agreements. When applicable, consideration in a contract is allocated between lease and non-lease components. Lease payments are discounted using the implicit discount rate in the lease. If the implicit discount rate for the lease cannot be readily determined, the Company uses an estimate of its incremental borrowing rate. The Company did not have any contracts accounted for as finance leases as of December 31, 2024, or 2023. Operating leases are included in the line items right-of-use assets, current portion of leases payable, and leases payable, less current portion in the consolidated balance sheets. Right-of-use ("ROU") asset represents the Company's right to use an underlying asset for the lease term and lease obligations represent the Company's obligations to make lease payments arising from the lease, both of which are recognized based on the present value of the future minimum lease payments over the lease term at the commencement date. Leases with a lease term of 12 months or less at inception are not recorded on the consolidated balance sheet and are expensed on a straight-line basis over the lease term in the consolidated statement of operations. The Company determines a lease's term by agreement with lessor and includes lease extension options and variable lease payments when option and/or variable payments are reasonably certain of being exercised or paid.

Income Taxes

The Company recognizes deferred tax assets and liabilities using enacted tax rates for the effect of temporary differences between the book and tax basis of recorded assets and liabilities. Deferred tax assets are reduced by a valuation allowance if it is more likely than not that some portion or all of the deferred tax asset will not be realized. In evaluating its ability to recover deferred tax assets within the jurisdiction in which they arise, the Company considers all available positive and negative evidence, including the expected reversals of taxable temporary differences, projected future taxable income, taxable income available via carryback to prior years, tax planning strategies, and results of recent operations. The Company assesses the realizability of its deferred tax assets, including scheduling the reversal of its deferred tax assets and liabilities, to determine the amount of valuation allowance needed. Scheduling the reversal of deferred tax asset and liability balances requires judgment and estimation. The Company believes the deferred tax liabilities relied upon as future taxable income in its assessment will reverse in the same period and jurisdiction and are of the same character as the temporary differences giving rise to the deferred tax assets that will be realized.

Discontinued Operations

The Company's board of directors approved the discontinuation and abandonment of Medigap Healthcare Insurance Company, LLC ("Medigap"), a subsidiary of the Company, effective April 17, 2023, due to Medigap's sustained recurring losses stemming from amongst other factors, greater than anticipated revenue chargebacks. The Company was unable to divest its interest in Medigap for value, and accordingly, operations were wound down in an orderly manner. In doing so, the Company transferred to its operating entity, Medigap's customer relationships and internally developed and purchased software intangible assets, with net of amortization combined value of approximately \$4,300,000, as well as, its short-term financing arrangement of \$29,500, and each are respectively classified at their adjusted book values in the intangible assets and short term financing agreements accounts in the consolidated balance sheet as of, December 31, 2023. These assets had continued value to the Company and were initially not impaired as the fair value exceeded carrying cost. However, as further described in Note 6, *Goodwill and Other Intangible Assets*, the Company subsequently impaired these assets during fiscal year 2024. Medigap's remaining assets were considered to have no remaining asset value and were fully impaired. Certain liabilities and estimated liabilities as outlined in the tables herein, were discharged and/or written-off in conjunction with the Settlement Agreement (as defined below) because of them having a net zero dollar estimated liability value. Accordingly, the Company recognized a net of estimated liability adjustments gain/loss of approximately \$0, and an impairment loss of approximately \$4,400,000, presented in income (loss) from discontinued operations in the consolidated statements of operations for the year ended December 31, 2023. As part of the abandonment, the Company cancelled third party contracts, settled outstanding vendor and other third-party obligations, ceased to enter new customer contracts via Medigap, and no further customer performance obligations existed. The Company does not expect further continuing involvement with Medigap, and in accordance with ASC 205-20-45-9, no corporate overhead has been allocated to discontinued operations.

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Settlement Agreement: On June 30, 2023, the Company entered into a confidential settlement agreement and mutual release (the "Settlement Agreement") with certain Medigap affiliated entities and persons, and the former owners of Medigap, whereby the Company would receive a settlement payment, net of costs, of \$2,761,190 and was released from all past and future Medigap obligations and liabilities. The settlement payment was received in full by the Company in July 2023 and is recorded as income (loss) from discontinued operations in the consolidated statements of operations for the year ended December 31, 2023.

The were no discontinued operations related assets and/or liabilities for inclusion in the consolidated balance sheets as of, December 31, 2024 and 2023.

The following table rolls forward Medigap's assets and liabilities from their carrying values pre-abandonment to their values post abandonment, and presents the impact of reclassifications, impairments, and write-offs:

Medigap Related Assets	Carrying Value Prior To Abandonment	Asset and Liability Transfers Retained by the Company	Asset Impairments and Liability Write-Offs	Carrying Value as of December 31, 2023
Accounts receivable	\$ 56,398	\$ -	\$ (56,398)	\$ -
Accounts receivable, related party	3,595	-	(3,595)	-
Other receivables	5,388	-	(5,388)	-
Current assets – Medigap	\$ 65,381	\$ -	\$ (65,381)	\$ -

Property and equipment, net	\$ 22,378	\$ -	\$ (22,378)	\$ -
Right-of-use assets	119,594	-	(119,594)	-
Intangibles, net	4,570,536	(4,258,214) ¹	(312,322)	-
Goodwill	4,825,634	-	(4,825,634)	-
Other assets - Medigap	\$ 9,538,142	\$ (4,258,214)	\$ (5,279,928)	\$ -
Total assets - Medigap	\$ 9,603,523	\$ (4,258,214)	\$ (5,345,309)	\$ -
Accounts payable and other accrued liabilities	\$ 4,157	\$ -	\$ (4,157)	\$ -
Short term financing agreements	29,500	(29,500)	-	-
Chargeback reserve	831,725	-	(831,725) ²	-
Current portion of leases payable	134,517	-	(134,517) ³	-
Other liabilities	9,842	-	(9,842) ³	-
Current liabilities - Medigap	\$ 1,009,741	\$ (29,500)	\$ (980,241)	\$ -
Total liabilities - Medigap	\$ 1,009,741	\$ (29,500)	\$ (980,241)	\$ -
Net assets and liabilities - Medigap	\$ 8,593,782	\$ (4,228,714)	\$ (4,365,068)	\$ -

1 Includes customer relationships and internally developed and purchased software intangible assets that have continued value to the Company and have not been impaired as the fair value exceeds carrying cost. See Note 6, *Goodwill and Other Intangible Assets* where during fiscal year 2024, the Company subsequently impaired these assets.

2 Estimated liability write-off per net zero dollar estimated liability value.

3 Liability discharge pursuant to the Settlement Agreement.

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The following tables disaggregate the major classes of pretax gain and loss as presented in discontinued operations in the consolidated statements of operations.

	Year Ended December 31, 2024	Year Ended December 31, 2023
Income		
Commission income	\$ -	\$ 744,030
Expenses		
Commission expense	-	110,639
Salaries and wages	-	454,663
General and administrative	-	129,363
Marketing and advertising	-	426,818
Depreciation and amortization	-	7,283
Other expenses (income)	-	(3,902)
Total discontinued operations expenses before impairments and write-offs	-	1,124,864
Total discontinued operations income / (loss) before impairments and write-offs	\$ -	\$ (380,834)
Gains and (losses) from recoveries and impairments / write-offs of discontinued operations assets and liabilities		
Settlement Recovery, net of costs	\$ -	\$ 2,761,190
Asset impairment losses		
Accounts receivable	-	56,398
Accounts receivable, related parties	-	3,595
Other receivables	-	5,388
Property and equipment, net	-	22,378
Right-of-use assets	-	119,593
Intangibles, net	-	312,322
Goodwill	-	4,825,634
Total asset impairments	\$ -	\$ 5,345,308
Liability write-off gains		
Accounts payable and other accrued liabilities	-	4,154
Other payables	-	9,842
Chargeback reserve	-	831,725
Current portion of leases payable	-	134,517
Total liability write-off gains	\$ -	\$ 980,238
Discontinued operations net asset and liability impairments / write-offs gains and (losses)	\$ -	\$ 4,365,070
Net gains and (losses) from recoveries and impairments / write-offs from discontinued operations assets and liabilities	\$ -	\$ (1,603,880)
Loss from discontinued operations before tax	\$ -	\$ (1,984,714)
Consolidated statement of operations - Loss from discontinued operations before tax	\$ -	\$ (1,984,714)

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Seasonality

A greater number of the Company's Medicare-related health insurance plans are sold in the fourth quarter during the Medicare annual enrollment period when Medicare-eligible individuals are permitted to change their Medicare Advantage. The majority of the Company's individual and family health insurance plans are sold in the annual open enrollment period as defined under the federal Patient Protection and Affordable Care Act and related amendments in the Health Care and Education Reconciliation Act. Individuals and families generally are not able to purchase individual and family health insurance outside of these open enrollment periods, unless they qualify for a special enrollment period as a result of certain qualifying events, such as losing employer-sponsored health insurance or moving to another state.

Recently Issued Accounting Pronouncements

In March 2024, the FASB issued ASU No. 2024-01, Compensation—Stock Compensation (Topic 718): Scope Application of Profits Interest and Similar Awards ("ASU 2024-01"), to clarify the scope application of profits interest and similar awards by adding illustrative guidance in ASC 718, *Compensation - Stock Compensation*. The ASU clarifies how to determine whether profits interest and similar awards are in the scope of ASC 718 and applies to all reporting entities that account for profits interest awards as compensation to employees or non-employees. In addition to adding the illustrative guidance, the ASU modified the language in paragraph 718-10-15-3 to improve its clarity and operability. However, this amendment does not change the intent of that guidance, nor how it should be applied. The ASU's amendments are effective for fiscal years beginning after December 15, 2024, including interim periods within those years. The Company is currently evaluating the effects of the adoption of ASU No. 2024-01 on its consolidated financial statements.

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. ASU 2023-09 improves the transparency of income tax disclosures by requiring, on an annual basis, consistent categories, and greater disaggregation of information in the rate reconciliation as well as income taxes paid disaggregated by jurisdiction. ASU 2023-09 is effective for the Company for fiscal years beginning after December 15, 2024. Early adoption is permitted. The amendments in this update should be applied prospectively, however, retrospective application is permitted. The Company is currently evaluating the impact that this guidance will have on its disclosures.

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures. ASU 2023-07 expands reportable segment disclosures by requiring disclosure, on an annual and interim basis, of significant segment expenses that are regularly provided to the chief operating decision maker ("CODM") and included within each reported measure of segment profit or loss as well as an amount and description of other segment items. ASU 2023-07 also requires interim disclosures of a reportable segment's profit or loss and assets, disclosure of the title and position of the CODM, and an explanation of how the CODM uses the reported measure of segment profit or loss in assessing performance and allocating resources. ASU 2023-07 is effective for the Company for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The amendments in this update are required to be applied retrospectively to all prior periods presented in the financial statements. The Company adopted this standard for our fiscal year 2024 annual financial statements and interim financial statements thereafter and have applied this standard retrospectively for all prior periods presented in the financial statements. See Note 17 – Segment Reporting for further information.

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NOTE 3. STRATEGIC INVESTMENTS AND BUSINESS COMBINATIONS

To date, we have acquired nine insurance agencies (see table below). As our acquisition strategy continues, our reach within the insurance arena can provide us with the ability to offer lower rates, which could boost our competitive position within the industry.

Acquired	Reliance 100% Controlled Entity	Date	Location	Line of Business
U.S. Benefits Alliance, LLC (USBA)	US Benefits Alliance, LLC	October 24, 2018	Michigan	Health Insurance
Employee Benefit Solutions, LLC (EBS)	Employee Benefits Solutions, LLC	October 24, 2018	Michigan	Health Insurance
Commercial Solutions of Insurance Agency, LLC (CCS or Commercial Solutions)	Commercial Coverage Solutions LLC	December 1, 2018	New York	P&C – Trucking Industry
Southwestern Montana Insurance Center, Inc. (Southwestern Montana or Montana or SWMT)	Southwestern Montana Insurance Center, LLC	April 1, 2019	Montana	Group Health Insurance
Fortman Insurance Agency, LLC (Fortman or Fortman Insurance or FIS)	Fortman Insurance Solutions, LLC	May 1, 2019	Ohio	P&C and Health Insurance
Altruis Benefits Consultants, Inc. (Altruis or ABC)	Altruis Benefits Corporation	September 1, 2019	Michigan	Health Insurance
UIS Agency, LLC (UIS)	UIS Agency, LLC	August 17, 2020	New York	P&C – Trucking Industry
J.P. Kush and Associates, Inc. (Kush)	Kush Benefit Solutions, LLC	May 1, 2021	Michigan	Health Insurance
Barra & Associates, LLC (Barra)	RELI Exchange, LLC	April 26, 2022	Illinois	P&C and Health Insurance

NOTE 4. INVESTMENT IN NSURE, INC.

On February 19, 2020, the Company entered into a securities purchase agreement with NSURE, Inc. ("NSURE"), which was further amended on October 8, 2020, and as amended provides that the Company may invest up to an aggregate of \$5,700,000 in NSURE to be funded in three tranches. In exchange, the Company will receive a total of 928,343 shares of NSURE's Class A Common Stock.

During the year 2020, by October 8, 2020, the Company funded the first tranche, \$1,350,000 in exchange for 394,029 shares. The second tranche allowed the Company to acquire an additional 209,075 shares at a price of \$6.457 per share by no later than December 30, 2020. The third full tranche allowed the Company to purchase an additional 325,239 shares at a purchase price of \$9.224 after December 20, 2020, but no later than March 31, 2021.

The Company did not fund tranches two and three in the required timeframes, thus, the Company relinquished its rights under the contract to any additional NSURE shares aside for the ones already acquired with tranche one.

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During the fourth quarter of the year ended December 31, 2022, the Company sold 131,345 of its NSURE shares to unaffiliated third parties, receiving cash proceeds of \$450,000. During April 2023, the Company sold its remaining 262,684 of NSURE shares to unaffiliated third parties, receiving the shares' cost basis and cash proceeds of \$900,000. The Company's remaining NSURE share balance as of December 31, 2024 and December 31, 2023, was \$0.

The Company measured the NSURE shares subsequent to acquisition in accordance with ASC 321-10-35-2, at cost less impairment since no readily determinable fair value was available to the Company. The investment was reviewed for impairment at each reporting period by qualitatively assessing any indicators demonstrating fair value of the investment is less than carrying value. The Company did not observe any price changes resulting from orderly transactions for identical or similar assets for the years ended December 31, 2023. ASC 321-10-50-4 further requires an entity to disclose unrealized gains and losses for periods that relate to equity securities held at a reporting date. To date, the Company has not recognized any unrealized gains or losses on NSURE security.

NOTE 5. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	December 31, 2024	December 31, 2023
Computer equipment	\$ 123,886	\$ 110,350
Office equipment and furniture	47,653	47,652
Leasehold Improvements	131,098	120,378
Property and equipment	302,637	278,380
Less: Accumulated depreciation	(168,729)	(138,381)
Property and equipment, net	<u>\$ 133,908</u>	<u>\$ 139,999</u>

Depreciation expense associated with property and equipment, is included within depreciation and amortization in the Company's consolidated statements of operations and is \$30,348 and \$45,632 for the years ended December 31, 2024, and 2023, respectively.

NOTE 6. GOODWILL AND OTHER INTANGIBLE ASSETS

In accordance with ASC 350-20-35-45, all the Company's goodwill is assigned to a single operating and reporting unit. All acquisitions made by the Company are in one general insurance agency industry and operate in a very similar economic and regulatory environment. The Company's operations team leadership reports directly to the Chief Executive Officer ("CEO") on a quarterly basis. Additionally, the CEO who is responsible for the strategic direction of the Company reviews the operations of the insurance agency business collectively, as one segment.

For the year ended December 31, 2023, due to a declining market capitalization, the Company performed a quantitative goodwill impairment test utilizing the discounted cash flow method of the income approach with market participant control adjustments in consideration of market capitalization, and concluded that the Company's carrying value of equity exceeded its fair value of equity in the approximate amount of \$7,594,000 which the Company recognized as a goodwill impairment charge, presented in the goodwill impairment account on the consolidated statements of operations for the year ended December 31, 2023. The Company also recognized an additional goodwill impairment of \$4,825,634 upon the abandonment of Medigap, presented in the loss from discontinued operations before tax account in the consolidated statements of operations for the year ended December 31, 2023.

The following table rolls forward the Company's goodwill balance for the periods ended December 31, 2024 and 2023 exclusive of discontinued operations.

	Goodwill
December 31, 2022	\$ 14,287,099
Goodwill impairment	(7,594,000)
December 31, 2023, and December 31, 2024	<u>6,693,099</u>

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The following table rolls forward the Company's goodwill balance for the periods ended December 31, 2024, and December 31, 2023 inclusive of discontinued operations.

	Goodwill
December 31, 2022	\$ 19,112,733
Goodwill impairment (Medigap-discontinued operations)	(4,825,634)
Goodwill impairment	(7,594,000)
December 31, 2024	<u>6,693,099</u>

Intangible Asset Impairments: During the year ended December 31, 2024, certain intangible assets stemming from discontinued operations which were originally transferred to the Company's operating entity, were determined to have carrying values exceeding fair value, and thus were considered impaired. These intangible assets consisted of customer relationships, and internally developed and purchased software, with respective net of accumulated amortization asset values of \$3,802,438, \$65,411, and \$54,261. The write-offs resulted in a total asset impairment charge of \$3,922,110, recorded in the asset impairment account on the consolidated statements of operations for the year ended December 31, 2024.

The following table sets forth the major categories of the Company's intangible assets and the weighted-average remaining amortization period as of December 31, 2024:

	Weighted Average Remaining Amortization period (Years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Trade name and trademarks	1.8	\$ 1,808,087	\$ (1,586,651)	\$ 221,436
Internally developed software	2.3	1,733,817	(948,706)	785,111
Customer relationships	5.8	7,372,290	(3,180,376)	4,191,914
Purchased software	2.0	565,704	(563,470)	2,234
Non-competition agreements	1.3	3,504,810	(3,281,608)	223,202
Total		<u>\$ 14,984,708</u>	<u>\$ (9,560,811)</u>	<u>\$ 5,423,897</u>

The following table sets forth the major categories of the Company's intangible assets and the weighted-average remaining amortization period as of December 31, 2023:

	Weighted Average Remaining Amortization period (Years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount

Trade name and trademarks	1.5	\$	1,807,189	\$	(1,320,939)	\$	486,250
Internally developed software	3.2		1,798,922		(650,029)		1,148,893
Customer relationships	8.0		11,922,290		(3,193,629)		8,728,661
Purchased software	0.3		667,206		(618,418)		48,788
Video Production Assets	-		50,000		(50,000)		-
Non-competition agreements	0.9		3,504,810		(2,874,645)		630,165
Total		\$	<u>19,750,417</u>	\$	<u>(8,707,660)</u>	\$	<u>11,042,757</u>

Amortization expense is \$1,755,721 and \$2,563,559 for the years ended December 31, 2024, and 2023, respectively.

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The following table reflects expected amortization expense as of December 31, 2024, for each of the following five years and thereafter:

Years ending December 31,	Amortization Expense
2025	\$ 1,404,828
2026	1,156,003
2027	815,374
2028	724,553
2029	523,619
Thereafter	799,520
Total	<u>\$ 5,423,897</u>

NOTE 7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Significant components of accounts payable and accrued liabilities were as follows:

	December 31, 2024	December 31, 2023
Accounts payable	\$ 936,952	\$ 635,339
Accrued expenses	83,983	40,540
Accrued credit card payables	120,119	54,416
Other accrued liabilities	45,914	105,188
Total	<u>\$ 1,186,968</u>	<u>\$ 835,483</u>

NOTE 8. LONG-TERM DEBT

The composition of the long-term debt follows:

	December 31, 2024	December 31, 2023
Oak Street Funding LLC Term Loan for the acquisition of EBS and USBA, variable interest of Prime Rate plus 2.5%, maturing August of 2028, net of deferred financing costs of \$7,950 and \$10,069 as of December 31, 2024 and 2023, respectively	\$ 305,996	\$ 369,602
Oak Street Funding LLC Senior Secured Amortizing Credit Facility for the acquisition of CCS, variable interest of Prime Rate plus 1.5%, maturing December 2028, net of deferred financing costs of \$9,974 and \$12,525 as of December 31, 2024 and 2023, respectively	507,307	604,830
Oak Street Funding LLC Term Loan for the acquisition of SWMT, variable interest of Prime Rate plus 2.0%, maturing April 2029 net of deferred financing costs of \$6,260 and \$7,733 as of December 31, 2024 and 2023, respectively	593,527	695,758
Oak Street Funding LLC Term Loan for the acquisition of FIS, variable interest of Prime Rate plus 2.0%, maturing May 2029, net of deferred financing costs of \$25,209 and \$31,026 as of December 31, 2024 and 2023, respectively	1,505,894	1,758,558
Oak Street Funding LLC Term Loan for the acquisition of ABC, variable interest of Prime Rate plus 2.0%, maturing September 2029, net of deferred financing costs of \$29,169 and \$35,649 as of December 31, 2024 and 2023, respectively	2,514,031	2,899,409
Oak Street Funding LLC Term Loan, variable interest of Prime Rate plus 2.5%, maturing May 2032, for the acquisition of Barra, net of deferred financing costs of \$155,337 and \$176,762 as of December 31, 2024 and December 31, 2023, respectively	5,633,564	6,089,580
	<u>11,060,319</u>	<u>12,417,737</u>
Less: current portion	(1,591,919)	(1,390,766)
Long-term debt	<u>\$ 9,468,400</u>	<u>\$ 11,026,971</u>

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Oak Street Funding LLC – Term Loans and Credit Facilities

During the year of 2018 the Company entered into two debt agreements with Oak Street Funding LLC ("Oak Street"). On August 1, 2018, EBS and USBA entered into a Credit Agreement with Oak Street whereby EBS and USBA borrowed \$750,000 from Oak Street under a Term Loan. The Term Loan is secured by certain assets of the Company. Interest accrues at a variable rate of Prime Rate plus 2.5% on the basis of a 360-day year, maturing 120 months from the Amortization Date (September 25, 2018). The Company incurred debt issuance costs associated with the Term Loan in the amount of \$22,188. On December 7, 2018, CCS entered into a Facility with Oak Street whereby CCS borrowed \$1,025,000 from Oak Street under a senior secured amortizing credit facility. The borrowing rate under the Facility is a variable rate equal to Prime plus 1.50% and matures 10 years from the closing date. The Company incurred debt issuance costs associated with the Facility in the amount of \$25,506, which were deferred and are amortized over the length of the Facility.

During the year of 2019 the Company entered in a number of Credit Agreements with Oak Street whereby the Company borrowed a total amount of \$7,912,000 under the Term Loans. The Term Loans are secured by certain assets of the Company. The borrowing rates under the Facility is a variable rate equal to Prime plus 2.00% and matures 10 years from the closing date. The Company recorded debt issuance costs associated with the loans in total of \$181,125.

On April 26, 2022 the Company entered into a secured promissory note (the Note) with Oak Street subject to the terms of the Master Credit Agreement, whereby the Company borrowed \$6,250,000 with a maturity date of May 25, 2032. The Note is secured by certain assets of the Company and subject to certain financial covenants. Interest accrues at the Prime Rate plus 2.50% on the basis of a 360-day year. The Company incurred debt issuance costs associated with the Note of \$214,257.

Aggregated cumulative maturities of long-term obligations (including the Term Loan and the Facility), excluding deferred financing costs, as of December 31, 2024 are:

Fiscal year ending December 31,	Maturities of Long-Term Debt
2025	\$ 1,591,919
2026	1,755,061
2027	1,934,939
2028	2,096,550
2029	1,537,789
Thereafter	2,377,961
Total	11,294,219
Less debt issuance costs	(233,900)
Total	\$ 11,060,319

Short-Term Financings

The Company has short-term notes payable for financed items such as insurance premiums. Total financed for the year ended December 31, 2024 and 2023 respectively was approximately \$160,000 and \$181,000. These are normally paid in equal installments over a period of twelve months or less and carry interest rates ranging between 7.5% and 12.0% per annum. As of December 31, 2024 and 2023, approximately \$59,000 and \$56,000 remains outstanding on short-term financings.

NOTE 9. WARRANT LIABILITIES

Series B Warrants

On December 22, 2021, the Company entered into a securities purchase agreement (SPA) with two institutional investors for the purchase and sale of (i) warrants to purchase up to an aggregate of 38,353 shares of the Company's common stock, par value \$0.086 per share at an exercise price of \$ \$1,042.95 per share, (ii) an aggregate of 10,474 shares of Common Stock, and (iii) 9,076 shares of the Company's newly-designated Series B convertible preferred stock, par value \$0.086 per share, with a stated value of \$1,000 per share, initially convertible into an aggregate of 8,702 shares of Common Stock at a conversion price of \$ \$1,042.95 per share, each a freestanding financial instrument, (the "Private Placement"). The aggregate purchase price for the Common Shares, the Preferred Shares and the Warrants was approximately \$20,000,000.

By entering into the Private Placement on December 22, 2021, the Company entered into a commitment to issue the Common Shares, Preferred Shares, and Series B Warrants on the Initial Closing Date for a fixed price and exercise price, as applicable. The commitment to issue Series B Warrants (the "Warrant Commitment") represented a derivative financial instrument, other than an outstanding share, that, at inception, had both of the following characteristics: (i) embodies a conditional obligation indexed to the Company's equity. The Company classified the commitment to issue the warrants as a derivative liability because it represents a written option that does not qualify for equity accounting. The Company initially measured the derivative liability at its fair value and subsequently remeasured the derivative liability, at fair value with changes in fair value recognized in earnings. An option pricing model was utilized to calculate the fair value of the Warrant Commitment.

The Private Placement closed on January 4, 2022 and pursuant to the terms of the SPA, due to a non-Private Placement related dilutive share issuance, effective December 27, 2022, the Series B Warrants outstanding increased to 78,431 and the exercise price reset to \$127.50.

On December 12, 2023, the Company entered into a securities purchase agreement (SPA) with one of the institutional investors, pursuant to which (i) the Company extended the expiration date of their 50,980 remaining outstanding Series B Warrants to December 28, 2028 and (ii) institutional investor waived a restriction in the SPA such that the Company will be permitted to consummate an "at-the-market offering" with a registered broker-dealer, whereby such registered broker-dealer is acting as principal or agent in the purchase of shares (the "ATM") of the Company's common stock from the Company after sixty (60) days following December 14, 2023. Further, on December 12, 2023, the Company entered into an exchange offer with the other SPA institutional investor, pursuant to which the investor exchanged its remaining Series B Warrants to purchase 17,647 shares of Common Stock for 17,647 shares of Common Stock.

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On June 18, 2024, the holder of the remaining Series B Warrants exercised all their remaining 50,980 warrants via cashless exercises, thereby acquiring 39,569 shares of Common stock. The Series B Warrants effective exercise price per share as of the date of the exercises was \$3.91.

For the years ended December 31, 2024 and 2023, net fair value gains recognized for the Series B Warrants were \$156,000 and \$5,534,931 respectively, presented in the recognition and change in fair value of warrant liabilities account in the consolidated statements of operations. The Series B Warrant liability outstanding as of December 31, 2024 and 2023 is \$0 and \$268,667 respectively, presented in the warrant liabilities account on the consolidated balance sheets. and there remained 0 and 50,890 Series B Warrants outstanding as of December 31, 2024 and 2023, respectively.

Placement Agent Warrants

In connection with the Private Placement, the Company issued 959 warrants to the placement agent for the Private Placement. The warrants were issued as compensation for the Placement Agent's services. The Placement Agent Warrants (PAW) are: (i) exercisable on any day after the six (6) month anniversary of the issue date, (ii) expire five years after the closing of the Private Placement, and (iii) exercisable at \$1,042.95 per share. The Placement Agent Warrants contain terms that may require the Company to transfer assets to settle the warrants and are therefore classified as a derivative liability measured initially and (to the extent material) at each reporting period at fair with changes reported in earnings. The Placement Agent Warrants were considered financing expense fees paid to the Placement Agent in relation to a derivative liability measured at fair value, thus, are included along with non-operating unrealized gains and losses in the recognition and change in fair value of warrant liabilities account in the consolidated statements of operations.

For the years ended December 31, 2024, and 2023 net fair value gains/ (losses) recognized for the PAW were, \$0 and \$48,575 respectively, presented in the recognition and change in fair value of warrant liabilities account in the consolidated statements of operations. The PAW liability outstanding as of December 31, 2024 and 2023 is \$325 presented in the warrant liability account on the consolidated balance sheets.

NOTE 10. SIGNIFICANT CUSTOMERS

Carriers representing 10% or more of total revenue are presented in the table below:

Insurance Carrier	December 31, 2024	December 31, 2023
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Priority Health	32%	35%
BlueCross BlueShield	18%	15%

No other single insurance carrier accounted for more than 10% of the Company's commission revenues. The loss of any significant customer could have a material adverse effect on the Company.

NOTE 11. EQUITY

Preferred Stock

The Company is authorized to issue 750,000,000 shares of \$0.086 par value Preferred Stock. The Board of Directors is expressly vested with the authority to divide any or all of the Preferred Stock into series and to fix and determine the relative rights and preferences of the shares of each series so established, within certain guidelines established in the Articles of Incorporation. As of December 31, 2024 and 2023 there are no preferred shares issued and/or outstanding.

Common Stock

The Company was authorized to issue 117,647,059 shares of common stock, \$0.086 par value as of December 31, 2024, and effective February 7, 2025, pursuant to approval from the Company's Board of Directors and an amendment of the Company's articles of incorporation filed with the State of Florida on February 7, 2025, the authorized shares were increased to 2,000,000,000.

Each share of issued and outstanding common stock shall entitle the holder thereof to fully participate in all shareholder meetings, to cast one vote on each matter with respect to which shareholders have the right to vote, and to share ratably in all dividends and other distributions declared and paid with respect to common stock, as well as in the net assets of the corporation upon liquidation or dissolution.

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On February 23, 2023, pursuant to authority granted by the Board of Directors of the Company, the Company implemented a 1-for-15 reverse split of the Company's authorized and issued and outstanding common stock (the "Reverse Split-2023"). The par value remains unchanged. All share and per share information as well as common stock and additional paid-in capital have been retroactively adjusted to reflect the Reverse Split-2023 for all periods presented, unless otherwise indicated. The split resulted in a rounding addition of approximately 902 shares valued at par, totaling \$1,300.

During the first quarter of 2023, the Company issued 6,433 shares of the Company's common stock to settle two earn-out liabilities, and YES Americana Group, LLC, a related party beneficially owned by Ezra Beyman, the Company's Chief Executive Officer and Chairman of the Board ("Americana"). Americana, converted \$645,000 of its outstanding convertible debt into 3,926 shares of the Company's common stock. The conversion considered the fair market value of the stock on the day of conversion of \$ \$164.39 for the total of 3,926 shares. The Company issued 9,120 shares of the Company's common stock in conjunction with the Private Placement-2023 as defined and discussed further below.

During the second quarter of 2023, the Company issued from its common stock, 6,621 shares in lieu of services provided, 20,721 shares to settle an earn-out liability and 1,307 shares pursuant to vested restricted stock awards earned by agents through an equity-based compensation program at one of the Company's subsidiaries.

During the third quarter of 2023, the Company issued from its common stock, 10,271 shares to settle an earn-out liability, 24 shares in lieu of services provided, 177 shares to employees for vested stock awards, and 4,310 for Series B Warrants exercised.

During the fourth quarter of 2023, the Company issued from its common stock, 52,800 and 21,824 shares for Series E and Series F warrant exercises, respectively, 43,609 for share-based compensation, 8,685 shares in lieu of services, and 17,647 shares for Series B Warrants exchanged.

On July 1, 2024, the Company effectuated a 1-for-17 reverse stock split of the Company's issued and outstanding common stock (the "Reverse Split-2024"). The par value remained unchanged following the Reverse Split-2024. All share and per share information (including EPS) as well as common stock and additional paid-in capital have been retroactively adjusted to reflect the Reverse Split-2024 for all periods presented, unless otherwise indicated. The Reverse Split-2024 resulted in a rounding addition of approximately 110,350 shares valued at par, totaling \$9,490 for which shares were issued in July 2024.

During the year ended December 31, 2024 the Company issued from its common stock, 30,029 shares to settle an earn-out liability, 1,139,501 shares through its ATM program, 102,016 shares pursuant to series F abeyance share conversions, 119,054 for equity-based compensation, 39,569 shares on the exercise of Series B warrants, 192,236 shares for the exercise of Series G warrants, 97,274 shares in lieu of services, and 140,064 shares as a prepayment towards an acquisition.

As of December 31, 2024 and December 31, 2023, there were 2,250,210 and 280,117 shares of Common Stock outstanding, respectively.

Warrants

Series A Warrants

In conjunction with the Company's initial public offering, the Company issued 2,070,000 Series A Warrants which were classified as equity warrants because of provisions, pursuant to the warrant agreement, that permit the holder obtain a fixed number of shares for a fixed monetary amount. The warrants are standalone equity securities that are transferable without the Company's consent or knowledge. The warrants were recorded at a value per the offering of \$0.15. The warrants may be exercised at any point from the effective date until the 5-year anniversary of issuance, on or around February 8, 2026, and are not subject to antidilution provisions.

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In November 2023 the Series A Warrant holders voted and approved an amendment to the Series A Warrant agreement pursuant to which the warrants were issued, and reduced the exercise price from the stated \$1,683.00 per share to \$1,563.15 per share, subject to adjustment.

In November 2023 the Series A Warrant holders voted and approved an amendment to the Series A Warrant agreement pursuant to which the warrants were issued, and reduced the exercise price from the stated \$6.60 (post-Reverse Split-2023 effective exercise price of \$99.00) per share to \$6.13 per share, and Reverse Split-2024 adjusted, the effective exercise price is \$104.21, subject to adjustment.

As of December 31, 2024 and December 31, 2023, 1,695,000 Series A Warrants remain outstanding, exercisable into 6,647 shares of common stock.

Series E, F & G Warrants, and

Abeyance Shares

On March 13, 2023, the Company entered into a securities purchase agreement (the "SPA-2023") with one institutional buyer for the purchase and sale of, (i) an aggregate of 9,120 shares (the "Common Shares") of the Company's common stock, par value \$0.086 per share (the "Common Stock") along with accompanying common warrants (the "Common Units"), (ii) prefunded warrants (the "Prefunded Warrants" or "Series E Warrants") that are exercisable into 52,800 shares of Common Stock (the "Prefunded Warrant Shares") along with accompanying common warrants (the "Pre-Funded Units"), and (iii) common warrants (the "Common Warrants" or "Series F Warrants") to initially acquire up to 123,839 shares of Common Stock (the "Common Warrant Shares") (representing 200% of the Common Shares and Prefunded Warrant Shares) in a private placement offering (the "Private Placement-2023"). Additionally, the Company agreed to issue a warrant to the Placement Agent (defined below), to initially acquire 3,096 shares of common stock (the "PA Warrant") and entered into a registration rights agreement with the buyer to register for resale the common shares underlying the Series E and F Warrants.

The aggregate purchase price for the Common Shares, Prefunded Warrants (Series E Warrants) and the Common Warrants (Series F Warrants) to be purchased by the Buyer shall be equal to (i) \$ \$64.60 for each Common Unit purchased by such Buyer, or (ii) \$ \$64.58 for each Prefunded Unit purchased by the Buyer, which Prefunded Warrants are exercisable into Prefunded Warrant Shares at the initial Exercise Price (as defined in the Prefunded Warrant) of \$0.02 per Prefunded Warrant Share in accordance with the Prefunded Warrant.

The Common Warrant (Series F) has an exercise price of \$ \$60.35 per share, subject to adjustment for any stock dividend, stock split, stock combination, reclassification or similar transaction occurring after the date of the Private Placement-2023. The Common Warrant will be exercisable six months following the date of issuance and will expire five and a half years from the date of issuance.

The PA Warrant has an exercise price of \$ \$66.47 per share, subject to adjustment for any stock dividend, stock split, stock combination, reclassification or similar transaction occurring after the date of the SPA-2023. The PA Warrant will be exercisable six months following the date of issuance and will expire five years from the date of issuance.

The closing of the Private Placement-2023 occurred on March 16, 2023. EF Hutton, a division of Benchmark Investments, LLC (the "Placement Agent") acted as the sole placement agent and was entitled to an 8% of gross proceeds cash fee and the reimbursement of certain Placement Agent fees and customary expenses.

Gross and net proceeds to the Company from the Private Placement-2023 were approximately \$4 million and \$3 million respectively, to be utilized primarily for general working capital and administrative purposes. Direct financing fees approximated, \$553,000.

The Company determined the Series E Warrants, Series F Warrants, and PA Warrants are equity in nature because of provisions, pursuant to the warrant agreements, that permit the holder to obtain a fixed number of shares for a fixed monetary amount. The values offset to \$0 in additional paid-in capital in the Company's consolidated statements of stockholders' equity (deficit).

On December 12, 2023, the Company entered into that certain Inducement Offer to Exercise Series F Warrants to Subscribe for Common Shares with the institutional investor (the "Series F Inducement Agreement"), pursuant to which (i) the Company agreed to lower the exercise price of the Series F Warrants to \$11.16 per share (which is equal to the Nasdaq minimum price) (the "Nasdaq Minimum Price") and (ii) the institutional buyer agreed to exercise the Series F Warrants to purchase 123,839 shares of Common Stock into 123,839 shares of Common Stock (the "Exercise Shares") by payment of the aggregate exercise price of approximately \$1,381,474, gross of \$351,503 of expenses, including but not limited to EF Hutton LLC, who acted as placement agent in connection therewith, resulting in \$1,029,972 in net proceeds to the Company. The closing occurred on December 14, 2023 (the "Closing Date"). The Exercise Shares were all exercised, resulting in the issuance of 21,824 shares, and 102,016 shares held in abeyance (the "Abeyance Shares") due to the 9.99% beneficial ownership limitation stipulated in the Series F Inducement Agreement. The Company accounted for the exercise price decrease inducement as a modification which resulted in a deemed dividend of \$302,997 recorded as an increase and decrease to the additional paid-in capital account, in the consolidated balance sheets and statements of stockholders' equity (deficit) as of December 31, 2023. The Company valued (a) the fair value of the 123,839 warrants immediately before exchange in the amount of \$1,103,377, (b) the fair value of the warrants immediately after the exchange in the amount of \$800,380, and (c) recorded the difference as a deemed dividend in the amount of \$302,997. The warrants were valued using the Black-Scholes option pricing model using the following assumptions: a) fair value of common stock of \$11.16, b) exercise prices of \$60.35 pre-exchange and \$11.16 post-exchange, c) term of 4.77 years pre-exchange and post-exchange, d) dividend rate of 0%, e) volatility of 112% pre-exchange and post-exchange, and f) risk free interest rate of 4.23% pre-exchange and post-exchange.

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Further, pursuant to the Series F Inducement Agreement, the Company issued a new unregistered Series G common share purchase warrant (the "Series G Warrant") pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended to purchase 247,678 shares of Common Stock at an initial exercise price equal to \$11.16, but subject to a 4.99% beneficial ownership limitation. The Series G Warrant termination date is December 12, 2028. The Company's accounting for the Series G Warrant resulted in a deemed dividend of \$2,236,760 recorded as an increase and decrease to the additional paid-in capital account, in the consolidated balance sheets and statements of stockholders' equity (deficit) as of December 31, 2023. The warrants were valued using the Black-Scholes option pricing model with the following assumptions: a) fair value of common stock of \$11.16, b) exercise price of \$11.16, c) term of 5 years, d) dividend rate of 0%, e) volatility of 112%, and f) risk free interest rate of 4.23%.

During the year ended December 31, 2024, upon request from the institutional investor, the Company converted 102,016 abeyance shares into common stock, thereby issuing 102,016 common shares, resulting in no further outstanding abeyance shares as of December 31, 2024.

Pursuant to the terms of the Series G Warrants, during the year ended December 31, 2024, the Series G Warrant exercise price reset from \$11.16 per share to \$3.96 per share, as a result of sales of our common stock pursuant to the ATM Agreement. On June 18, 2024, the holder of the Series G Warrants exercised all its 247,678 warrants, via cashless exercises, thereby acquiring 192,236 shares of the Company's common stock, which resulted in no remaining Series G Warrants outstanding as of December 31, 2024.

The following summarizes outstanding warrants and abeyance shares as of December 31, 2024, and 2023, respectively:

- **Series E and Series F:** None outstanding for both years.
- **Series G:** 0 and 247,678.
- **Abeyance Shares:** 0 and 102,016

At Market Program (the "ATM")

On February 15, 2024, the Company entered into the ATM Agreement with the Agent, pursuant to which the Company may offer and sell, from time to time through the Agent, shares of its common stock having an aggregate maximum offering price as determined by the then in effect prospectus supplement to the base prospectus included in the registration statement (the "ATM Capacity"). Any shares offered and sold in the ATM offering will be issued pursuant to the Company's effective shelf registration statement on Form S-3 (File No. 333-275190), which was declared effective by the SEC on November 7, 2023, and related prospectus supplements and accompanying base prospectus relating to the ATM offering. Under the Agreement, the Agent may sell shares by any method permitted by law and deemed to be an "at-the-market" offering as defined in Rule 415 promulgated under the Securities Act of 1933, as amended (the "Securities Act"). The offering of shares pursuant to the ATM Agreement will terminate upon the earlier of (i) the sale of all of the shares subject to the ATM Agreement, or (ii) the termination of the ATM Agreement by the Agent or the Company, as permitted therein. The Company agreed to pay to the Agent in cash, upon each sale of shares pursuant to the ATM Agreement, an amount equal to 3.5% of the gross proceeds from each such sale. The Company agreed to reimburse the Agent for certain specified expenses in connection with entering into the ATM Agreement.

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During the year ended December 31, 2024, the Company sold and issued 1,139,501 shares of common stock under the ATM Agreement, at an average price of \$3.66, receiving proceeds, net of agent commissions, legal and other fees, of \$3,713,139.

Equity Incentive Plans

Since 2019, the Company has adopted, the Reliance Global Group, Inc. 2019 Equity Incentive Plan, 2023 Equity Incentive Plan, 2024 Equity Incentive Plan, and the 2024 Omnibus Incentive Plan (collectively, the "Plans"). The purpose of the Plans is to provide a means through which the Company and its subsidiaries may attract and retain key personnel, and to provide a means whereby directors, officer, employees, consultants, and advisors of the Company and its subsidiaries can acquire and maintain an equity interest in the Company, or be paid incentive compensation, thereby strengthening their commitment to the welfare of the Company and its subsidiaries and aligning their interests with those of the Company's stockholders. The Plans provide for various stock-based incentive awards, including incentive and nonqualified stock options, stock appreciation rights ("SARs"), restricted stock and restricted stock units ("RSUs"), and other equity-based or cash-based awards. The Plans each respectively terminate 10 years after each becoming effective, unless terminated earlier by the Board of Directors. A total of 1,167,451 shares of Common Stock were reserved for issuance under the Plans, and as of December 31, 2024 there remain 1,002,407 shares available for issuance. Subsequent to December 31, 2024, the Company granted 999,993 shares to certain directors, officers and employees, which resulted in 2,414 shares remaining available for issuance under the Plans.

Administration of the Plans. The Plans are administered by the Compensation Committee of the Board. The Compensation Committee is authorized to select from among eligible employees, directors, and service providers those individuals to whom shares and options are to be granted and to determine the number of shares to be subject to, and the terms and conditions of the options. The Compensation Committee is also authorized to prescribe, amend, and rescind terms relating to options granted under the Plans. Generally, the interpretation and construction of any provision of the Plans or any shares and options granted hereunder is within the discretion of the Compensation Committee.

Stock Options: The Plans provide that options may or may not be Incentive Stock Options (ISOs) within the meaning of Section 422 of the Internal Revenue Code. Only employees of the Company are eligible to receive ISOs, while employees, non-employee directors, consultants, and service providers are eligible to receive options which are not ISOs, i.e. "Non-Statutory Stock Options." The options granted by the Compensation Committee in connection with its adoption of the Plans were Non-Statutory Stock Options.

The fair value of each option granted is estimated on the grant date using the Black-Scholes option pricing model or the value of the services provided, whichever is more readily determinable. The Black-Scholes option pricing model takes into account, as of the grant date, the exercise price and expected life of the option, the current price of the underlying stock and its expected volatility, expected dividends on the stock and the risk-free interest rate for the term of the option.

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The following is a summary of the stock options granted, forfeited or expired, and exercised under the Plans for the years ended December 31, 2024 and 2023 respectively:

	Options	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Outstanding at December 31, 2023	645	\$ 3,952	1.61	\$ -
Granted	-	-	-	-
Forfeited or expired	(628)	\$ 3,964	-	-
Exercised	-	-	-	-
Outstanding at December 31, 2024	17	\$ 3,497	0.59	-

	Options	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Outstanding at December 31, 2022	645	\$ 3,952	2.61	\$ -
Granted	-	-	-	-
Forfeited or expired	-	-	-	-
Exercised	-	-	-	-
Outstanding at December 31, 2023	645	\$ 3,952	1.61	-

The following is a summary of the Company's non-vested stock options as of December 31, 2024 and 2023 respectively:

	Options	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Life (Years)
Non-vested at December 31, 2023	1	\$ 3,496	0.59
Granted	-	-	-
Vested	(1)	3,496	0.59
Forfeited or expired	-	-	-
Non-vested at December 31, 2024	-	\$ -	-

	Options	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Life (Years)
Non-vested at December 31, 2022	16	\$ 4,026	2.27
Granted	-	-	-
Vested	(15)	4,074	0.81
Forfeited or expired	-	-	-
Non-vested at December 31, 2023	1	\$ 3,496	1.59

For the years ended December 31, 2024 and 2023, the Board did not approve any options to be issued pursuant to the Plans.

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During the years ended December 31, 2024 and 2023, no employee terminations occurred resulting in option forfeitures of \$0.

As of December 31, 2024, the Company determined that the options granted and outstanding had a total fair value of \$2,421,960. The options were amortized through February 2024. During the year ended December 31, 2024, the Company recognized \$1,542 of compensation expense relating to the stock options granted to employees, directors, and consultants. As of December 31, 2024, unrecognized compensation expense totaled \$0.

The intrinsic value is calculated as the difference between the market value and the exercise price of the shares on December 31, 2024. The market value as of December 31, 2024 was \$2.58 based on the closing bid price for December 31, 2024.

As of December 31, 2023, the Company determined that the options granted and outstanding had a total fair value of \$2,421,960. The options were amortized through February 2024. During the year ended December 31, 2023, the Company recognized \$15,624 of compensation expense relating to the stock options granted to employees, directors, and consultants. As of December 31, 2023, unrecognized compensation expense totaled \$1,542 which was recognized on a straight-line basis over the vesting period or requisite service period through February 2024.

The intrinsic value is calculated as the difference between the market value and the exercise price of the shares on December 31, 2023. The market value as of December 31, 2023 was \$0.54 based on the closing bid price for December 31, 2023.

The Company estimated the fair value of each stock option on the grant date using a Black-Scholes option-pricing model. Black-Scholes option-pricing models require the Company to make predictive assumptions regarding future stock price volatility, recipient exercise behavior, and dividend yield. The Company estimated the future stock price volatility using the historical volatility over the expected term of the option. The expected term of the options was computed by taking the mid-point between the vesting date and expiration date. The following assumptions were used in the Black-Scholes option-pricing model, not accounting for the reverse splits:

	Year Ended December 31, 2024	Year Ended December 31, 2023
Exercise price	\$ 0.16 - \$0.26	\$ 0.16 - \$0.26
Expected term	3.25 to 3.75 years	3.25 to 3.75 years
Risk-free interest rate	0.38% - 2.43%	0.38% - 2.43%
Estimated volatility	293.07% - 517.13%	293.07% - 517.13%
Expected dividend	-	-

Stock Awards

Pursuant to an agreement in April 2022, further amended in October 2022 between the Company and an executive, the executive was granted 436 restricted shares of the Company's common stock which vest quarterly over a three-year period. The shares granted were valued at \$180,546 at the date of the grant. For the years ended December 31, 2024, and 2023 respectively, 157 and 230 shares have been issued under the agreement, and compensation expense was \$68,798 and \$83,464, presented in the salaries and wages account in the consolidated statements of operations.

Pursuant to a grant award agreement effective December 28, 2022 between the Company and an executive, the executive was granted an annual award of 157 shares of the Company's common stock to vest monthly each year throughout the duration of employment. The grant value for the years ended December 2024 and 2023 respectively was, \$1,424 and \$22,404 and recorded as compensation expense, presented in the salaries and wages account in the consolidated statements of operations. For the years ended December 31, 2024, and 2023 respectively, 157 and 159 shares have been issued under the agreement.

Pursuant to an equity-based commission compensation program at one of the Company's subsidiaries which provides down-line agents the ability to earn and receive restricted stock awards upon completion of agreed upon service requirements, the Company grants annual restricted stock awards which have vesting or other restrictions of up to twelve months. For the years ended December 31, 2024 and 2023 respectively, 3,375 and 1,307 shares were issued under the program, and commission equity award expense was \$233,970 and \$276,400, presented in the commission expense account in the consolidated statements of operations.

Further, during the years ended December 31, 2024, and 2023, certain directors, executives and employees were granted equity awards which vested immediately. Respectively for each year, 60,294 and 44,590 shares were awarded and issued, valued at \$227,550 and \$477,556, presented in the salaries and wages (for executives and employees) and general and administrative (for directors) accounts in the consolidated statements of operations.

Subsequent to December 31, 2024, the Company granted certain directors, executives and employees equity awards in the amount of 999,993 shares of common stock, vesting over the first and third quarters of 2025, and valued at approximately \$2,000,000. As of March 6, 2025, 462,605 shares of these grants were vested and issued, resulting in 537,388 shares that will vest during the third quarter of 2025.

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Total equity-based compensation for the years ended December 31, 2024 and 2023 was approximately \$533,631 and \$875,000, respectively.

NOTE 12. EARNINGS LOSS PER SHARE

Basic earnings per common share ("EPS") applicable to common stockholders is computed by dividing earnings applicable to common stockholders by the weighted-average number of common shares outstanding.

The following calculates basic and diluted EPS:

	For the Years Ended December 31,	
	2024	2023
Loss from continuing operations	\$ (9,071,584)	\$ (10,025,268)
Deemed dividend	-	(2,539,757)
Loss from continuing operations, numerator, basic	(9,071,584)	(12,565,025)
Loss from continuing operations, numerator, diluted	\$ (9,071,584)	\$ (12,565,025)
Weighted average common shares, basic	1,007,020	165,899
Effect of weighted average vested stock awards	-	-
Diluted weighted average shares outstanding	1,007,020	165,899
Basic loss per common share from continuing operations:	\$ (9.01)	\$ (75.74)
Diluted loss per common share from continuing operations:	\$ (9.01)	\$ (75.74)

Additionally, the following are considered anti-dilutive securities excluded from weighted-average shares used to calculate diluted net loss per common share:

	For the years ended December 31,	
	2024	2023
Shares subject to outstanding common stock options	16	643
Shares subject to outstanding Series A warrants	6,647	6,647
Shares subject to outstanding Series B Warrants and PAW	959	51,939
Shares subject to outstanding Series G warrants and PA Warrants	3,096	250,774
Shares subject to unvested stock awards	52	218

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NOTE 13. LEASES

Operating Leases

ASU 2016-02 requires recognition in the statement of operations of a single lease cost, calculated so that the cost of the lease is allocated over the lease term, generally on a straight-line basis. The standard requires a lessee to record a right-of-use asset and a corresponding lease liability at the inception of the lease, initially measured at the present value of the lease payments. The Company's leases consist of operating leases on buildings and office space.

In accordance with ASU 2016-02, right-of-use assets are amortized over the life of the underlying leases. Lease expense for the years ended December 31, 2024 and 2023 was \$418,458 and \$534,404, respectively. As of December 31, 2024 and 2023, the weighted average remaining lease term and weighted average discount rates for the operating leases were 4.95 years and 8.76% and 3.92 years and 6.08% respectively.

Future minimum lease payment under these operating leases consisted of the following:

Year ending December 31,	Operating Lease Obligations
2025	\$ 324,199
2026	280,322
2027	250,125
2028	216,990
2029	108,928
Thereafter	177,102
Total undiscounted operating lease payments	1,357,666
Less: Imputed interest	(266,316)
Present value of operating lease liabilities	\$ 1,091,350

NOTE 14. COMMITMENTS AND CONTINGENCIES

Legal Contingencies

The Company is subject to various legal proceedings and claims, either asserted or unasserted, arising in the ordinary course of business. While the outcome of these claims cannot be predicted with certainty, management does not believe the outcome of any of these matters will have a material adverse effect on our business, financial position, results of operations, or cash flows, and accordingly, \$0 legal contingencies are accrued as of December 31, 2024 and 2023. Litigation relating to the insurance brokerage industry is not uncommon. As such the Company, from time to time have been, subject to such litigation. No assurances can be given with respect to the extent or outcome of any such litigation in the future.

Earn-out liabilities

The Company has recognized several earn-out liabilities resulting from contingent consideration provisions included in business combination agreements. Earn-out consideration is normally earned by acquirees when they meet or exceed pre-agreed upon earnings targets.

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The following outlines changes to the Company's earn-out liability balances for the respective years ended December 31, 2024 and 2023:

	Fortman	Montana	Altruus	Kush	Barra	Total
Ending balance December 31, 2023	\$ -	\$ 159,867	\$ -	\$ -	\$ -	\$ 159,867
Payments	-	(190,000)	-	-	-	(190,000)
Estimate & fair value adjustments	-	47,761	-	-	-	47,761
Payable in Common Stock	-	(17,628)	-	-	-	(17,628)
Ending balance December 31, 2024	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

	Fortman	Montana	Altruus	Kush	Barra	Total
Ending balance December 31, 2022	\$ 667,000	\$ 500,001	\$ 834,943	\$ 147,534	\$ 560,000	\$ 2,709,478
Payments	(1,433,700)	(750,001)	(929,168)	(147,534)	-	(3,260,403)
Estimate & fair value adjustments	1,612,914	569,734	94,225	-	(560,000)	1,716,873
Payable in Common Stock	-	(159,867)	-	-	-	(159,867)
Reclassification to loans payable, related parties*	(846,214)	-	-	-	-	(846,214)
Ending balance December 31, 2023	\$ -	\$ 159,867	\$ -	\$ -	\$ -	\$ 159,867

*As further described in the Note 16, *Related Parties*, the Company modified the Fortman contingent earn-out payable, entering into a fixed payment agreement, thus, the remaining open balance is reclassified to the loans payable, related parties account on the consolidated balance sheet as of December 31, 2023.

NOTE 15. INCOME TAXES

The difference between the actual income tax rate versus the tax computed at the Federal Statutory rate follows:

	December 31, 2024	December 31, 2023
Federal rate	21%	21.0%
State net of federal	5.2%	8.9%
Non-taxable change in fair value of warrant commitment	0.3%	9.3%
Goodwill impairment	0.0%	11.8%
Rate Change	1.1%	-0.2%
Other	1.5%	0.0%
Valuation allowance	-29.1%	-50.9%
Effective income tax rate	0.0%	0.0%

The Company did not have any material uncertain tax positions. The Company's policy is to recognize interest and penalties accrued related to unrecognized benefits as a component income tax expense (benefit). The Company did not recognize any interest or penalties, nor did it have any interest or penalties accrued as of December 31, 2024 and 2023.

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Deferred income tax assets and (liabilities) consist of the following:

	December 31, 2024	December 31, 2023
Deferred tax assets (liabilities)		
Net operating loss carryforward	\$ 12,890,271	\$ 10,399,616
Equity-based compensation	1,592,338	1,462,901
Goodwill	(599,864)	(332,159)
Intangibles	990,718	694,358
Fixed assets	(169,130)	(151,775)
Right of use assets	(269,722)	(186,905)
Lease liabilities	279,565	194,403
Other	7,282	4,027
Total deferred tax assets	14,721,458	12,084,466
Valuation allowance	(14,721,458)	(12,084,466)
Net deferred tax assets	\$ -	\$ -

The Company has approximately \$50.6 million of Federal Net Operating Loss Carry forwards, of which \$1.3 million will begin to expire beginning 2031 and \$49.3 million will not expire but are limited to use of 80% of current year taxable income.

The Company has approximately \$43.4 million of state net operation loss carry forward to offset future taxable income in the states in which it currently operates. These carryforwards start expiring in 2029.

Internal Revenue Code Section 382 limits the ability to utilize net operating losses if a 50% change in ownership occurs over a three-year period. Such limitation of the net operating losses may have occurred, but we have not analyzed it at this time as the deferred tax asset is fully reserved.

During the year ended December 31, 2024 and 2023, the valuation allowance increased \$2,636,992 and \$6,108,620, respectively.

The tax periods ending December 31, 2021, 2022, and 2023 are open for examination.

Definitive Acquisition Agreements

On May 14, 2024, and as amended and restated on September 6, 2024, and as further amended from time to time (the "Amendments"), and most recently amended on February 20, 2025, the Company entered into an Amended and Restated Stock Exchange Agreement (the "Stock Exchange Agreement") to acquire Spetner Associates, Inc. ("Spetner"). Spetner is a dynamic tech enabled benefits enrollment company and a leader in its field.

Pursuant to the Stock Exchange Agreement, the Company agreed to: (i) acquire 80% of the issued and outstanding shares of common stock, par value \$1.00 per share, of Spetner for \$16,050,000 (which amount is to be paid as \$6,500,000 in cash, shares of the Company's Common Stock equal to a beneficial ownership of 9.9% in the Company at the time of issuance, and any remaining balance is to be paid by the Company's issuance of promissory notes); and (ii) have the sole option to acquire the remaining 20% of Spetner common stock for a predetermined amount based on a multiple of 10 of EBITDA. Pursuant to the Amendments, the Company issued to the sellers of Spetner on October 29, 2024 and February 20, 2025 respectively, 140,064 shares of the Company's Common Stock with an approximate value of \$329,431, and 157,000 shares of the Company's Common Stock with an approximate value of \$239,425, as non-refundable deposits and prepayments of portions of the First Purchase Price (as defined in the Stock Exchange Agreement), in the approximate total combined amount of \$568,856.

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NOTE 16. RELATED PARTY TRANSACTIONS

The Company incurred a liability of \$200,000 to an employee for software purchased in July 2019. The payable was issued with a \$27,673 discount, utilizing a 7.5% discount rate. There are monthly payment terms of \$4,167 through June 2024, the date of final settlement. The balance is carried at present value on the consolidated balance sheets. The Company classifies amounts planned to be settled within twelve months from the balance sheet date to current liabilities. Accordingly, the Company presents current balances of \$0 and \$29,167 in the current portion of loans payables, related parties account in the consolidated balance sheets as of December 31, 2024, and December 31, 2023, respectively. Non-current amounts are classified to the loans payable, related parties, less current portion account in the consolidated balance sheets and amounted to \$0 as of December 31, 2024, and December 31, 2023, respectively. Amortization expense to bring the payable to present value for the year ended December 31, 2024, and December 31, 2023, respectively, was \$3,458, and \$5,189, and is classified to the interest expense, related parties account in the consolidated statements of operations.

On September 13, 2022, the Company issued a promissory note to Americana a related party entity beneficially owned by the Company's Chief Executive Officer and Chairman of the Board, for the principal sum of \$1,500,000 (the "Note"), accruing monthly interest of 5% per annum beginning nine months after Note issuance. On February 7, 2023, the Company and Americana entered into an amendment to the Note pursuant to which (i) the principal amount of the Note was increased to \$1,845,000, (ii) the maturity date of the Note was amended to January 15, 2026, (iii) the interest rate under the Note shall not increase after the maturity date, and (iv) the Note can be converted at any time, at the option of Americana, into shares of the Company's common stock, par value \$0.086 per share at an agreed upon conversion price. On February 13, 2023, Americana effectuated a conversion of \$645,000 of the Note into 3,926 shares of the Company's common stock, \$0.086 par value per share, in accordance with the terms of the Amendment. In addition, throughout 2023 the Company repaid principal to Americana of \$693,145. As of December 31, 2024, and December 31, 2023, respectively, the balance owed to Americana was \$0, reclassified and

recorded in the convertible debt, related parties, less current portion account in the consolidated balance sheets. Interest expense for the year ended December 31, 2024, and December 31, 2023 respectively, was \$0 and \$5,334, recorded to interest expense, related parties in the consolidated statements of operations. Americana owned approximately 0.40% and 5.52% respectively, of the Company's Common Stock as of December 31, 2024, and 2023 respectively.

Subsequent to December 31, 2024, the Company and Americana entered into a revolving credit facility agreement and revolving note with Americana. See Note 18—Subsequent Events.

Pursuant to the first amendment to the April 26, 2022 asset purchase agreement between the Company and Barra & Associates, LLC, a related party entity beneficially owned by a senior vice president of the Company, the Company agreed to pay a deferred purchase price (the "DPP") of \$1,375,000 by January 31, 2023, and all amounts unpaid thereafter will accrue interest at a rate of 1.5% per month until paid. The Company intends to fully repay all unpaid amounts inclusive of interest over the next two years. The Company classifies amounts planned to be settled within twelve months from the balance sheet date to current liabilities. Accordingly, the Company reclassifies and presents current balances of \$241,707 and \$233,504 respectively, in the current portion of loans payables, related parties account in the consolidated balance sheets as of December 31, 2024 and December 31, 2023. Non-current amounts are classified to the loans payable, related parties, less current portion account in the consolidated balance sheets and amounted to \$2,922 and \$247,055 as of December 31, 2024, and December 31, 2023 respectively. Interest expense for the year ended December 31, 2024 and December 31, 2023, respectively was \$64,069, and \$145,344 recorded to interest expense, related parties in the consolidated statements of operations.

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The Company, Fortman Insurance Services, LLC, Fortman Insurance Agency, LLC, Jonathan Fortman, and Zachary Fortman (collectively, the "Parties") entered into a purchase agreement on or around May 1, 2019 (the "Purchase Agreement"), whereby the Company purchased the business and certain assets noted within the Purchase Agreement, as well as that certain second amendment to the Purchase Agreement on or around May 18, 2023 (the "Second Amendment"). On January 11, 2024, the Parties entered into that certain third amendment to the Purchase Agreement (the "Third Amendment"), pursuant to which the Parties agreed to a total remaining earn-out balance of \$423,107 owed to both Jonathan Fortman and Zachary Fortman, each under the Purchase Agreement, both employees and related parties to the Company, for a combined total earn-out amount owed of \$846,214 (the "Remaining Balances"). In satisfaction of such Remaining Balances, the Company agreed to pay \$11,000 on the first business day of each month to both Jonathan Fortman and Zachary Fortman each until the Remaining Balances are paid in full. In addition, the Parties agreed under the Third Amendment that the Remaining Balances shall accrue interest at the rate of 10% per annum until the Remaining Balances are paid in full, with an effective date of January 2, 2024, for purposes of the commencement of interest accrual. Since the Remaining Balances are final and no longer subject to contingencies, as of December 31, 2023 and the period then ended, they have been reclassified from the earn-out liability account to the loan payable, related parties, less current portion account and amounted to \$425,130 and \$650,473 as of December 31, 2024, and December 31, 2023 respectively. The Company classifies amounts planned to be settled within twelve months from the balance sheet date to current liabilities. Accordingly, the Company reclassifies and presents current balances of \$208,358 and \$195,741 respectively, in the current portion of loans payables, related parties account in the consolidated balance sheets as of December 31, 2024 and December 31, 2023. Interest expense for the year ended December 31, 2024 and December 31, 2023, respectively was \$73,274, and \$0 recorded to interest expense, related parties in the consolidated statements of operations.

NOTE 17. SEGMENT REPORTING

The Company manages its business activities on a consolidated basis and operates as a single operating segment, the Insurance Segment, earning its revenues from insurance commissions. Accounting policies of the Insurance segment are described in Note 2 – *Summary of Significant Accounting Policies*.

Our CODM (chief operating decision maker) is our Chairman and Chief Executive Officer, Mr. Ezra Beyman. The CODM uses consolidated net income (loss), as reported on our consolidated statements of operations, in evaluating performance of the Insurance Segment and determining how to allocate resources of the Company as a whole, including for investments, stockholder return programs and our acquisition strategy. The CODM does not review assets in evaluating the results of the Insurance Segment, and therefore, such information is not presented.

The following table provides the financial results of our Insurance Segment:

	Year Ended December 31,	
	2024	2023
Total revenues	\$ 14,054,361	\$ 13,731,826
Less: Significant and other Insurance Segment expenses		
Commission expense	4,189,599	3,732,939
Salaries and wages	7,226,810	7,503,052
General and administrative expenses	4,219,635	4,089,989
Marketing and advertising expenses	357,697	364,974
Change in estimated acquisition earn-out payables	47,761	1,716,873
Depreciation and amortization	1,786,068	2,609,191
Asset impairments	3,922,110	7,594,000
Interest expense	1,442,808	1,506,186
Interest expense related parties	140,802	150,067
Other income, net	(51,345)	(6,530)
Recognition and change in fair value of warrant liabilities	(156,000)	(5,503,647)
Loss from discontinued operations before tax	-	1,984,714
Insurance segment net loss	\$ (9,071,584)	\$ (12,009,982)

NOTE 18. SUBSEQUENT EVENTS

Except as set forth below and as disclosed throughout the notes to these financial statements, there were no subsequent events requiring disclosure herein.

Americana Credit Agreement and Revolving Note

On March 5, 2025, the Company and Americana entered into a Revolving Credit Facility Agreement (the "Credit Agreement") pursuant to which Americana agreed to extend a revolving credit facility of up to \$600,000 to the Company, to provide additional working capital for the Company to cover its incremental Spetner acquisition related costs, as well as for general working capital uses. Subject to the terms and conditions of the Credit Agreement and the other transaction documents, and in reliance upon the representations and warranties set forth therein, Americana agreed to make loans to the Company from time to time, pursuant to the terms of the Credit Agreement, until, but not including, the Maturity Date (as hereinafter defined), provided, however, that the aggregate principal balance of all loans outstanding at any time under the Credit Agreement will not exceed the Loan Availability, defined in the Credit Agreement as \$600,000 less any obligations the Credit Agreement and related transaction documents. Loans made by Americana may be repaid and, subject to the terms and conditions of the Credit Agreement, borrowed again up to, but not including, the Maturity Date, unless the loans are otherwise terminated or extended as provided in the Credit Agreement. The "Maturity Date" means the earlier of (i) 12 months from March 5, 2025; (ii) the date of prepayment of the Revolving Note (as hereinafter defined) by the Company (subject to the terms of the Credit Agreement) and the termination of the Credit Agreement as of such date; or (iii) the date of the occurrence of an Event of Default (as defined in the Credit Agreement) and acceleration of the Revolving Note pursuant to the Credit Agreement.

Subject to the terms and conditions of the Credit Agreement, any request for a loan under the Credit Agreement may be made from time to time and in such amounts as the

Company may choose.

On or about March 5, 2025, Americana provided the Company an initial loan under the Credit Agreement in the amount of \$ 500,000, of which \$450,000 is outstanding as of March 6, 2025.

Loans under the Credit Agreement bear interest at the rate of 0.1% per annum.

No principal or interest payments are due as to any loan under the Credit Agreement prior to the Maturity Date, and there are no prepayment penalties.

Pursuant to the terms of the Credit Agreement, on March 5, 2025, the Company executed an unsecured revolving promissory note (the "Revolving Note") to evidence the loans under the Credit Agreement, in favor of Americana in the principal amount of \$600,000.

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PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

The following exhibits are filed or furnished with this Annual Report on Form 10-K.

Exhibit No.	Description
3.1	Articles of Incorporation of Eye on Media Network, Inc. (now, Reliance Global Group, Inc.) as amended through October 19, 2018 (incorporated by reference to Exhibit 3.1 to the Company's Registration Statement on Form S-1 filed with the Securities and Exchange Commission on October 8, 2020 (File No. 333-249381)).
3.2	Bylaws of Eye on Media Network, Inc. (now, Reliance Global Group, Inc.) (incorporated by reference to Exhibit 3.2 to the Company's Registration Statement on Form S-1 filed with the Securities and Exchange Commission on October 8, 2020 (File No. 333-249381)).
3.3	Articles of Amendment to the Articles of Incorporation of Reliance Global Group, Inc. dated February 3, 2021 (incorporated herein by reference to Exhibit 3.9 to Amendment No. 4 to the Registration Statement on Form S-1 filed with the Securities and Exchange Commission on February 5, 2021 (SEC File No. 333-249381)).
3.4	Articles of Amendment to the Articles of Incorporation of Reliance Global Group, Inc. dated December 23, 2021 (incorporated herein by reference to Exhibit 3.1 to Current Report on Form 8-K filed with the Securities and Exchange Commission on January 6, 2022 (SEC File No. 001-40020)).
3.5	Articles of Amendment to the Articles of Incorporation of Reliance Global Group, Inc. dated February 16, 2023 (incorporated herein by reference to Exhibit 3.1 to Current Report on Form 8-K filed with the Securities and Exchange Commission on February 22, 2023 (SEC File No. 001-40020)).
3.6	Medigap Healthcare Insurance Agency LLC Formation and Assignment Documents (incorporated herein by reference to Exhibit 3.11 to the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 31, 2022 (SEC File No. 001-40020)).
3.7	Articles of Amendment to the Articles of Incorporation of Reliance Global Group, Inc. dated November 27, 2023 (incorporated herein by reference to Exhibit 3.1 to Current Report on Form 8-K filed with the Securities and Exchange Commission on November 30, 2023 (SEC File No. 001-40020)).
3.8	Certificate of Amendment to the registrant's Amended and Restated Articles of Incorporation, as amended, dated June 26, 2024 (incorporated herein by reference to Exhibit 3.1 to Current Report on Form 8-K filed with the Securities and Exchange Commission on June 26, 2024 (SEC File No. 001-40020)).
3.9	Amendment No. 1 to Bylaws (incorporated herein by reference to Exhibit 3.1 to Current Report on Form 8-K filed with the Securities and Exchange Commission on February 6, 2025).
3.10	Articles of Amendment to Articles of Incorporation, as Amended, effective February 7, 2025 incorporated herein by reference to Exhibit 3.1 to Current Report on Form 8-K filed with the Securities and Exchange Commission on February 13, 2025.
4.1	Form of Series C Warrant (incorporated herein by reference to Exhibit 4.1 to Current Report on Form 8-K filed with the Securities and Exchange Commission on March 24, 2022 (SEC File No. 001-40020)).
4.2	Form of Series D Warrant (incorporated herein by reference to Exhibit 4.2 to Current Report on Form 8-K filed with the Securities and Exchange Commission on March 24, 2022 (SEC File No. 001-40020)).
4.3	Series G Common Stock Purchase Warrant dated as of December 12, 2023, by and between Reliance Global Group, Inc. and Armistice Capital Master Fund Ltd. (incorporated herein by reference to Exhibit 4.1 to Current Report on Form 8-K filed with the Securities and Exchange Commission on December 13, 2023).
4.4*	Description of Capital Stock.
4.5	Form of Senior Indenture (incorporated by reference to Exhibit 4.3 to the Company's Registration Statement on Form S-3 (File No. 333-275190) filed on October 27, 2023).
4.6	Form of Subordinated Indenture (incorporated by reference to Exhibit 4.5 to the Company's Registration Statement on Form S-3 (File No. 333-275190) filed on October 27, 2023).
10.1	Securities Purchase Agreement between Reliance Global Group, Inc. and Nsure, Inc. dated February 19, 2020 (incorporated herein by reference to Exhibit 10.2 to the Company's Registration Statement on Form S-1 filed with the Securities and Exchange Commission on October 8, 2020 (SEC File No. 333-249381)).
10.2	Irrevocable Assignment & Acquisition Agreement between Reliance Global Holdings, LLC and Ezra Beyman effective as of June 3, 2020 (incorporated by reference to Exhibit 10.3 to the Company's Registration Statement on Form S-1 filed with the Securities and Exchange Commission on October 8, 2020 (File No. 333-249381)).
10.3	Lease between Coverage Consultants Unlimited, Inc. and Commercial Coverage Solutions, LLC dated August 17, 2020 (incorporated by reference to Exhibit 10.4 to the Company's Registration Statement on Form S-1 (Amendment No. 3) filed with the Securities and Exchange Commission on January 28, 2021 (File No. 333-249381)).
10.4	Master Credit Agreement between Southwestern Montana Insurance Center, LLC and Oak Street Funding LLC dated April 3, 2019 (incorporated by reference to Exhibit 10.1 to the Company's Registration Statement on Form S-1 (Amendment No. 1) filed with the Securities and Exchange Commission on December 4, 2020 (File No. 333-249381)).

- 10.5† [Reliance Global Group Inc. 2019 Equity Incentive Plan \(incorporated by reference to Exhibit 10.5 to the Company's Registration Statement on Form S-1 \(Amendment No. 3\) filed with the Securities and Exchange Commission on January 28, 2021 \(File No. 333-249381\)\).](#)
- 10.6 [Amendment No. 1 to Securities Purchase Agreement between Nsure Inc. and Reliance Global Group, Inc. dated October 8, 2020 \(incorporated by reference to Exhibit 10.6 to the Company's Registration Statement on Form S-1 \(Amendment No. 3\) filed with the Securities and Exchange Commission on January 28, 2021 \(File No. 333-249381\)\).](#)
- 10.7 [Form of Warrant Agent Agreement between Reliance Global Group, Inc. and VStock Transfer, LLC \(incorporated by reference to Exhibit 10.7 to the Company's Registration Statement on Form S-1 \(Amendment No. 3\) filed with the Securities and Exchange Commission on January 28, 2021 \(File No. 333-249381\)\).](#)
- 10.8 [Purchase Agreement among Kush Benefit Solutions, LLC, J.P. Kush and Associates, Inc. and Joshua Kushnereit dated May 12, 2021 \(incorporated herein by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on December 23, 2021 \(SEC File No. 001-40020\)\).](#)
- 10.9 [Form of Securities Purchase Agreement among Reliance Global Group, Inc. and the investors identified on the signature pages thereto dated as of December 22, 2021 \(incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on December 23, 2021 \(SEC File No. 001-40020\)\).](#)
- 10.10 [Form of Registration Rights Agreement 2021 \(incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on December 23, 2021 \(SEC File No. 001-40020\)\).](#)
- 10.11 [Form of Series B Warrant \(incorporated herein by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on December 23, 2021 \(SEC File No. 001-40020\)\).](#)
- 10.12 [Form of Certificate of Designation for Series B Convertible Preferred Stock \(incorporated herein by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on December 23, 2021 \(SEC File No. 001-40020\)\).](#)
- 10.13 [Asset Purchase Agreement between Reliance Global Group, Inc. and Medigap Healthcare Insurance Company, LLC and the sole member thereof entered into agreement as of December 21, 2021 \(incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on January 14, 2022 \(SEC File No. 001-40020\)\).](#)
- 10.14 [Form of Investor Exchange Agreement between Reliance Global Group, Inc. and the parties signatory to the agreement dated as of March 23, 2022 \(incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 24, 2022 \(SEC File No. 001-40020\)\).](#)
- 10.15 [Form of Medigap Exchange Agreement between Reliance Global Group, Inc. and the parties signatory to the agreement dated as of March 23, 2022 \(incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 24, 2022 \(SEC File No. 001-40020\)\).](#)
- 10.16 [Asset Purchase Agreement between RELI Exchange, LLC and Barra & Associates, LLC dated April 26, 2022 \(Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed with the Securities and Exchange Commission on May 2, 2022 \(File Number 001-40020\)\).](#)

- 10.17 [Security Agreement between Medigap Healthcare Insurance Agency, LLC and Oak Street Funding LLC dated April 26, 2022 \(Incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 2, 2022 \(File Number 001-40020\)\).](#)
- 10.18† [Employment Agreement between Reliance Global Group, Inc. and Grant Barra dated April 26, 2022 Incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 2, 2022 \(File Number 001-40020\)\)Ex. 10.3](#)
- 10.19 [Promissory Note issued by Reliance Global Group, Inc. to YES Americana Group LLC on September 13, 2022 \(incorporated herein by reference to Exhibit 4.1 to Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on November 14, 2022 \(SEC File No. 001-40020\)\).](#)
- 10.20 [Amendment No. 1 to the Promissory Note between Reliance Global Group, Inc. and YES Americana Group, LLC, dated as of February 7, 2023 \(incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on February 13, 2023 \(SEC File No. 001-40020\)\).](#)
- 10.21† [Promotion Letter by and between Reliance Global Group, Inc. and Joel Markovits dated as of December 28, 2022 \(incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on January 4, 2023 \(SEC File No. 001-40020\)\).](#)
- 10.22 [Securities Purchase Agreement, dated March 13, 2023, between Reliance Global Group, Inc. and Investor \(incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 14, 2023 \(SEC File No. 001-40020\)\).](#)
- 10.23 [Form of Warrant \(incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 14, 2023 \(SEC File No. 001-40020\)\).](#)
- 10.24 [Form of Pre-Funded Warrant \(incorporated herein by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 14, 2023 \(SEC File No. 001-40020\)\).](#)
- 10.25 [Form of Placement Agent Warrant \(incorporated herein by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 14, 2023 \(SEC File No. 001-40020\)\).](#)
- 10.26 [Form of Registration Rights Agreement \(incorporated herein by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 14, 2023 \(SEC File No. 001-40020\)\).](#)
- 10.27 [Second Amendment to the Purchase Agreement, dated as of May 18, 2023, by and between Reliance Global Group, Inc., Fortman Insurance Services, LLC, Fortman Insurance Agency, LLC, Jonathan Fortman, and Zachary Fortman \(incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 24, 2023\).](#)
- 10.28 [Confidential Settlement and Mutual General Release Agreement, dated as of June 30, 2023, by and among the registrant, Medigap Healthcare Insurance Agency,](#)

10.29	<u>Amendment #1 to the Purchase Agreement, dated as of September 29, 2023, by and between Reliance Global Group, Inc., Southwestern Montana Insurance Center, LLC, Southwestern Montana Financial Center, Inc., and Julie A. Blockey (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on October 4, 2023).</u>
10.30†	<u>Reliance Global Group Inc. 2023 Equity Incentive Plan (incorporated by reference to Appendix I to the Company's Definitive Proxy Statement filed with the Securities and Exchange Commission on October 4, 2023 (File No. 001-40020)).</u>
10.31	<u>Inducement Offer to Extend Existing Warrants, dated as of December 12, 2023, by and between Reliance Global Group, Inc. and Armistice Capital Master Fund Ltd. Blockey (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on December 13, 2023).</u>
10.32	<u>Inducement Offer to Exercise Series F Warrants to Subscribe for Common Shares, dated as of December 12, 2023, by and between Reliance Global Group, Inc. and Armistice Capital Master Fund Ltd. (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on December 13, 2023).</u>
10.33	<u>Exchange Offer of Warrants to Purchase Common Stock and Amendment, dated as of December 12, 2023, by and between Reliance Global Group, Inc. and Hudson Bay Master Fund Ltd. (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on December 13, 2023).</u>
10.34	<u>Third Amendment to the Purchase Agreement, dated as of January 11, 2024, by and between Reliance Global Group, Inc., Fortman Insurance Services, LLC, Fortman Insurance Agency, LLC, Jonathan Fortman, and Zachary Fortman (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on January 11, 2024).</u>
10.35†	<u>Executive Employment Agreement, dated January 25, 2024, between the Company and Ezra Beyman (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on January 31, 2024).</u>
10.36	<u>At Market Issuance Sales Agreement, dated February 15, 2024, by and between the registrant and EF Hutton LLC (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 16, 2024).</u>
10.37	<u>Amended and Restated Stock Exchange Agreement by and among Reliance Global Group, Inc., Jonathan S. Spetner, Agudath Israel of America, and Spetner Associates, Inc., dated as of September 6, 2024 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on September 9, 2024).</u>
10.38	<u>Amendment No. 1 to Amended and Restated Stock Exchange Agreement by and among Reliance Global Group, Inc., Spetner Associates, Inc., Jonathan Spetner, and Agudath Israel of America, dated as of October 29, 2024 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on November 4, 2024).</u>
10.39	<u>Reliance Global Group, Inc. 2024 Omnibus Incentive Plan (incorporated by reference to Exhibit 99.1 to the Company's Registration Statement on Form S-8 (File No. 333-284386) filed on January 21, 2025).</u>
10.40	<u>Amended No. 2 to Amended and Restated Stock Exchange Agreement by and among Reliance Global Group, Inc., Spetner Associates, Inc., Jonathan Spetner, and Agudath Israel of America, dated as of February 20, 2025 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 26, 2025).</u>
14.1	<u>Code of Ethics (incorporated by reference to Exhibit 14.1 to the Company's Form 10-K filed with the Securities and Exchange Commission on March 31, 2022).</u>
19.1	<u>Insider Trading Policy (contained in Exhibit 14.1 hereto).</u>
21.1*	<u>List of subsidiaries.</u>
23.1*	<u>Consent of Urish Popeck & Co., LLC.</u>
23.2*	<u>Consent of Mazars USA LLP.</u>
24.1*	<u>Power of Attorney (included on the signature page).</u>

31.1*	<u>Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act 2002</u>
31.2*	<u>Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act 2002</u>
32.1**	<u>Section 1350 Certification of the Chief Executive Officer and Chief Financial Officer</u>
101.INS*	Inline XBRL Instance 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)

** Furnished herewith
† Includes management contracts and compensation plans and arrangements

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on March 6, 2025.

Reliance Global Group, Inc.

By: /s/ Ezra Beyman
Ezra Beyman
Chief Executive Officer and Chairman of the Board

POWER OF ATTORNEY

Each person whose signature appears below hereby appoints Ezra Beyman and Joel Markovits, and each of them, as attorney-in-fact with full power of substitution to execute in the name and on behalf of the registrant and each such person, individually and in each capacity stated below, one or more amendments to the annual report on Form 10-K, which amendments may make such changes in the report as the attorney-in-fact acting deems appropriate and to file any such amendment to the annual report on Form 10-K with the Securities and Exchange Commission. Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

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

Signature	Title	Date
<u>/s/ Ezra Beyman</u> Ezra Beyman	Chief Executive Officer, Executive Chairman and Director (Principal Executive Officer)	March 6, 2025
<u>/s/ Joel Markovits</u> Joel Markovits	Chief Financial Officer (Principal Financial and Accounting Officer)	March 6, 2025
<u>/s/ Scott Korman</u> Scott Korman	Director	March 6, 2025
<u>/s/ Sheldon Brickman</u> Sheldon Brickman	Director	March 6, 2025
<u>/s/ Ben Fruchtweig</u> Ben Fruchtweig	Director	March 6, 2025
<u>/s/ Alex Blumenfrucht</u> Alex Blumenfrucht	Director	March 6, 2025

DESCRIPTION OF CAPITAL STOCK

The following descriptions of common and preferred stock, together with the additional information we include in any applicable prospectus supplement, summarizes the material terms and provisions of our common stock and preferred stock, but is not intended to be complete. For the full terms of our common and preferred stock, please refer to our articles of incorporation, as amended from time to time, and our bylaws, as amended from time to time. The Florida Business Corporation Act (“FBCA”) may also affect the terms of these securities.

As of March 6, 2025, our authorized capital stock consists of 2,750,000,000 shares of capital stock with a par value of \$0.086 per share, consisting of 2,000,000,000 shares of common stock, par value of \$0.086 per share, and 750,000,000 shares of preferred stock, par value of \$0.086 per share, which may, at the sole discretion of the Board of Directors be issued in one or more series. The Board of Directors has designated 50,000,000 shares of preferred stock as Series A Convertible Preferred Stock and 9,077 shares of preferred stock as Series B Convertible Preferred Stock. As of the date of this filing, there were 2,869,869 shares of common stock issued and outstanding, held by approximately 523 holders of record, no shares of the Series A Convertible Preferred Stock and no shares of the Series B Convertible Preferred Stock issued and outstanding. The authorized and unissued shares of both common stock and preferred stock are available for issuance without further action by our stockholders, unless such action is required by applicable law or the rules of any stock exchange on which our securities may be listed. Unless approval of our stockholders is so required, our board of directors will not seek stockholder approval for the issuance and sale of either our common stock or preferred stock.

The Board may from time to time authorize by resolution the issuance of any or all shares of the preferred stock authorized in accordance with the terms and conditions set forth in the articles of incorporation, as amended, for such purposes, in such amounts, to such persons, corporations, or entities, for such consideration and in one or more series, all as the Board in its discretion may determine and without any vote or other action by the stockholders, except as otherwise required by law.

Common Stock

Dividends. Subject to the rights of holders of any Preferred Stock having preference as to dividends and except as otherwise provided by the Articles of Incorporation from time to time, or the FBCA, as the same may be amended and supplemented, the holders of Common Stock shall be entitled to receive dividends when, as and if declared by the board of directors out of assets legally available therefor.

Voting Rights. Except as otherwise provided by the FBCA, the holders of the issued and outstanding shares of Common Stock shall be entitled to one vote for each share of Common Stock. No holder of shares of Common Stock shall have the right to cumulate votes.

Liquidation Rights. In the event of liquidation, dissolution or winding up of the affairs of the Corporation, whether voluntary or involuntary, subject to the prior rights of holders of Preferred Stock to share ratably in the Company’s assets, the Common Stock and any shares of Preferred Stock which are not entitled to any preference in liquidation shall share equally and ratably in the Company’s assets available for distribution after giving effect to any liquidation preference of any shares of Preferred Stock. A merger, conversion, exchange or consolidation of the Company with or into any other person or sale or transfer of all or any part of the assets of the Company (which shall not in fact result in the liquidation of the Company and the distribution of assets to stockholders) shall not be deemed to be a voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Company.

No Conversion, Redemption, or Preemptive Rights. The holders of Common Stock shall not have any conversion, redemption, or preemptive rights.

Consideration for Shares. The Common Stock authorized by the Articles of Incorporation shall be issued for such consideration as shall be fixed, from time to time, by the board of directors.

Non-Assessment of Stock. The Common Stock, after the amount of the subscription price has been fully paid, are non-assessable.

Reverse Stock Splits

On February 23, 2023, pursuant to authority granted by the Board, we implemented a 1-for-15 reverse split of our authorized and issued and outstanding common stock (the “Reverse Split-2023”). The split resulted in a rounding addition of approximately 900 shares valued at par, totaling \$1,300.

On July 1, 2024, the Company effectuated a 1-for-17 reverse stock split of the Company’s issued and outstanding common stock (the “Reverse Split-2024”). The par value remained unchanged following the Reverse Split-2024. The Reverse Split-2024 resulted in a rounding addition of approximately 6,491 shares valued at par, totaling \$9,490 for which shares were issued in July 2024.

Preferred Stock

Our board of directors may, without further action by our stockholders, fix the rights, preferences, privileges and restrictions of up to an aggregate of 750,000,000 shares of Preferred Stock in one or more series and authorize their issuance. The voting powers, designations, preferences, limitations, restrictions, and relative, participating, option and other rights of the Preferred Stock and the qualifications, limitations, or restrictions relating thereto, shall be prescribed by resolution of the board of directors pursuant to the Articles of Incorporation.

The following summary of terms of our Preferred Stock is not complete. You should refer to the provisions of our Articles of Incorporation and Bylaws and the resolutions containing the terms of each class or series of the Preferred Stock which have been or will be filed with the SEC at or prior to the time of issuance of such class or series of Preferred Stock and described in the applicable prospectus supplement. The applicable prospectus supplement may also state that any of the terms set forth herein are inapplicable to such series of Preferred Stock, provided that the information set forth in such prospectus supplement does not constitute material changes to the information herein such that it alters the nature of the offering or the securities offered.

We will fix the designations, voting powers, preferences and rights of the preferred stock of each series we issue, as well as the qualifications, limitations or restrictions thereof, in the certificate of designation relating to that series.

Series A Convertible Preferred Stock. Each share of Series A Convertible Preferred Stock shall have ten (10) votes per share and may be converted into one (1) shares of \$0.086 par value common stock. The holders of the Series A Convertible Preferred Stock shall be entitled to receive, when, if and as declared by the Board, out of funds legally available therefore, cumulative dividends payable in cash. The annual interest rate at which cumulative preferred dividends will accrue on each share of Series A Convertible Preferred Stock is 0%. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company, before any distribution of assets of the Corporation shall be made to or set apart for the holders of the Common Stock and subject and subordinate to the rights of secured creditors of the Company, the holders of Series A Preferred Stock shall receive an amount per share equal to the greater of (i) one dollar (\$1.00), adjusted for any recapitalization, stock combinations, stock dividends (whether paid or unpaid), stock options and the like with respect to such shares, plus any accumulated but unpaid dividends (whether or not earned or declared) on the Series A Convertible Preferred Stock, and (ii) the amount such holder would have received if such holder has converted its shares of Series A Convertible Preferred Stock to common stock, subject to but immediately prior to such liquidation. As of December 31, 2021, all Series A Convertible Preferred Stock had been converted into shares of common stock and none remain issued and outstanding.

Series B Convertible Preferred Stock. In January 2022, the Company issued 9,076 shares of the Series B Convertible Preferred Stock through the Private Placement for the purpose of raising capital. The Series B Convertible Preferred Stock have no voting rights and initially each share may be converted into 1 shares of the Company's common stock. The holders of the Series B Convertible Preferred Stock are not entitled to receive any dividends other than any dividends paid on account of the common stock. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company, the holders shall be entitled to receive out of the assets, whether capital or surplus, of the Company the same amount that a holder of common stock would receive if the Preferred Stock were fully converted (disregarding for such purposes any conversion limitations hereunder) to common stock which amounts shall be paid pari-passu with all holders of common stock. During August 2022, all 9,076 Series B Convertible Preferred Stock were converted by third parties into 8,702 shares of common stock. As of December 31, 2024 and December 31, 2023, all shares of Series B Convertible Preferred Stock had been converted and none remain outstanding.

Equity Incentive Plans

Since 2019, the Company has adopted, the Reliance Global Group, Inc. 2019 Equity Incentive Plan, 2023 Equity Incentive Plan, 2024 Equity Incentive Plan, and the 2024 Omnibus Incentive Plan (collectively, the "Plans"). The purpose of the Plans is to provide a means through which the Company and its subsidiaries may attract and retain key personnel, and to provide a means whereby directors, officer, employees, consultants, and advisors of the Company and its subsidiaries can acquire and maintain an equity interest in the Company, or be paid incentive compensation, thereby strengthening their commitment to the welfare of the Company and its subsidiaries and aligning their interests with those of the Company's stockholders. The Plans provide for various stock-based incentive awards, including incentive and non-qualified stock options, stock appreciation rights ("SARs"), restricted stock and restricted stock units ("RSUs"), and other equity-based or cash-based awards. The Plans each terminate 10 years after each becoming effective, unless terminated earlier by the Board of Directors. A total of 1,167,451 shares of Common Stock were reserved for issuance under the Plans, and as of December 31, 2024, there remain 1,002,407 shares available for issuance. Subsequent to December 31, 2024, the Company granted 999,993 shares to certain directors, officers and employees which resulted in 2,414 shares remaining available for issuance under the Plans.

Administration of the Plans. The Plans are administered by the Compensation Committee of the Board. The Compensation Committee is authorized to select from among eligible employees, directors, and service providers those individuals to whom shares and options are to be granted and to determine the number of shares to be subject to, and the terms and conditions of the options. The Compensation Committee is also authorized to prescribe, amend, and rescind terms relating to options granted under the Plans. Generally, the interpretation and construction of any provision of the Plans or any shares and options granted hereunder is within the discretion of the Compensation Committee.

Stock Options: The Plans provide that options may or may not be Incentive Stock Options (ISOs) within the meaning of Section 422 of the Internal Revenue Code. Only employees of the Company are eligible to receive ISOs, while employees, non-employee directors, consultants, and service providers are eligible to receive options which are not ISOs, i.e. "Non-Statutory Stock Options." The options granted by the Compensation Committee in connection with its adoption of the Plans were Non-Statutory Stock Options.

The fair value of each option granted is estimated on the grant date using the Black-Scholes option pricing model or the value of the services provided, whichever is more readily determinable. The Black-Scholes option pricing model takes into account, as of the grant date, the exercise price and expected life of the option, the current price of the underlying stock and its expected volatility, expected dividends on the stock and the risk-free interest rate for the term of the option.

Effects of Authorized but Unissued Stock

We have shares of common stock and preferred stock available for future issuance without stockholder approval, subject to any limitations imposed by the listing standards of the Nasdaq Capital Market. We may utilize these additional shares for a variety of corporate purposes, including for future public offerings to raise additional capital, or facilitate corporate acquisitions or for payment as a dividend on our capital stock. The existence of unissued and unreserved common stock and preferred stock may enable our board of directors to issue shares to persons friendly to current management or to issue preferred stock with terms that could have the effect of making it more difficult for a third party to acquire or could discourage a third party from seeking to acquire, a controlling interest in our company by means of a merger, tender offer, proxy contest or otherwise. In addition, if we issue preferred stock, the issuance could adversely affect the voting power of holders of common stock, and the likelihood that such holders will receive dividend payments and payments upon liquidation.

Florida Law and Certain Charter and Bylaw Provisions

Florida Anti-Takeover Law. As a Florida corporation, we are subject to certain anti-takeover provisions that apply to public corporations under Florida law.

Pursuant to Section 607.0901 of the FBCA a publicly held Florida corporation may not engage in a broad range of business combinations or other extraordinary corporate transactions with an interested shareholder without the approval of the holders of two-thirds of the voting shares of the corporation (excluding shares held by the interested shareholder), unless:

- The transaction is approved by a majority of disinterested directors before the shareholder becomes an interested shareholder;
- The interested shareholder has owned at least 80% of the corporation's outstanding voting shares for at least five years preceding the announcement date of any such business combination;
- The interested shareholder is the beneficial owner of at least 90% of the outstanding voting shares of the corporation, exclusive of shares acquired directly from the corporation in a transaction not approved by a majority of the disinterested directors; or
- The consideration paid to the holders of the corporation's voting stock is at least equal to certain fair price criteria.

An interested shareholder is defined as a person who, together with affiliates and associates, beneficially owns more than 10% of a corporation's outstanding voting shares. We have not made an election in our Articles of Incorporation to opt out of Section 607.0901.

In addition, we are subject to Section 607.0902 of the FBCA which prohibits the voting of shares in a publicly held Florida corporation that are acquired in a control share acquisition unless (i) the board of directors approved such acquisition prior to its consummation or (ii) after such acquisition, in lieu of prior approval by the board of directors, the holders of a majority of the corporation's voting shares, exclusive of shares owned by officers of the corporation, employee directors or the acquiring party, approve the granting of voting rights as to the shares acquired in the control share acquisition. A control share acquisition is defined as an acquisition that immediately thereafter entitles the acquiring party to 20% or more of the total voting power in an election of directors.

Articles of Incorporation, as amended and Bylaws.

Our Articles of Incorporation, as amended and Bylaws contain provisions that could have the effect of discouraging potential acquisition proposals or tender offers or delaying or preventing a change of control of our company. These provisions are as follows:

- they provide that special meetings of shareholders may be called by the board of directors, or at the request in writing by shareholders of record owning at least 10% of all the stockholders entitled to vote; and
- they do not include a provision for cumulative voting in the election of directors. Under cumulative voting, a minority shareholder holding a sufficient number of shares may be able to ensure the election of one or more directors. The absence of cumulative voting may have the effect of limiting the ability of minority shareholders to effect changes in the board of directors.

Transfer Agent

The transfer agent and registrar for our common stock is VStock Transfer. The transfer agent and registrar's address is 18 Lafayette Place, Woodmere, New York 11598. Its telephone number is (212) 828-8436.

Listing on the Nasdaq Capital Market

Our Common Stock is listed on the Nasdaq Capital Market under the symbol "RELI" and our Series A Warrants are listed on the Nasdaq Capital Market under the symbol "RELIW".

Revolving Credit Facility Agreement
By and Among
**Reliance Global Group, Inc.
as Borrower**
and
YES Americana Group, LLC
as Lender

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Revolving Credit Facility Agreement

Dated as of March 5, 2025

This Revolving Credit Facility Agreement (as amended, restated, modified or supplemented from time to time, this "Agreement"), dated as of the date first set forth above (the "Effective Date"), is executed by and among (i) Reliance Global Group, Inc., a Florida corporation, as borrower (the "Borrower"); and (ii) YES Americana Group, LLC, a Delaware limited liability company, as lender (the "Lender"). Each of Borrower and Lender may be referred to herein individually as a "Party" and collectively as the "Parties".

WHEREAS, Borrower has requested that Lender extend a revolving credit facility to Borrower of up to six hundred thousand and No/100 United States Dollars (\$600,000.00), to provide additional working capital for the Borrower to cover its incremental Spetner (the Company's pending business acquisition) acquisition related costs as well as for general working capital uses, and for such purposes, Lender is willing to make certain loans and extensions of credit available to Borrower of up to such amount and upon the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the premises and the mutual covenants hereinafter contained, and for other good and valuable consideration, the Parties hereby agree as follows:

ARTICLE I. Definitions and Interpretation

Section 1.01 Defined Terms. In addition to the other terms defined herein, for the purposes of this Agreement, the following capitalized words and phrases shall have the meanings set forth below.

- (a) "Affiliate" of a Person means any Person which, directly or indirectly, Controls or is Controlled By or is under common Control with such subject Person.
- (b) "Business Day" means any day other than a Saturday, Sunday or a legal holiday on which banks are authorized or required to be closed for the conduct of commercial banking business in the State of Florida.
- (c) "Control," "Controlling," "Controlled By," or words of similar import means the possession, directly or indirectly, of the power to direct, or cause the direction of, the management and policies of a Person by contract, voting of securities, or otherwise.
- (d) "Dollars" or "\$" means lawful currency of the United States of America.
- (e) "GAAP" means United States generally accepted accounting principles set forth from time to time in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board (or agencies with similar functions of comparable stature and authority within the U.S. accounting profession), which are applicable to the circumstances as of the date of determination; provided, however, that interim financial statements or reports shall be deemed in compliance with GAAP despite the absence of footnotes and fiscal year-end adjustments as required by GAAP.
- (f) "Governmental Authority" means any foreign, federal, state or local government, or any political subdivision thereof, or any court, agency or other body, organization, group, stock market or exchange exercising any executive, legislative, judicial, quasi-judicial, regulatory or administrative function of government.

- (g) "Loan Availability" means at any time, the then applicable Loan Commitment less any Obligations then outstanding.
- (h) "Loan Commitment" means, on the Effective Date, six hundred thousand and No/100 United States Dollars (\$600,000.00).
- (i) "Loan Documents" means this Agreement, the Revolving Note, those documents listed in Section 3.02 and any other documents or instruments executed in connection

with this Agreement or the Loans contemplated hereby, including any Draw Requests which have been accepted by the Lender, and all renewals, extensions, future advances, modifications, substitutions, or replacements thereof.

- (j) "Loan" and "Loans" means, respectively, each advance, and the aggregate of all such advances, made by Lender to Borrower under and pursuant to this Agreement or any other Loan Documents.
- (k) "Material Adverse Effect" means: (i) a material adverse change in, or a material adverse effect upon, the assets, business, properties, financial condition or results of operations of the Borrower; (ii) a material impairment of the ability of the Borrower to perform any of its Obligations under any of the Loan Documents; or (iii) a material adverse change in, or a material adverse effect upon on: (A) the legality, validity, binding effect or enforceability against the Borrower of any of the Loan Documents; or (C) the rights or remedies of Lender under any Loan Document and, for purposes of determining whether any of the foregoing changes, effects, impairments, or other events have occurred, such determination shall be made by Lender, in its commercially reasonable discretion.
- (l) "Maturity Date" means the earlier of (i) 12 months from the Effective Date; (ii) the date of prepayment of the Revolving Note by Borrower (subject to Section 2.03(c)) and the termination of this Agreement as of such date; or (iii) the date of the occurrence of an Event of Default and acceleration of the Revolving Note pursuant to this Agreement.
- (m) "Obligations" means, whether now existing or hereafter arising, created or incurred: (i) all Loans, advances (whether of principal or otherwise) and other financial accommodations (whether primary, contingent or otherwise) made by Lender to Borrower under any Loan Documents; (ii) all interest accrued thereon (including interest which would be payable as post-petition in connection with any bankruptcy or similar Proceeding, whether or not permitted as a claim thereunder); (iii) any and all fees, charges or other amounts due to Lender under this Agreement or the other Loan Documents; (iv) any and all expenses incurred by Lender under, or in connection with, this Agreement or the other Loan Documents; (v) any and all other liabilities and obligations of the Borrower to Lender under this Agreement and any other Loan Documents; and (vi) the performance by the Borrower of all covenants, agreements and obligations of every nature and kind on the part of the Borrower to be performed under this Agreement and any other Loan Documents.
- (n) "Person" means any individual, partnership, limited liability company, limited liability partnership, corporation, trust, joint venture, joint stock company, association, unincorporated organization, government or agency or political subdivision thereof, or other entity.
- (o) "Proceeding" means any demand, claim, suit, action, litigation, investigation, audit, study, arbitration, administrative hearing, or any other proceeding of any nature whatsoever.

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- (p) "Revolving Note" means that certain Revolving Note in the principal amount of the Loan Commitment of even date herewith made by Borrower in favor of Lender, the form of which is attached hereto as Exhibit A, and any renewal, extension, future advance, modification, substitution, or replacement thereof.
- (q) "Securities Act" means the Securities Act of 1933, as amended.
- (r) "UCC" means the Uniform Commercial Code in effect in Florida from time to time.

Section 1.02 Accounting Terms. Any accounting terms used in this Agreement which are not specifically defined herein shall have the meanings customarily given them in accordance with GAAP. Calculations and determinations of financial and accounting terms used and not otherwise specifically defined hereunder and the preparation of financial statements to be furnished to Lender pursuant hereto shall be made and prepared, both as to classification of items and as to amount, in accordance with GAAP as used in the preparation of the financial statements of Borrower on the date of this Agreement. If any changes in accounting principles or practices from those used in the preparation of the financial statements are hereafter occasioned by the promulgation of rules, regulations, pronouncements and opinions by or required by the Financial Accounting Standards Board or the American Institute of Certified Public Accountants (or any successor thereto or agencies with similar functions), which results in a material change in the method of accounting in the financial statements required to be furnished to Lender hereunder or in the calculation of financial covenants, standards or terms contained in this Agreement, the Parties agree to enter into good faith negotiations to amend such provisions so as equitably to reflect such changes to the end that the criteria for evaluating the financial condition and performance of Borrower will be the same after such changes as they were before such changes; and if the Parties fail to agree on the amendment of such provisions, Borrower will furnish financial statements in accordance with such changes but shall provide calculations for all financial covenants, perform all financial covenants and otherwise observe all financial standards and terms in accordance with applicable accounting principles and practices in effect immediately prior to such changes. Calculations with respect to financial covenants required to be stated in accordance with applicable accounting principles and practices in effect immediately prior to such changes shall be reviewed and certified by Borrower's accountants.

Section 1.03 Other Terms Defined in UCC. All other words and phrases used herein and not otherwise specifically defined shall have the respective meanings assigned to such terms in the UCC, as amended from time to time, to the extent the same are used or defined therein.

Section 1.04 Other Definitional Provisions; Construction. Unless the express context otherwise requires (i) the words "hereof," "herein," and "hereunder" and words of similar import, when used in this Agreement, shall refer to this Agreement as a whole and not to any particular provision of this Agreement; (ii) terms defined in the singular shall have a comparable meaning when used in the plural, and vice versa; (iii) the terms "Dollars" and "\$" mean United States Dollars; (iv) references herein to a specific Section, Subsection, Recital or Exhibit shall refer, respectively, to Sections, Subsections, Recitals or Exhibits of this Agreement; (v) wherever the word "include," "includes," or "including" is used in this Agreement, it shall be deemed to be followed by the words "without limitation"; (vi) references herein to any gender shall include each other gender; (vii) references herein to any Person shall include such Person's heirs, executors, personal Representatives, administrators, successors and assigns; provided, however, that nothing contained in this Section 1.04 is intended to authorize any assignment or transfer not otherwise permitted by this Agreement; (viii) references herein to a Person in a particular capacity or capacities shall exclude such Person in any other capacity; (ix) references herein to any contract or agreement (including this Agreement) mean such contract or agreement as amended, supplemented or modified from time to time in accordance with the terms thereof; (x) with respect to the determination of any period of time, the word "from" means "from and including" and the words "to" and "until" each means "to but excluding"; (xi) references herein to any Law or any license mean such Law or license as amended, modified, codified, reenacted, supplemented or superseded in whole or in part, and in effect from time to time; and (xii) references herein to any Law shall be deemed also to refer to all rules and regulations promulgated thereunder.

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ARTICLE II. Revolving Loan Facility

Section 2.01 Loan.

- (a) Loan Commitment. Subject to the terms and conditions of this Agreement and the other Loan Documents, and in reliance upon the representations and warranties set forth herein and in the other Loan Documents, Lender agrees to make Loans to Borrower from time to time, pursuant to the terms of this Agreement, until, but not including, the Maturity Date, provided, however, that the aggregate principal balance of all Loans outstanding at any time shall not exceed the Loan Availability. Loans made by Lender may be repaid and, subject to the terms and conditions hereof, borrowed again up to, but not including, the Maturity Date, unless the Loans are otherwise terminated or extended as provided in this Agreement.

- (b) Purpose. The Loans shall be used by Borrower to provide additional working capital for Borrower to cover its incremental Spetner acquisition related costs, as well as for general working capital, and such other uses as determined by the Board of Directors of the Company.
- (c) Advances. Subject to the terms and conditions herein, any request for a Loan may be made from time to time and in such amounts as Borrower may choose. Requests for Loans must be made in writing, pursuant to a draw request in the form as attached hereto as Exhibit B (each, a "Draw Request"), delivered to the Lender, by such officer of Borrower authorized by it to request such advances. Until such time as Lender may be notified otherwise, Borrower hereby authorizes its Chief Executive Officer and Chief Financial Officer to request Loans and deliver Draw Requests. For each Draw Request, properly requested and accepted by Lender pursuant to the terms and conditions herein, the Lender shall advance an amount equal to the Loan requested in such Draw Request within five Business Days.
- (d) Obligation. In the event that the conditions of a borrowing as set forth in Article III are satisfied, the Lender may not refuse any Draw Request, and shall fund the applicable Draw Request within three (3) Business Days of the date of such Draw Request.
- (e) Initial Funding. The Parties acknowledge and agree that the Lender has funded to the Borrower the sum of \$500,000 on or about the Effective Date (the "Initial Funding"), and the Initial Funding shall constitute a Loan hereunder as of the Effective Date, provided that no Draw Request shall be required in connection therewith, and the Parties each waive the conditions of a borrowing as set forth in Article III with respect to the Initial Funding.

Section 2.02 Note Evidencing Loans. The Loans shall be evidenced by the Revolving Note (together with any and all renewal, extension, modification or replacement notes executed by Borrower and delivered to Lender and given in substitution therefor) duly executed by Borrower and payable to the order of Lender. At the time of the initial disbursement of a Loan and at each time an additional Loan shall be requested hereunder or a repayment made in whole or in part thereon, an appropriate notation thereof shall be made on the books and records of Lender. All amounts recorded shall be, absent demonstrable error, conclusive and binding evidence of: (i) the principal amount of the Loans advanced hereunder; (ii) any unpaid interest owing on the Loans; and (iii) all amounts repaid on the Loans. The failure to record any such amount or any error in recording such amounts shall not, however, limit or otherwise adversely affect the obligations of Borrower under the Revolving Note to repay the principal amount of the Loans, together with all other Obligations.

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Section 2.03 Loan Interest and Payments.

- (a) Interest. The interest rate payable on the Loans (the "Interest Rate") shall be calculated on a basis of a 360-day year and charged for the actual number of days elapsed since funding, at a rate of zero point one percent (0.1%) per annum. Except as otherwise set forth herein, all interest and fees shall be calculated on the basis of a year consisting of 360 days and shall be paid for the actual number of days elapsed.
- (b) Repayment.
 - (i) No payments of Interest or principal amount as to any Loan shall be due prior to the Maturity Date.
 - (ii) Other than as set forth herein, all of the Obligations shall be due and payable on the Maturity Date.
 - (iii) All payments hereunder shall be made to the Lender at such place as the Lender may, from time to time, designate in lawful money of the United States of America. All payments received hereunder shall be applied as follows: first, to any late charge; second, to any costs or expenses incurred by Lender in collecting such payment or to any other unpaid charges or expenses due hereunder; third, to accrued interest; fourth, to principal; and fifth, the balance, if any, to such person entitled thereto; provided, however, upon occurrence of an Event of Default, a Lender may, in its discretion, change the priority of the application of payments as it deems appropriate. Borrower may prepay principal and/or interest at any time without penalty.
- (c) Optional Prepayments. Borrower may from time to time prepay the Loans or any Obligations, in whole or in part.

Section 2.04 Statement. From time to time, Lender may deliver to Borrower, and at the request of the Borrower the Lender shall deliver to Borrower, an invoice and or an account statement showing all Loans, charges and payments, which shall be deemed final, binding and conclusive upon Borrower, unless Borrower notifies Lender in writing, specifying any error therein, within thirty (30) days of the date that such account statement is sent to Borrower and any such notice shall only constitute an objection to the items specifically identified.

Section 2.05 Interest and Fee Computation; Collection of Funds. Interest accrued hereunder shall be payable as set forth in Section 2.03. Except as otherwise set forth herein, all interest and fees shall be calculated on the basis of a year consisting of 360 days and shall be paid for the actual number of days elapsed. Principal payments submitted in funds not immediately available shall continue to bear interest until collected. If any payment to be made by Borrower hereunder or under the Revolving Note shall become due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day and such extension of time shall be included in computing any interest in respect of such payment.

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ARTICLE III. Conditions of Borrowing

Section 3.01 Conditions Precedent. Notwithstanding any other provision of this Agreement, the obligation of Lender to disburse or make all or any portion of any Loans is subject to satisfaction of all of the following conditions precedent contained in this Article III and delivery to the Lender of the documents set forth in this Article III (unless a condition or such delivery is waived in writing by Lender) contained in this Article III.

Section 3.02 Loan Documents to be Executed by Borrower. Borrower shall have executed or cause to be executed and delivered to Lender all of the following documents, each of which must be reasonably satisfactory to Lender and Lender's counsel in form, substance and execution:

- (a) Credit Agreement. An original of this Agreement, duly executed by Borrower;
- (b) Revolving Note. An original Revolving Note, duly executed by Borrower; and
- (c) Additional Documents. Such other agreements, documents, instruments, certificates, financial statements, schedules, resolutions, opinions of counsel, notes and other items which Lender shall require in connection with this Agreement.

Section 3.03 Event of Default. No Event of Default, or event which, with notice or lapse of time, or both, would constitute an Event of Default, shall have occurred and be continuing.

Section 3.04 Litigation. No pending claim, investigation, litigation or other Proceeding related to the transactions contemplated by this Agreement shall have been instituted

against the Borrower or any of their respective officers, shareholders, members, managers, partners, or other principals of the Borrower.

Section 3.05 Representations and Warranties. No representation or warranty of any of the Borrower contained herein or in any Loan Documents shall be untrue or incorrect in any material respect as of the date of any Loans as though made on such date, except to the extent such representation or warranty expressly relates to an earlier date.

ARTICLE IV. Representations and Warranties of the Borrower

To induce Lender to make the Loans, the Borrower makes the following representations and warranties to Lender, each of which shall be true and correct in all material respects as of the date of the execution and delivery of this Agreement and as of the date of each Loan made hereunder, except to the extent such representation or warranty is qualified as to materiality, in which event such representation and warranty shall be true and correct in all respects, except to the extent such representation or warranty expressly relates to an earlier date, which representation and warranty shall be true and correct in all material respects (or true and correct in all respects, as applicable) as of the date of such representation and warranty, and which shall survive the execution and delivery of this Agreement:

Section 4.01 Borrower Organization and Name. Borrower is a corporation, duly organized, validly existing and in good standing under the laws of the State of Florida and has the full power and authority and all necessary permits to: (i) enter into and execute this Agreement and the Loan Documents and to perform all of its obligations hereunder and thereunder; and (ii) own and operate its assets and properties and to conduct and carry on its business as and to the extent now conducted. Borrower is duly qualified to transact business and is in good standing as a foreign corporation in each jurisdiction where the character of its business or the ownership or use and operation of its assets or properties requires such qualification.

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Section 4.02 Authorization; Validity. Borrower has full right, power and authority to enter into this Agreement, to make the borrowings and execute and deliver the Loan Documents as provided herein and to perform all of its duties and obligations under this Agreement and the Loan Documents and no other action or consent on the part of the Borrower, its board of directors, stockholders or any other Person is necessary or required by the Borrower to execute this Agreement and the Loan Documents, consummate the transactions contemplated herein and therein, and perform all of its obligations hereunder and thereunder. The execution and delivery of this Agreement and the Loan Documents will not, nor will the observance or performance of any of the matters and things herein or therein set forth, violate or contravene any provision of law or of the Borrower's articles of incorporation or bylaws. All necessary and appropriate action has been taken on the part of the Borrower to authorize the execution and delivery of this Agreement and the Loan Documents and the issuance of the Revolving Note. This Agreement and the Loan Documents are valid and binding agreements and contracts of the Borrower, enforceable against the Borrower in accordance with their respective terms, except to the extent that enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws enacted for the relief of debtors generally and other similar laws affecting the enforcement of creditors' rights generally or by equitable principles which may affect the availability of specific performance and other equitable remedies.

Section 4.03 No Conflicts; Consents and Approvals. The execution, delivery and performance of this Agreement and the Loan Documents, and the consummation of the transactions contemplated hereby and thereby, including the issuance of the Revolving Note, will not: (i) constitute a violation of, or a default or breach under (either immediately, upon notice, upon lapse of time, or both), or conflict with, or give to any other Person any rights of termination, amendment, acceleration or cancellation of, any provision of any contract or agreement to which the Borrower is a party or by which any of its assets or properties may be bound; (ii) constitute a violation of, or a default or breach under (either immediately, upon notice, upon lapse of time, or both), or conflict with, any order, writ, injunction, decree, or any other judgment of any nature whatsoever; or (iii) constitute a violation of, or conflict with, any law, rule, ordinance or other regulation (including foreign and United States federal and state securities laws). The Borrower is not in violation of its articles of incorporation or bylaws. No business of the Borrower is being conducted, and shall not be conducted, in material violation of any law, rule, ordinance or other regulation. Except as specifically contemplated by this Agreement, the Borrower is not required to obtain any consent or approval of, from, or with any Governmental Authority, or any other Person, in order for it to execute, deliver or perform any of its obligations under this Agreement or the Loan Documents in accordance with the terms hereof or thereof. All consents and approvals which the Borrower is required to obtain pursuant to the immediately preceding sentence have been obtained or effected on or prior to the Effective Date.

Section 4.04 Compliance With Laws. The nature and transaction of the Borrower's business and operations and the use of its properties and assets, including any real estate owned, leased, or occupied by the Borrower, do not and during the term of the Loans shall not, violate or conflict with any applicable law, statute, ordinance, rule, regulation or order of any kind or nature, including the provisions of any zoning, land use, building, noise abatement, occupational health and safety or other laws, any permit or any condition, grant, easement, covenant, condition or restriction, whether recorded or not, except to the extent such violation or conflict would not result in a Material Adverse Effect.

Section 4.05 Litigation and Taxes. There is no Proceeding pending, or to the best knowledge of the Borrower, threatened, against the Borrower or its officers, managers, members, shareholders or other principals, or against or affecting any of its assets. The Borrower has duly filed all applicable income or other tax returns and have paid all income or other taxes when due. There is no Proceeding, controversy or objection pending or threatened in respect of any tax returns of the Borrower.

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Section 4.06 Event of Default. No Event of Default has occurred and is continuing, and no event has occurred and is continuing which, with the lapse of time, the giving of notice, or both, would constitute such an Event of Default under this Agreement or any of the other Loan Documents, and the Borrower is not in default (without regard to grace or cure periods) under any contract or agreement to which it is a party or by which any of their respective assets are bound.

Section 4.07 Adverse Circumstances. No condition, circumstance, event, agreement, document, instrument, restriction, litigation or Proceeding (or threatened litigation or Proceeding or basis therefor) exists which: (i) could adversely affect the ability of the Borrower to perform its obligations under the Loan Documents; (ii) would constitute a default under any of the Loan Documents; (iii) would constitute such a default with the giving of notice or lapse of time or both; or (iv) would constitute or give rise to a Material Adverse Effect.

Section 4.08 Title to Assets. The Borrower has good and marketable title to, or a valid leasehold interest in, all of its assets and properties which are material to its business and operations as presently conducted. Except as would not have a Material Adverse Effect, the assets and properties of the Borrower are in good operating condition and repair, ordinary wear and tear excepted, and are free of any latent or patent defects which might impair their usefulness, and are suitable for the purposes for which they are currently used and for the purposes for which they are proposed to be used.

Section 4.09 Compliance with Regulation U. No portion of the proceeds of the Loans shall be used by Borrower, or any Affiliates of Borrower, either directly or indirectly, for the purpose of purchasing or carrying any margin stock, within the meaning of Regulation U as adopted by the Board of Governors of the Federal Reserve System.

Section 4.10 Illegal Payments. None of the Borrower, nor any director, officer, agent, employee or other Person acting on behalf of the Borrower has, in the course of his actions for, or on behalf of, the Borrower: (i) used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expenses relating to political activity; (ii) made any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds; (iii) violated or is in violation of any provision of the U.S. Foreign Corrupt Practices Act of 1977, as amended; or (iv) made any bribe, rebate, payoff, influence payment, kickback or other unlawful payment to any foreign or domestic government official or employee.

Section 4.11 Brokerage Fees. There is no Person acting on behalf of the Borrower who is entitled to or has any claim for any brokerage or finder's fee or commission in connection with the execution of this Agreement or the consummation of the transactions contemplated hereby.

Section 4.12 Acknowledgment Regarding Lender's Loans. The Borrower acknowledges and agrees that Lender is acting solely in the capacity of an arm's length lender with respect to this Agreement and the transactions contemplated hereby. The Borrower further acknowledges that Lender is not acting as a financial advisor or fiduciary of the Borrower (or in any similar capacity) with respect to this Agreement and the transactions contemplated hereby and any advice given by Lender or any of its representatives or agents in connection with this Agreement and the transactions contemplated hereby is merely incidental to the making of the Loans hereunder by Lender. The Borrower further represents to Lender that the Borrower's decision to enter into this Agreement has been based solely on the independent evaluation by the Borrower and their representatives.

Section 4.13 No General Solicitation. Neither the Borrower, nor any of its Affiliates, nor any Person acting on its or their behalf, has engaged in any form of general solicitation or general advertising (within the meaning of Regulation D under the Securities Act) in connection with the offer or issuance of the Revolving Note.

Section 4.14 No Integrated Offering. Neither the Borrower, nor any of its Affiliates, nor any Person acting on its or their behalf has, directly or indirectly, made any offers or sales of any security or solicited any offers to buy any security, under circumstances that would require registration of the Revolving Note under the Securities Act or any similar laws of any foreign jurisdiction, or cause this offering of such securities to be integrated with prior offerings by the Borrower for purposes of the Securities Act or any similar laws of any foreign jurisdiction.

Section 4.15 Reliance; Survival. Notwithstanding any investigation made by Lender or any of its agents or representatives, or any rights to conduct such investigations, and notwithstanding any knowledge of facts determined or determinable by Lender as a result of such investigation or right of investigation, the Lender has the unqualified right to rely upon the representations and warranties made by the Borrower in this Agreement or in any other Loan Documents. All representations and warranties of the Borrower made in this Agreement or pursuant hereto, or in any other Loan Documents, shall survive the Effective Date, the consummation of any Loans made hereunder, and any investigation, and shall be deemed and construed as continuing representations and warranties.

ARTICLE V. Representations and Warranties of the Lender

Lender makes the following representations and warranties to the Borrower, each of which shall be true and correct in all material respects as of the date of the execution and delivery of this Agreement and as of the date of each Loan made hereunder, except to the extent such representation expressly relates to an earlier date, and which shall survive the execution and delivery of this Agreement:

Section 5.01 Borrower Status. Lender is a limited liability company, duly organized, validly existing and in good standing under the laws of the State of Delaware, and has the full power and authority and all necessary permits to: (i) enter into and execute this Agreement and the Loan Documents and to perform all of its obligations hereunder and thereunder; and (ii) own and operate its assets and properties and to conduct and carry on its business as and to the extent now conducted. Lender is duly qualified to transact business and is in good standing as a foreign corporation in each jurisdiction where the character of its business or the ownership or use and operation of its assets or properties requires such qualification.

Section 5.02 Authorization; Validity. Lender has full right, power and authority to enter into this Agreement, to make the Loans and to execute and deliver the Loan Documents as provided herein and to perform all of its duties and obligations under this Agreement and the Loan Documents and no other action or consent on the part of the Lender or any other Person is necessary or required by the Lender to execute this Agreement and the Loan Documents, consummate the transactions contemplated herein and therein, and perform all of its obligations hereunder and thereunder. All necessary and appropriate action has been taken on the part of the Lender to authorize the execution and delivery of this Agreement and the Loan Documents. This Agreement and the Loan Documents are valid and binding agreements and contracts of the Lender, enforceable against the Lender in accordance with their respective terms, except to the extent that enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws enacted for the relief of debtors generally and other similar laws affecting the enforcement of creditors' rights generally or by equitable principles which may affect the availability of specific performance and other equitable remedies. The Lender does not know of any reason why the Lender cannot perform any of its obligations under this Agreement, the Loan Documents or any related agreements.

Section 5.03 No Conflicts; Consents and Approvals. The execution, delivery and performance of this Agreement and the Loan Documents, and the consummation of the transactions contemplated hereby and thereby, including the issuance of the Revolving Note, will not constitute a violation of, or a default or breach under (either immediately, upon notice, upon lapse of time, or both), or conflict with, any order, writ, injunction, decree, or any other judgment of any nature whatsoever; or constitute a violation of, or conflict with, any law, rule, ordinance or other regulation (including foreign and United States federal and state securities laws. Except as specifically contemplated by this Agreement, the Lender is not required to obtain any consent or approval of, from, or with any Governmental Authority, or any other Person, in order for it to execute, deliver or perform any of its obligations under this Agreement or the Loan Documents in accordance with the terms hereof or thereof. All consents and approvals which Lender is required to obtain pursuant to the immediately preceding sentence have been obtained or effected on or prior to the Effective Date.

Section 5.04 Investment Purpose. Lender is acquiring the Revolving Note for its own account, for investment only and not with a view towards, or for resale in connection with, the public sale or distribution thereof, except pursuant to sales registered or exempted under the Securities Act.

Section 5.05 Accredited Investor.

- (a) Lender understands and agrees that the consummation of this Agreement including the delivery of the Revolving Note as contemplated hereby constitute the offer and sale of securities under the Securities Act and applicable state statutes and that the Revolving Note is being acquired for Lender's own account and not with a present view towards the public sale or distribution thereof, except pursuant to sales registered or exempted from registration under the Securities Act.
- (b) Lender is an "accredited investor" as that term is defined in Rule 501(a) of Regulation D under the Securities Act.
- (c) Lender understands that the Revolving Note is being offered and sold to Lender in reliance upon specific exemptions from the registration requirements of United States federal and state securities Laws and that the Borrower is relying upon the truth and accuracy of, and Lender's compliance with, the representations, warranties, agreements, acknowledgments and understandings of Lender set forth herein in order to determine the availability of such exemptions and the eligibility of Lender to acquire the Revolving Note.
- (d) At no time was Lender presented with or solicited by any leaflet, newspaper or magazine article, radio or television advertisement, or any other form of general advertising or solicited or invited to attend a promotional meeting otherwise than in connection and concurrently with such communicated offer. Lender is not purchasing the Revolving Note acquired by Lender hereunder as a result of any "general solicitation" or "general advertising," as such terms are defined in Regulation D under the Securities Act, which includes, but is not limited to, any advertisement, article, notice or other communication regarding the Revolving Note acquired by Lender hereunder published in any newspaper, magazine or similar media or on the internet or broadcast over television, radio or the internet or presented at any seminar or any other general solicitation or general advertisement.
- (e) Lender has been furnished with all documents and materials relating to the business, finances and operations of the Borrower and information that Lender requested and deemed material to making an informed investment decision regarding the transactions herein. Lender has been afforded the opportunity to review such documents and materials and the information contained therein. Lender has been afforded the opportunity to ask questions of the Borrower and its management. Lender acknowledges that Borrower makes no representation or warranty with respect to the completeness of such information and makes no representation or warranty

- (f) Lender is acquiring the Revolving Note for Lender's own account as principal, not as a nominee or agent, for investment purposes only, and not with a view to, or for, resale, distribution or fractionalization thereof in whole or in part and no other person has a direct or indirect beneficial interest in the Revolving Note. Further, Lender does not have any contract, undertaking, agreement or arrangement with any person to sell, transfer or grant participations to such person or to any third person, with respect to the Revolving Note.
- (g) Lender, either alone or together with Lender's representatives, has such knowledge, sophistication and experience in business and financial matters so as to be capable of evaluating the merits and risks of the prospective investment in the Revolving Note, and has so evaluated the merits and risks of such investment.
- (h) Lender understands that no United States federal or state agency or any other governmental or state agency has passed on or made recommendations or endorsement of the Revolving Note or the suitability of the investment in the Revolving Note nor have such authorities passed upon or endorsed the merits of the transactions set forth herein.
- (i) Lender is aware that Lender's rights to transfer the Note are restricted by the terms and conditions herein, and by the Securities Act and applicable state securities laws, and Lender will not offer for sale, sell or otherwise transfer the Note without compliance with this Agreement and without registration under the Securities Act and qualification under the securities laws of all applicable states and countries, unless such sale would be exempt therefrom.
- (j) Lender acknowledges and agrees that an investment in the Note is highly speculative and involves a high degree of risk of loss of the entire investment in the Borrower. Lender is not dependent for liquidity on any of the amounts Lender is investing in the Note.
- (k) Any legend required by the securities laws of any state to the extent such laws are applicable to the Revolving Note shall be included on any certificates representing the Revolving Note, which legend shall be in the following form or a substantially similar legend:

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR REGISTERED OR QUALIFIED UNDER ANY STATE SECURITIES LAWS. SUCH SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, DELIVERED AFTER SALE, TRANSFERRED, PLEDGED, OR HYPOTHECATED UNLESS QUALIFIED AND REGISTERED UNDER APPLICABLE STATE AND FEDERAL SECURITIES LAWS OR UNLESS, IN THE OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE COMPANY, SUCH QUALIFICATION AND REGISTRATION ARE NOT REQUIRED. ANY TRANSFER OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE IS FURTHER SUBJECT TO OTHER RESTRICTIONS, TERMS AND CONDITIONS WHICH ARE NOT SET FORTH HEREIN.

Section 5.06 Brokers. Lender has not engaged any investment banker, finder, broker or sales agent or any other Person in connection with the origin, negotiation, execution, delivery or performance of any Loan Documents or the transactions contemplated herein or therein.

Section 5.07 Reliance; Survival. Notwithstanding any investigation made by Borrower or any of its agents or representatives, or any rights to conduct such investigations, and notwithstanding any knowledge of facts determined or determinable by Lender as a result of such investigation or right of investigation, the Borrower has the unqualified right to rely upon the representations and warranties made by the Lender in this Agreement or in any other Loan Documents. All representations and warranties of the Lender made in this Agreement or pursuant hereto, or in any other Loan Documents, shall survive the Effective Date, the consummation of any Loans made hereunder, and any investigation, and shall be deemed and construed as continuing representations and warranties.

ARTICLE VI. Events of Default; Termination

Section 6.01 Events. Borrower, without notice or demand of any kind (except as specifically provided in this Agreement), shall be in default under this Agreement upon the occurrence of any of the following events (each an "Event of Default"):

- (a) Nonpayment of Obligations. Any amount due and owing on the Revolving Note or any of the Obligations, whether by its terms or as otherwise provided herein, is not paid on the date that such amount is due, and such failure to pay continues for a period of ten (10) Business Days after the Borrower receives notice from Lender of such failure to pay.
- (b) Misrepresentation. Any written warranty, representation, certificate or statement of the Borrower in this Agreement, the Loan Documents or any other agreement with Lender, shall be false or misleading in any material way when made or deemed to be made.
- (c) Nonperformance. Any material failure to perform or material default in the performance of any covenant, condition or agreement contained in this Agreement (not otherwise addressed in this Section 6.01), which failure to perform or default in performance continues for a period of ten (10) Business Days after the Borrower receives notice from Lender of such failure to perform or default in performance (provided that if the failure to perform or default in performance is not capable of being cured, in Lender's reasonable discretion, then the cure period set forth herein shall not be applicable and the failure or default shall be an immediate Event of Default hereunder).
- (d) Assignment for Creditors. Borrower makes an assignment for the benefit of creditors, fails to pay, or admits in writing its inability to pay its debts as they mature; or if a trustee of any substantial part of the assets of the Borrower is applied for or appointed, and in the case of such trustee being appointed in a Proceeding brought against any of the Borrower, any of the Borrower, by any action or failure to act indicates its approval of, consent to, or acquiescence in such appointment and such appointment is not vacated, stayed on appeal or otherwise shall not have ceased to continue in effect within sixty (60) days after the date of such appointment.
- (e) Bankruptcy. Any Proceeding involving any of the Borrower, is commenced by or against any of the Borrower under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law or statute of the federal government or any state government, and in the case of any such Proceeding being instituted against any of the Borrower: (i) any of the Borrower, by any action or failure to act, indicates its approval of, consent to or acquiescence therein; or (ii) an order shall be entered approving the petition in such Proceedings and such order is not vacated, stayed on appeal or otherwise shall not have ceased to continue in effect within sixty (60) days after the entry thereof.

Section 6.02 Remedies.

- (a) Termination and Acceleration. Upon the occurrence and during the continuance of an Event of Default, Lender shall have all rights, powers and remedies set forth in the Loan Documents, in any written agreement or instrument (other than this Agreement or the Loan Documents) relating to any of the Obligations or any security therefor, or

as otherwise provided at law or in equity. Without limiting the generality of the foregoing, Lender may, at its option, upon the occurrence and during the continuance of an Event of Default, declare its commitments to Borrower to be terminated and all Obligations to be immediately due and payable; provided, however, that upon the occurrence of an Event of Default under either Section 6.01(d) or Section 6.01(e), all commitments of Lender to Borrower shall immediately terminate and all Obligations shall be automatically due and payable, all without demand, notice or further action of any kind required on the part of Lender, and in either case the Borrower agree to so pay all such Obligations immediately. In furtherance of, and not in limitation of, the foregoing, upon the occurrence and during the continuance of an Event of Default, Lender may, at any time and from time to time, whether before or after the maturity of any of the Obligations: (A) enforce collection of any of accounts, receipts or other amounts owed to the Borrower by suit or otherwise; (B) exercise all of the rights and remedies of the Borrower with respect to Proceedings brought to collect any accounts, receipts or other amounts owed to the Borrower; (C) surrender, release or exchange all or any part of any accounts, receipts or other amounts owed to the Borrower, or compromise or extend or renew for any period (whether or not longer than the original period) any indebtedness thereunder; (D) sell or assign any accounts, receipts or other amounts owed to the Borrower, upon such terms, for such amount and at such time or times as Lender deems advisable; (E) prepare, file and sign the Borrower's name on any proof of claim in bankruptcy or other similar document against any Customer or other Person obligated to the Borrower; and (F) do all other acts and things which are necessary, in Lender's commercially reasonable discretion, to fulfill the Borrower's obligations under this Agreement and the other Loan Documents and to allow Lender to collect the accounts, receipts or other amounts owed to the Borrower. In addition to any other provision hereof, Lender may at any time after the occurrence and during the continuance of an Event of Default, at the Borrower's expense, notify any parties obligated on any accounts, receipts or other amounts owed to the Borrower to make payment directly to Lender of any amounts due or to become due thereunder.

- (b) No Waiver by Lender. No Event of Default shall be waived by Lender, except and unless such waiver is in writing and signed by Lender. No failure or delay on the part of Lender in exercising any right, power or remedy hereunder shall operate as a waiver of the exercise of the same or any other right at any other time; nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy hereunder. There shall be no obligation on the part of Lender to exercise any remedy available to Lender in any order. The remedies provided for herein are cumulative and not exclusive of any remedies provided at law or in equity. The Borrower agrees that in the event that Borrower fails to perform, observe or discharge any of its Obligations or liabilities under this Agreement, the Revolving Note, and other Loan Documents, or any other agreements with Lender, no remedy of law will provide adequate relief to Lender, and further agrees that Lender shall be entitled to temporary and permanent injunctive relief in any such case without the necessity of proving actual damages.

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- (c) Additional Provisions. The Borrower hereby waives any and all presentment, demand, notice of dishonor, protest, and all other notices and demands in connection with the enforcement of Lender's rights under the Loan Documents, and hereby consent to, and waive notice of release, with or without consideration, of the Borrower, notwithstanding anything contained herein or in the Loan Documents to the contrary. No failure or delay on the part of the Lender in exercising any right, power, or privilege hereunder will preclude any other or further exercise thereof or the exercise of any other right, power, or privilege. The rights and remedies provided herein are cumulative and not exclusive of any other rights or remedies provided at law or in equity. Borrower agrees to pay all costs of collection incurred by reason of an Event of Default, including court costs and reasonable attorneys' fees, including such expenses incurred before or after any legal action or bankruptcy proceeding involving Borrower has commenced, during the pendency of such proceedings, and continuing to all such expenses in connection with any appeal to higher courts arising out of matters associated herewith.

Section 6.03 Optional Termination. The Parties may elect in writing, each in their sole discretion, to terminate this Agreement at any time, at which time all of the Obligations shall be due and payable as of such termination date and as a condition to the effectiveness of such termination, unless otherwise specifically agreed to by the Parties in writing.

ARTICLE VII. Miscellaneous

Section 7.01 Brokers. The Parties agree that there were no finders or brokers involved in bringing the Parties together or who were instrumental in the negotiation, execution or consummation of this Agreement. Each Party agrees to indemnify each other Party against any claim by any Person for any commission, brokerage, or finder's fee arising from the transactions contemplated hereby based on any alleged agreement or understanding between the indemnifying Party and such Person, whether express or implied from the actions of the indemnifying Party.

Section 7.02 Obligations Absolute. None of the following shall affect the Obligations of the Borrower to Lender under this Agreement:

- (a) acceptance or retention by Lender of other property or any interest in property as security for the Obligations; or
- (b) release, extension, renewal, modification or substitution by Lender of the Revolving Note, or any note evidencing any of the Obligations.

Section 7.03 Entire Agreement. This Agreement and the other Loan Documents constitute the entire agreement between the Parties with respect to the subject matter herein, and are the final expression of the intentions of the Borrower and Lender, and no promises, either expressed or implied, exist between the Borrower and Lender, unless contained herein or therein, and supersede all negotiations, representations, warranties, commitments, offers, contracts (of any kind or nature, whether oral or written) prior to or contemporaneous with the execution hereof.

Section 7.04 Amendment; Waiver; Remedies.

- (a) This Agreement may be amended, modified, superseded, terminated or cancelled only by a written instrument executed each of the Parties.

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- (b) No discharge or waiver of any provision of this Agreement or of the Loan Documents, or consent to any departure by the Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by Lender, and then such waiver or consent shall be effective only for the specific purpose for which given.
- (c) Every right and remedy provided herein shall be cumulative with every other right and remedy, whether conferred herein, at law, or in equity, and may be enforced concurrently herewith, and no waiver by any Party of the performance of any obligation by the other shall be construed as a waiver of the same or any other default then, theretofore, or thereafter occurring or existing.
- (d) Neither any failure or delay in exercising any right or remedy hereunder or in requiring satisfaction of any condition herein nor any course of dealing shall constitute a waiver of or prevent any Party from enforcing any right or remedy or from requiring satisfaction of any condition. No notice to or demand on a Party waives or otherwise affects any obligation of that Party or impairs any right of the Party giving such notice or making such demand, including any right to take any action without notice or demand not otherwise required by this Agreement. No exercise of any right or remedy with respect to a breach of this Agreement shall preclude exercise of any other right or remedy, as appropriate to make the aggrieved Party whole with respect to such breach, or subsequent exercise of any right or remedy with respect to any other breach.

Section 7.05 No Consequential Damages. Notwithstanding anything else contained herein, no Party shall seek, nor shall any Party be liable for, consequential, punitive or exemplary damages, under any tort, contract, equity, or other legal theory, with respect to any breach (or alleged breach) of this Agreement or any provision hereof or any matter otherwise relating hereto or arising in connection herewith.

Section 7.06 Consents. With respect to any provisions of this Agreement or any other Loan Documents which require the consent or approval of Lender, unless expressly

otherwise provided in any such provision, such consent or approval shall not be unreasonably withheld, conditioned or delayed. To the extent that any consent or approval is given by Lender under any provision hereunder or under any other Loan Documents, such consent or approval shall only be applicable to the specific instance to which it relates and shall not be deemed to be a continuing or future consent or approval.

Section 7.07 Assignability. Other than as specifically set forth herein, no Party shall have any power or any right to assign or transfer, in whole or in part, this Agreement, or any of its rights or any of its obligations hereunder, including, without limitation, any right to pursue any claim for damages pursuant to this Agreement or the transactions contemplated herein, or to pursue any claim for any breach or default of this Agreement, or any right arising from the purported assignor's due performance of its obligations hereunder, in each case whether by operation of law or otherwise, without the prior written consent of the other Party, and any such purported assignment in contravention of the provisions herein shall be null and void and of no force or effect.

Section 7.08 Arm's Length Bargaining; No Presumption Against Drafter. This Agreement has been negotiated at arm's-length by parties of equal bargaining strength, each represented by counsel or having had but declined the opportunity to be represented by counsel and having participated in the drafting of this Agreement. This Agreement creates no fiduciary or other special relationship between the Parties, and no such relationship otherwise exists. If any provision in this Agreement requires judicial or similar interpretation, the judicial or other such body interpreting or construing such provision shall not apply the assumption that the terms hereof shall be more strictly construed against one Party because of the rule that an instrument must be construed more strictly against the Party which itself or through its agents prepared the same.

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Section 7.09 Governing Law. The Loan Documents and the Revolving Note, and any and all claims, proceedings or causes of action relating to the Loan Documents and the Revolving Note or arising from the Loan Documents and the Revolving Note or the transactions contemplated herein, including, without limitation, tort claims, statutory claims and contract claims, shall be interpreted, construed, governed and enforced under and solely in accordance with the substantive and procedural laws of the State of Florida, in each case as in effect from time to time and as the same may be amended from time to time, and as applied to agreements performed wholly within the State of Florida. Each Party hereby acknowledges that it has reviewed this Agreement and all Loan Documents, and specifically, this Section 7.09, with competent counsel selected by such Party, and in that regard, such Party fully understands the choice of law provisions set forth in this Section 7.09. Each Party hereby fully and absolutely waives any and all rights to make any claims, counterclaims, defenses, to raise or make any arguments (including any claims, counterclaims, defenses, or arguments based on grounds of public policy, unconscionability, or implied covenants of fair dealing and good faith), or to otherwise undertake any litigation strategy or maneuver of any nature or kind that would result in, or which otherwise seeks to, invalidate this choice of law provision, or that would otherwise result in or require the application of the laws of any other State other than the State of Florida in the interpretation or governance of this Agreement or any other Loan Documents. Each Party has carefully considered this Section 7.09 and has carefully reviewed its application and effect with competent counsel, and in that regard, fully understands and agrees that the other Parties would not have entered into this Agreement without the express agreement and acknowledgement of each other Party to this choice of law provision, and the express waivers set forth herein.

Section 7.10 Arbitration.

- (a) The Parties shall promptly submit any dispute, claim, or controversy arising out of or relating to this Agreement (including with respect to the meaning, effect, validity, termination, interpretation, performance, or enforcement of this Agreement) or any alleged breach thereof (including any action in tort, contract, equity, or otherwise), to binding arbitration before one arbitrator (the "Arbitrator"). Binding arbitration shall be the sole means of resolving any dispute, claim, or controversy arising out of or relating to this Agreement (including with respect to the meaning, effect, validity, termination, interpretation, performance or enforcement of this Agreement) or any alleged breach thereof (including any claim in tort, contract, equity, or otherwise).
- (b) If the Parties cannot agree upon the Arbitrator within ten (10) Business Days of the commencement of the efforts to so agree on an Arbitrator, each of the Parties shall select one arbitrator and the two arbitrators so selected shall select the sole Arbitrator who shall hear and resolve the dispute.
- (c) The laws of the State of Florida shall apply to any arbitration hereunder. In any arbitration hereunder, this Agreement and any agreement contemplated hereby shall be governed by the laws of the State of Florida applicable to a contract negotiated, signed, and wholly to be performed in the State of Florida, which laws the Arbitrator shall apply in rendering his decision. The Arbitrator shall issue a written decision, setting forth findings of fact and conclusions of law, within sixty (60) days after he shall have been selected. The Arbitrator shall have no authority to award punitive or other exemplary damages.
- (d) The arbitration shall be held in Lakewood, New Jersey in accordance with and under the then-current provisions of the rules of the American Arbitration Association, except as otherwise provided herein.

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- (e) On application to the Arbitrator, any Party shall have rights to discovery to the same extent as would be provided under the Federal Rules of Civil Procedure, and the Federal Rules of Evidence shall apply to any arbitration under this Agreement; provided, however, that the Arbitrator shall limit any discovery or evidence such that his decision shall be rendered within the period referred to in Section 7.10(c).
- (f) The Arbitrator may, at his discretion and at the expense of the Party who will bear the cost of the arbitration, employ experts to assist him in his determinations.
- (g) The costs of the arbitration proceeding and any proceeding in court to confirm any arbitration award or to obtain relief, as applicable (including actual attorneys' fees and costs), shall be borne by the unsuccessful Party and shall be awarded as part of the Arbitrator's decision, unless the Arbitrator shall otherwise allocate such costs in such decision. The determination of the Arbitrator shall be final and binding upon the Parties and not subject to appeal.
- (h) Any judgment upon any award rendered by the Arbitrator may be entered in and enforced by any court of competent jurisdiction. The Parties expressly consent to the non-exclusive jurisdiction of the courts (Federal and state) located in Ocean County, New Jersey to enforce any award of the Arbitrator or to render any provisional, temporary, or injunctive relief in connection with or in aid of the Arbitration. The Parties expressly consent to the personal and subject matter jurisdiction of the Arbitrator to arbitrate any and all matters to be submitted to arbitration hereunder. None of the Parties hereto shall challenge any arbitration hereunder on the grounds that any party necessary to such arbitration (including the Parties) shall have been absent from such arbitration for any reason, including that such Party shall have been the subject of any bankruptcy, reorganization, or insolvency proceeding.

Section 7.11 WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREIN, THE PERFORMANCE THEREOF OR THE FINANCINGS CONTEMPLATED THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTY HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS Section 7.11.

Section 7.12 MANDATORY FORUM SELECTION. SUBJECT TO THE PROVISIONS OF Section 7.10, WHICH, FOR THE AVOIDANCE OF DOUBT SHALL TAKE PRECEDENCE OVER THIS Section 7.12 WITH RESPECT TO THE MATTERS SET FORTH IN Section 7.10, THE PARTIES IRREVOCABLY AGREE THAT THE ENFORCEMENT OF ANY ARBITRAL AWARD AND THE RESOLUTION OF ANY DISPUTE ARISING UNDER, RELATING TO, OR IN CONNECTION WITH, DIRECTLY OR INDIRECTLY, THIS

AGREEMENT OR RELATED TO ANY MATTER WHICH IS THE SUBJECT OF OR INCIDENTAL TO THIS AGREEMENT ANY OTHER LOAN DOCUMENT, AND WHICH IS NOT CAPABLE OF RESOLUTION PURSUANT TO Section 7.10, AND THE ENFORCEMENT OF ANY ARBITRAL AWARD, SHALL, EXCEPT AS HEREINAFTER PROVIDED, BE SUBJECT TO THE EXCLUSIVE JURISDICTION AND VENUE OF THE STATE OF NEW JERSEY AND/OR FEDERAL COURTS OF THE UNITED STATES, IN EACH CASE LOCATED IN OCEAN COUNTY, NEW JERSEY. THIS PROVISION IS INTENDED TO BE A "MANDATORY" FORUM SELECTION CLAUSE AND GOVERNED BY AND INTERPRETED CONSISTENT WITH FLORIDA LAW. EACH PARTY HEREBY CONSENTS TO THE EXCLUSIVE JURISDICTION AND VENUE OF ANY STATE OR FEDERAL COURT HAVING ITS SITUS IN SAID COUNTY FOR THE PURPOSES AS SET FORTH HEREIN, AND WAIVES ANY OBJECTION BASED ON FORUM NON CONVENIENS. EACH PARTY HEREBY WAIVE PERSONAL SERVICE OF ANY AND ALL PROCESS AND CONSENTS THAT ALL SUCH SERVICE OF PROCESS MAY BE MADE BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, DIRECTED TO THE APPLICABLE PARTY AS SET FORTH HEREIN OR IN THE MANNER PROVIDED BY APPLICABLE STATUTE, LAW, RULE OF COURT OR OTHERWISE.

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Section 7.13 Specific Performance. The Parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed by them in accordance with the terms hereof or were otherwise breached and that each Party hereto shall be entitled to an injunction or injunctions, specific performance and other equitable relief to prevent breaches of the provisions hereof and to enforce specifically the terms and provisions hereof, without the proof of actual damages, in addition to any other remedy to which they are entitled at law or in equity. Each Party agrees to waive any requirement for the security or posting of any bond in connection with any such equitable remedy, and agrees that it will not oppose the granting of an injunction, specific performance or other equitable relief on the basis that (a) the other Party has an adequate remedy at law, or (b) an award of specific performance is not an appropriate remedy for any reason at law or equity.

Section 7.14 Attorneys' Fees. In the event that any Party institutes any action or suit to enforce this Agreement or to secure relief from any default hereunder or breach hereof, the prevailing Party shall be reimbursed by the losing Party for all costs, including reasonable attorney's fees, incurred in connection therewith and in enforcing or collecting any judgment rendered therein.

Section 7.15 Usury Savings Clause. Notwithstanding any provision in this Agreement or the other Loan Documents, the total liability for payments of interest and payments in the nature of interest, including, without limitation, all charges, fees, exactions, or other sums which may at any time be deemed to be interest, shall not exceed the limit imposed by the usury laws of the jurisdiction governing this Agreement or any other applicable law. In the event the total liability of payments of interest and payments in the nature of interest, including, without limitation, all charges, fees, exactions or other sums which may at any time be deemed to be interest, shall, for any reason whatsoever, result in an effective rate of interest, which for any month or other interest payment period exceeds the limit imposed by the usury laws of the jurisdiction governing this Agreement, all sums in excess of those lawfully collectible as interest for the period in question shall, without further agreement or notice by, between, or to any Party, be applied to the reduction of the outstanding principal balance of this Agreement immediately upon receipt of such sums by the Lender, with the same force and effect as though the Borrower had specifically designated such excess sums to be so applied to the reduction of such outstanding principal balance and the Lender had agreed to accept such sums as a penalty-free payment of principal; provided, however, that the Lender may, at any time and from time to time, elect, by notice in writing to the Borrower, to waive, reduce, or limit the collection of any sums in excess of those lawfully collectible as interest rather than accept such sums as a prepayment of the outstanding principal balance. It is the intention of the Parties that the Borrower does not intend or expect to pay nor does the Lender intend or expect to charge or collect any interest under this Agreement greater than the highest non-usurious rate of interest which may be charged under applicable law.

Section 7.16 Further Assurances. Each Party shall execute and deliver such documents and take such action, as may reasonably be considered within the scope of such Party's obligations hereunder, necessary to effectuate the transactions contemplated by this Agreement.

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Section 7.17 Enforceability. Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by, unenforceable or invalid under any jurisdiction, such provision shall as to such jurisdiction, be severable and be ineffective to the extent of such prohibition or invalidity, without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction. Each Party agrees and acknowledges that it has had an opportunity to negotiate the terms and provisions of this Agreement and the other Loan Documents with and through its counsel, and that such Party has sufficient leverage and economic bargaining power, and has used such leverage and economic bargaining power, to fairly and fully negotiate this Agreement and the other Loan Documents in a manner that is acceptable to such Party.

Section 7.18 Time of Essence. Time is of the essence in making payments of all amounts due Lender under this Agreement and in the performance and observance by the Borrower of each covenant, agreement, provision and term of this Agreement.

Section 7.19 Notices. Any notices, consents, waivers, or other communications required or permitted to be given under the terms of this Agreement must be in writing and in each case properly addressed to the Party to receive the same in accordance with the information below, and will be deemed to have been delivered: (i) if mailed by certified mail, return receipt requested, postage prepaid and properly addressed to the address below, then three (3) Business Days after deposit of same in a regularly maintained U.S. Mail receptacle; or (ii) if mailed by Federal Express, UPS or other nationally recognized overnight courier service, overnight delivery, then one (1) Business Day after deposit of same in a regularly maintained receptacle of such overnight courier; (iii) if hand delivered, then upon hand delivery thereof to the address indicated on or prior to 5:00 p.m., EST, on a Business Day, with any notice hand delivered after 5:00 p.m., EST, being deemed delivered on the following Business Day; or (iv) if sent via email with return receipt requested, upon receipt of such return receipt. The addresses for such communications shall be as set forth below, unless such address or information is changed by a notice conforming to the requirements hereof.

If to the Borrower:

Reliance Global Group, Inc.
Attn: Joel Markovits
300 Blvd. of the Americas, Suite 105
Lakewood, NJ 08701
Email: jmarkovits@relianceglobalgroup.com

If to the Lender:

YES Americana Group, LLC
Attn: Debra Beyman
300 Boulevard Of The Americas, Suite 105
Lakewood, NJ 08701
Email: []

Section 7.20 Third Party Beneficiaries. This contract is strictly between the Parties and, except as specifically provided herein, no other Person and no director, officer, stockholder, member, employee, agent, independent contractor or any other Person shall be deemed to be a third-party beneficiary of this Agreement.

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Section 7.21 Expenses. Other than as specifically set forth herein, each Party will bear its own costs, including legal, accounting and professional fees, incurred in connection with the transactions contemplated hereby.

Section 7.22 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original and all of which taken together shall be but a single instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal E-SIGN Act of 2000, e.g., www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

[Signatures appear on following pages]

IN WITNESS WHEREOF, Borrower and Lender have executed this Agreement as of the Effective Date.

Reliance Global Group, Inc.

By: /s/ Joel Markovits
Name: Joel Markovits
Title: Chief Financial Officer

YES Americana Group, LLC

By: /s/ Debra Beyman
Name: Debra Beyman
Title: Sole Member

THIS NOTE HAS NOT REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS NOTE NOR ANY INTEREST OR PARTICIPATION THEREIN MAY BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED: (I) IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE 1933 ACT OR APPLICABLE STATE SECURITIES LAWS; OR (II) IN THE ABSENCE OF AN OPINION OF COUNSEL, IN A FORM REASONABLY ACCEPTABLE TO THE ISSUER, THAT REGISTRATION IS NOT REQUIRED UNDER THE 1933 ACT OR; (III) UNLESS SOLD, TRANSFERRED OR ASSIGNED PURSUANT TO RULE 144 UNDER THE 1933 ACT.

REVOLVING NOTE

Up to \$600,000.00

Issuance Date: March 5, 2025

FOR VALUE RECEIVED, Reliance Global Group, Inc., a Florida corporation (the "Borrower"), promises to pay to the order of YES Americana Group, LLC, a Delaware limited liability company (hereinafter, together with any holder hereof, "Lender"), on or before the Maturity Date (as defined below) (A) the lesser of: (i) six hundred thousand and No/100 United States Dollars (\$600,000.00) and (ii) the aggregate principal amount of all Loans outstanding under and pursuant to that certain Revolving Credit Facility Agreement dated as of March 5, 2025, executed by and between Borrower and Lender, as amended from time to time (as amended, supplemented or modified from time to time, the "Credit Agreement"), and made available by Lender to Borrower at the maturity or maturities and in the amount or amounts stated on the records of Lender; together with (B) interest (computed on the actual number of days elapsed on the basis of a 360 day year) on the aggregate principal amount of all Loans and other Obligations outstanding from time to time, as provided in the Credit Agreement; and together with (C) all other Obligations due, owing and payable under the terms of the Credit Agreement and all other Loan Documents. Capitalized words and phrases not otherwise defined herein shall have the meanings assigned thereto in the Credit Agreement. The Lender and the Borrower may be referred to herein individually as a "Party" and collectively as the "Parties".

Article I. General Terms.

Section 1.01 This Revolving Note (this "Note") evidences the Loans incurred by Borrower under and pursuant to the Credit Agreement, to which reference is hereby made for a statement of the terms and conditions under which the Maturity Date or any payment hereon may be accelerated. The holder of this Note is entitled to all of the benefits and security provided for in the Credit Agreement and all other Loan Documents, of even date herewith, executed by and between Borrower and Lender. All Loans and all other Obligations shall be repaid by Borrower on the Maturity Date, unless payable sooner pursuant to the provisions of the Credit Agreement.

Section 1.02 Principal, interest and other Obligations shall be paid to Lender as set forth in the Credit Agreement, or at such other place as the holder of this Note shall designate in writing to Borrower. Each Loan made by Lender, and all payments on account of the principal and interest thereof shall be recorded on the books and records of Lender and the principal balance as shown on such books and records, or any copy thereof certified by an officer of Lender, shall be rebuttably presumptive evidence of the principal amount owing hereunder.

Section 1.03 Except for such notices as may be required under the terms of the Credit Agreement, Borrower waives presentment, demand, notice, protest, and all other demands, or notices, in connection with the delivery, acceptance, performance, default, or enforcement of this Note, and assents to any extension or postponement of the time of payment or any other indulgence.

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Section 1.04 This Note and the amounts payable hereunder, including principal and accrued interest are and shall be general, unsecured obligations of the Borrower.

Article II. Miscellaneous.

Section 2.01 TIME IS OF THE ESSENCE OF THIS NOTE.

Section 2.02 It is agreed that the granting to Borrower or any other party of an extension or extensions of time for the payment of any sum or sums due under this Note or under any of the Loan Documents or for the performance of any covenant or stipulation thereof or the taking of other or additional security shall not in any way release or affect the liability of Borrower under this Note or any of the Loan Documents.

Section 2.03 This Note may be amended only in a writing executed by the Borrower and the Holder.

Section 2.04 All parties to this Note, whether Borrower, principal, surety, guarantor or endorser, hereby waive presentment for payment, demand, notice, protest, notice of protest and notice of dishonor.

Section 2.05 Notwithstanding anything herein to the contrary, the obligations of Borrower under this Note shall be subject to the limitation that payments of interest shall not be required to the extent that receipt of any such payment by Lender would be contrary to provisions of law applicable to Lender limiting the maximum rate of interest which may be charged or collected by Lender. In the event that any charge, interest or late charge is above the maximum rate provided by law, then any excess amount over the lawful rate shall be applied by Lender to reduce the principal sum of the loan made pursuant to this Note or any other amounts due Lender hereunder.

Section 2.06 Lender shall have the right to accept and apply to the outstanding balance of this Note and all payments or partial payments received from Borrower after the due date therefor, whether this Note has been accelerated or not, without waiver of any of Lender's rights to continue to enforce the terms of this Note and to seek any and all remedies provided for herein or in any instrument securing the same, including, but not limited to, the right to foreclose on such security.

Section 2.07 If any clause or provision herein contained operates or would prospectively operate to invalidate this Note in part, then the invalid part of said clause or provision only shall be held for naught, as though not contained herein, and the remainder of this Note shall remain operative and in full force and effect.

Section 2.08 Any notices hereunder shall be given in accordance with terms of the Credit Agreement.

Section 2.09 This Note has been negotiated at arm's-length by parties of equal bargaining strength, each represented by counsel or having had but declined the opportunity to be represented by counsel and having participated in the drafting of this Note. If any provision in this Note requires judicial or similar interpretation, the judicial or other such body interpreting or construing such provision shall not apply the assumption that the terms hereof shall be more strictly construed against one Party because of the rule that an instrument must be construed more strictly against the Party which itself or through its agents prepared the same.

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Section 2.10 This Note and any and all claims, proceedings or causes of action relating to this Note or arising from this Note or the transactions contemplated herein, including, without limitation, tort claims, statutory claims and contract claims, shall be interpreted, construed, governed and enforced under and solely in accordance with the substantive and procedural laws of the State of Florida, in each case as in effect from time to time and as the same may be amended from time to time, and as applied to agreements performed wholly within the State of Florida.

Section 2.11 EACH PARTY, AFTER CONSULTING OR HAVING HAD THE OPPORTUNITY TO CONSULT WITH COUNSEL, KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES, IRREVOCABLY, THE RIGHT TO TRIAL BY JURY WITH RESPECT TO ANY LEGAL PROCEEDING BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS NOTE. THIS PROVISION IS A MATERIAL INDUCEMENT FOR LENDER GRANTING ANY FINANCIAL ACCOMMODATION TO BORROWER.

Section 2.12 Notwithstanding any provision in this Note, the total liability for payments of interest and payments in the nature of interest, including, without limitation, all charges, fees, exactions, or other sums which may at any time be deemed to be interest, shall not exceed the limit imposed by the usury laws of the jurisdiction governing this Note or any other applicable law. In the event the total liability of payments of interest and payments in the nature of interest, including, without limitation, all charges, fees, exactions or other sums which may at any time be deemed to be interest, shall, for any reason whatsoever, result in an effective rate of interest, which for any month or other interest payment period exceeds the limit imposed by the usury laws of the jurisdiction governing this Note, all sums in excess of those lawfully collectible as interest for the period in question shall, without further Note or notice by, between, or to any Party, be applied to the reduction of the outstanding principal balance of this Note immediately upon receipt of such sums by the Lender, with the same force and effect as though the Borrower had specifically designated such excess sums to be so applied to the reduction of such outstanding principal balance and the Lender had agreed to accept such sums as a penalty-free payment of principal; provided, however, that the Lender may, at any time and from time to time, elect, by notice in writing to the Borrower, to waive, reduce, or limit the collection of any sums in excess of those lawfully collectible as interest rather than accept such sums as a prepayment of the outstanding principal balance. It is the intention of the Parties that the Borrower does not intend or expect to pay nor does the Lender intend or expect to charge or collect any interest under this Note greater than the highest non-usurious rate of interest which may be charged under applicable law.

Section 2.13 This Note may be executed in multiple counterparts, each of which shall be deemed an original and all of which taken together shall be but a single instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

[Signatures appear on following pages]

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IN WITNESS WHEREOF, Borrower and Lender have executed this Note as of the Issuance Date as set forth above.

Reliance Global Group, Inc.

By: /s/ Joel Markovits

Name: Joel Markovits

Title: Chief Financial Officer

Agreed and accepted:

YES Americana Group, LLC

By: /s/ Debra Beyman

Name: Debra Beyman

Title: Sole Member

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SUBSIDIARIES

Subsidiary	Jurisdiction of Incorporation or Organization
US Benefits Alliance, LLC	Michigan
Employee Benefits Solutions, LLC	Michigan
Commercial Coverage Solutions LLC	New York
Southwestern Montana Insurance Center, LLC	Montana
Fortman Insurance Solutions, LLC	Ohio
Altruis Benefits Corporation	Michigan
UIS Agency, LLC	New York
Kush Benefit Solutions, LLC	Michigan
RELI Exchange, LLC	Illinois

Consent of Independent Registered Public Accounting Firm

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (File Nos. 333-267799, 333-275911, 333-278802, and 333-284836), Registration Statements on Form S-1 (File Nos. 333-249381, 333-252884, 333-262445, and 333-271110), and Registration Statement on Form S-3 (File No. 333-275190) of our report dated March 6, 2025 on the consolidated financial statements of Reliance Global Group, Inc. as of December 31, 2024 and 2023 and for each of the two years in the two-year period ended December 31, 2024, which appears in the Annual Report on Form 10-K of Reliance Global Group, Inc. for the year ended December 31, 2024.

/s/ Urish Popeck & Co., LLC

Pittsburgh, Pennsylvania

March 6, 2025

Consent of Independent Registered Public Accounting Firm

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (File Nos. 333-267799 and 333-275911), Registration Statements on Form S-1 (File Nos. 333-249381, 333-252884, 333-262445, and 333-271110), and Registration Statement on Form S-3 (File No. 333-275190) of our report dated April 4, 2024 on the consolidated financial statements of Reliance Global Group, Inc as of December 31, 2023 and for the year ended December 31, 2023, which appears in the Annual Report on Form 10-K of Reliance Global Group, Inc. for the year ended December 31, 2024.

/s/ Mazars USA LLP

Fort Washington, PA

March 6, 2025

CERTIFICATIONS

I, Ezra Beyman, certify that:

1. I have reviewed this annual report on Form 10-K for the fiscal year ended December 31, 2024 of Reliance Global Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
 - (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.

Dated: March 6, 2025

By: */s/ Ezra Beyman*

Ezra Beyman

Chief Executive Officer and Executive Chairman (Principal Executive Officer)

CERTIFICATIONS

I, Joel Markovits, certify that:

1. I have reviewed this annual report on Form 10-K for the fiscal year ended December 31, 2024 of Reliance Global Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
 - (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.

Dated: March 6, 2025

By: /s/ Joel Markovits

Joel Markovits

Chief Financial Officer (Principal Financial Officer)

Certification
Pursuant to Section 906 of the Sarbanes-Oxley Act Of 2002
(Subsections (A) And (B) Of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of Reliance Global Group, Inc. (the “Company”), does hereby certify, that:

The Annual Report on Form 10-K for the fiscal year ended December 31, 2024 (the “Form 10-K”) of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and the information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 6, 2025

By: /s/ Ezra Beyman
Ezra Beyman
Chief Executive Officer and Executive Chairman (Principal Executive Officer)

Date: March 6, 2025

By: /s/ Joel Markovits
Joel Markovits
Chief Financial Officer (Principal Financial Officer)
