

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended **March 31, 2025**

OR

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

For the transition period from _____ to _____

Commission File Number: 000-30542

DATA443 RISK MITIGATION, INC.

(Exact name of registrant as specified in its charter)

Nevada

(State of
incorporation)

86-0914051

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

4000 Sancar Way, Suite 420
Research Triangle Park, North Carolina

(Address of principal executive offices)

27709

(Zip Code)

(919) 858-6542

(Registrant's telephone number, including area code)

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

Title of Each Class	Trading Symbol(s)	Name of each exchange on which registered
N/A	N/A	N/A

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

Yes No

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

Yes No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

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

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

Yes No

The outstanding number of shares of common stock as of June 23, 2025 was 198,596,883.

DATA443 RISK MITIGATION, INC.
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PART I
FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

DATA443 RISK MITIGATION, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 2025	December 31, 2024
	<u>(Unaudited)</u>	<u>(Audited)</u>
Assets		
Current assets		
Cash	\$ 17,651	\$ 168,208
Accounts receivable, net	155,386	31,776
Total current assets	<u>173,037</u>	<u>199,984</u>
Property and equipment, net	223,590	252,903
Advance payment for acquisition	2,726,188	2,726,188
Intellectual property, net of accumulated amortization	2,621,960	2,798,816
Deposits	36,062	36,062
Total Assets	<u><u>\$ 5,780,837</u></u>	<u><u>\$ 6,013,953</u></u>
Liabilities and Stockholders' Deficit		
Current Liabilities		
Accounts payable and accrued liabilities	6,026,639	5,919,988
Deferred revenue	1,407,656	1,591,326
Interest payable	2,088,430	2,097,216
Notes payable, net of unamortized discount	3,340,130	3,340,492
Convertible notes payable, net of unamortized discount	4,163,619	3,877,944
Due to a related party	150,886	144,303
Finance lease liability	10,341	10,341
Total Current Liabilities	<u>17,187,701</u>	<u>16,981,610</u>
Series B Preferred Stock, 80,000 shares designated; \$0.001 par value; Stated value \$10.00, 0 and 0 shares issued and outstanding, net of discount, respectively	-	-
Notes payable, net of unamortized discount - non-current	1,092,435	1,406,849
Deferred revenues - non-current	620,900	714,127
Total Liabilities	<u>18,901,036</u>	<u>19,102,586</u>
Commitments and Contingencies	-	-
Stockholders' Deficit		
Preferred stock: 337,500 authorized; \$0.001 par value Series A Preferred Stock, 150,000 shares designated; \$0.001 par value; 148,445 and 149,492 shares issued and outstanding, respectively	148	149
Common stock: 500,000,000 authorized; \$0.001 par value 102,163,687 and 1,150,223 shares issued and outstanding as of March 31, 2025 and December 31, 2024, respectively	163,493	62,472
Additional paid in capital	49,136,842	48,592,764
Accumulated deficit	(62,420,682)	(61,744,018)
Total Stockholders' Deficit	<u>(13,120,199)</u>	<u>(13,088,633)</u>
Total Liabilities and Stockholders' Deficit	<u><u>\$ 5,780,837</u></u>	<u><u>\$ 6,013,953</u></u>

See the accompanying notes, which are an integral part of these unaudited condensed consolidated financial statements.

DATA443 RISK MITIGATION, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended	
	March 31,	
	<u>2025</u>	<u>2024</u>
Revenue	\$ 1,166,589	\$ 1,511,058
Cost of revenue	373,150	612,958
Gross profit	<u>793,439</u>	<u>898,100</u>
Operating expenses		
General and administrative	1,116,793	1,173,304
Sales and marketing	18,924	285,109
Total operating expenses	<u>1,135,717</u>	<u>1,458,413</u>
Net loss from operations	(342,278)	(560,313)
Other income (expense)		
Interest expense	(331,293)	(1,065,892)
Gain (loss) on foreign currency exchange	(3,093)	(2,954)
Total other expense	<u>(334,386)</u>	<u>(1,068,846)</u>
	-	-
Loss before income taxes	(676,664)	(1,629,159)
Provision for income taxes	-	-
Net loss attributable to common stockholders	<u>\$ (676,664)</u>	<u>\$ (1,629,159)</u>
Basic and diluted loss per Common Share	<u>\$ (.01)</u>	<u>\$ (5.34)</u>
Basic and diluted weighted average number of common shares outstanding	<u>102,163,687</u>	<u>286,343</u>

See the accompanying notes, which are an integral part of these unaudited condensed consolidated financial statements.

DATA443 RISK MITIGATION, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
(Unaudited)

Three Months Ended March 31, 2025

	<u>Series A</u> <u>Preferred Stock</u>		<u>Common stock</u>		<u>Additional</u> <u>Paid in</u> <u>Capital</u>	<u>Accumulated</u> <u>Deficit</u>	<u>Total</u> <u>Stockholders'</u> <u>Deficit</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>			
Balance - December 31, 2024	149,492	\$ 149	1,150,223	\$ 62,472	\$48,592,764	\$ (61,744,018)	\$ (13,088,633)
Common stock issued for conversion of preferred stock	(13,000)	(13)	13,000,000	13,000	(12,987)	-	-
Common stock issued for conversion of debt	-	-	87,120,604	87,121	151,262	-	283,383
Common stock issued for service	-	-	892,860	893	49,107	-	50,000
Stock-based compensation	11,953	12	-	7	356,696	-	356,715
Net loss	-	-	-	-	-	(676,664)	(676,664)
Balance – March 31, 2025	<u>148,445</u>	<u>\$ 148</u>	<u>102,163,687</u>	<u>163,493</u>	<u>49,136,842</u>	<u>(62,420,682)</u>	<u>(13,120,199)</u>

Three Months Ended March 31, 2024

	<u>Series A</u> <u>Preferred Stock</u>		<u>Common stock</u>		<u>Additional</u> <u>Paid in</u> <u>Capital</u>	<u>Accumulated</u> <u>Deficit</u>	<u>Total</u> <u>Stockholders'</u> <u>Deficit</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>			
Balance - December 31, 2023	149,892	\$ 150	272,874	\$ 61,564	\$47,598,254	\$ (55,656,836)	\$ (7,996,868)
Common stock issued for conversion of debt	-	-	13,469	13	22,992	-	23,005
Stock-based compensation	-	-	-	7	189,134	-	189,141
Net loss	-	-	-	-	-	(1,629,159)	(1,629,159)
Balance – March 31, 2024	<u>149,892</u>	<u>\$ 150</u>	<u>286,343</u>	<u>61,584</u>	<u>47,810,380</u>	<u>(57,285,995)</u>	<u>(9,413,881)</u>

See the accompanying notes, which are an integral part of these unaudited condensed consolidated financial statements.

DATA443 RISK MITIGATION, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended	
	March 31,	
	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (676,664)	\$ (1,629,159)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation expense	406,715	189,141
Depreciation and amortization	206,169	231,387
Amortization of debt discount	54,115	503,344
Right of use asset amortization	-	240,500
Changes in operating assets and liabilities:		
Accounts receivable	(123,610)	145,567
Prepaid expenses and other assets	-	(18,868)
Accounts payable and accrued liabilities	106,651	664,433
Lease liability	-	(266,780)
Deferred revenue	(276,897)	(277,333)
Interest payable	139,191	431,874
Deposits	-	(803)
Net Cash (used in)/provided by Operating Activities	<u>(164,330)</u>	<u>213,303</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of convertible notes payable	132,500	70,000
Repayment of convertible notes payable	(50,000)	(132,589)
Repayment of notes payable	(75,310)	(204,902)
Proceeds from related parties	6,583	52,781
Repayment to related parties	-	(78,100)
Net Cash used in Financing Activities	<u>13,773</u>	<u>(292,810)</u>
Net change in cash	(150,557)	(79,507)
Cash, beginning of period	168,208	84,570
Cash, end of period	\$ 17,651	\$ 5,063
Supplemental cash flow information		
Cash paid for interest	<u>\$ 89,557</u>	<u>\$ 1,065,892</u>
Non-cash Investing and Financing transactions:		
Settlement of convertible notes payable through issuance of common stock	<u>\$ 238,383</u>	<u>\$ 23,005</u>
Conversion of Series A Preferred stock	<u>\$ 13,000</u>	<u>\$ -</u>

See the accompanying notes, which are an integral part of these unaudited condensed consolidated financial statements.

DATA443 RISK MITIGATION, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business

Data443 Risk Mitigation, Inc. (the “Company”) was incorporated as a Nevada corporation on May 4, 1998. On October 15, 2019, the Company changed its name from LandStar, Inc. to Data443 Risk Mitigation, Inc. within the state of Nevada.

The Company delivers solutions and capabilities that businesses can use in conjunction with their use of established cloud vendors such as Microsoft® Azure, Google® Cloud Platform (GCP) and Amazon® Web Services (AWS), as well as with on-premises databases and database applications with virtualization platforms, such as those hosted or configured using VMWare®, Citrix® and Oracle® clouds/products).

Advance Payment for Acquisition

On January 19, 2022, we entered into an Asset Purchase Agreement with Centurion Holdings I, LLC (“Centurion”) to acquire the intellectual property rights and certain assets collectively known as Centurion SmartShield Home and SmartShield Enterprise, patented technology that protects and recovers devices in the event of ransomware attacks. The total purchase price of \$3,400,000 consists of: (i) a \$250,000 cash payment at closing; (ii) a \$2,900,000 promissory note issued by Data443 in favor of Centurion (“Centurion Note”); and (iii) \$250,000 in the form of a contingent payment. The Centurion Note matures January 19, 2027 but provides that Data443’s repayment obligation would accelerate on the occurrence of certain events. One of those events was a financing event that did not occur within the originally anticipated timeframe. If that event had occurred, then Data443’s repayment obligation would have been to repay the balance of the outstanding principal and interest as follows: (i) \$500,000 of the then-outstanding amount due in cash; and (ii) the remaining balance, at Data443’s option, in Common stock or a combination of Common stock and cash, with the number of shares of Common stock to be determined according to a specified formula. In April 2022, Data443 and Centurion agreed that, even though the trigger for this acceleration event did not occur, Data443 would issue shares of Common stock to Centurion in an amount then-equivalent to \$2,400,000, as partial repayment of the obligation due under the Centurion Note. The number of shares of Common stock Data443 issued to Centurion on April 20, 2022, was 380,952. Because Data443 still has some repayment obligations to fulfill under the Centurion Note, as of the filing date of these financial statements, the acquisition that is the subject of the Centurion Asset Purchase Agreement is still not completed, and is expected to be completed in 2025.

Basis of Presentation

These unaudited condensed consolidated financial statements have been prepared in accordance with rules and regulations of the Securities and Exchange Commission (“SEC”) and generally accepted accounting principles in the United States of America (“GAAP”) for interim financial information and with the instructions to Form 10-Q and Regulation S-X. Accordingly, the unaudited condensed consolidated financial statements do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, we have included all adjustments considered necessary for a fair presentation and such adjustments are of a normal recurring nature. These unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2024 and notes thereto and other pertinent information contained in our Form 10-K as filed with the SEC on June 16, 2025. The results of operations for the three months ended March 31, 2025, are not necessarily indicative of the results to be expected for the full fiscal year ending December 31, 2025.

Basis of Consolidation

The accompanying unaudited consolidated financial statements as of March 31, 2025 include our accounts and those of our wholly-owned subsidiary, Data 443 Risk Mitigation, Inc., a North Carolina operating company. These unaudited consolidated financial statements have been prepared on the accrual basis of accounting in accordance with US GAAP. All inter company balances and transactions have been eliminated in consolidation.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current presentation. These reclassifications had no impact on net earnings (loss) or and financial position.

Accounts Receivable

Trade receivables are generally recorded at the invoice amount mostly for a one-year period, net of an allowance for credit loss. For the three months ended March 31, 2025, and March 31, 2024, we recorded bad debt expense of \$0 and \$0, respectively

Stock-Based Compensation

Employees – We account for stock-based compensation under the fair value method which requires all such compensation to employees, including the grant of employee stock options, to be calculated based on its fair value at the measurement date (generally the grant date), and recognized in the consolidated statement of operations over the requisite service period.

Nonemployees - Under the requirements of the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2018-07, Compensation-Stock Compensation (Topic 718): Improvements to Nonemployee Stock-Based Payment Accounting (“ASU 2018-07”), we account for stock-based compensation to non-employees under the fair value method which requires all such compensation to be calculated based on the fair value at the measurement date (generally the grant date), and recognized in the statement of operations over the requisite service period.

We recorded approximately \$356,715 in stock-based compensation expense for the three months ended March 31, 2025, compared to \$189,141 in stock-based compensation expense for the three months ended March 31, 2024. Determining the appropriate fair value model and the related assumptions requires judgment. During the three months ended March 31, 2025, the fair value of each option grant was estimated using a Black-Scholes option-pricing model. The expected volatility represents the historical volatility of our publicly traded common stock. Due to limited historical data, we calculate the expected life based on the mid-point between the vesting date and the contractual term which is in accordance with the simplified method. The expected term for options granted to nonemployees is the contractual life. The risk-free interest rate is based on a treasury instrument whose term is consistent with the expected life of stock options. We have not paid and do not anticipate paying cash dividends on our shares of Common stock; therefore, the expected dividend yield is assumed to be zero.

Contingencies

We account for contingent liabilities in accordance with Accounting Standards Codification (“ASC”) Topic 450, *Contingencies*. This standard requires management to assess potential contingent liabilities that may exist as of the date of the financial statements to determine the probability and amount of loss that may have occurred, which inherently involves an exercise of judgment. If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in our financial statements. If the assessment indicates that a potential material loss contingency is not probable but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, and an estimate of the range of possible losses, if determinable and material, would be disclosed in our financial statements. For loss contingencies considered remote, we generally would neither accrue any estimated liability nor disclose the nature of the contingent liability in our financial statements. Management has assessed potential contingent liabilities as of March 31, 2025, and based on that assessment, there are no probable or possible loss contingencies requiring accrual or establishment of a reserve.

Basic and Diluted Net Loss Per Common Share

Basic earnings per share (“EPS”) is computed based on the weighted average number of shares of common stock outstanding during the period. Diluted EPS is computed based on the weighted average number of shares of common stock plus the effect of dilutive potential common shares outstanding during the period using the treasury stock method and as if converted method. Dilutive potential common shares include outstanding stock options, warrant and convertible notes.

For the three months ended March 31, 2025 and 2024, respectively, the following common stock equivalents were excluded from the computation of diluted net loss per share as the result of the computation was anti-dilutive:

Three Months Ended March 31,	
2025	2024

	<u>(Shares)</u>	<u>(Shares)</u>
Series A Preferred Stock	148,445,000	149,892,000
Stock options	864,887	36,380
Warrants	754,200	754,200
Total	<u>150,064,087</u>	<u>150,682,580</u>

Recently Adopted Accounting Guidance

In March 2022, the FASB issued ASU 2022-02, ASC Subtopic 326 “Credit Losses”: Troubled Debt Restructurings and Vintage Disclosures. Since the issuance of Accounting Standards Update No. 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, the Board has provided resources to monitor and assist stakeholders with the implementation of Topic 326. Post-Implementation Review (PIR) activities have included forming a Credit Losses Transition Resource Group, conducting outreach with stakeholders of all types, developing educational materials and staff question-and-answer guidance, conducting educational workshops, and performing an archival review of financial reports. ASU No. 2022-02 is effective for annual and interim periods beginning after December 15, 2022. The adoption of this standard did not have a significant impact on the Company’s consolidated financial statements.

Recently Issued Accounting Pronouncements

The Company has considered all other recently issued accounting pronouncements and does not believe the adoption of such pronouncements will have a material impact on its consolidated financial statements.

NOTE 2: LIQUIDITY AND GOING CONCERN

The accompanying financial statements have been prepared assuming that we will continue as a going concern. As reflected in the financial statements, we have incurred significant current period losses and we have negative working capital and an accumulated deficit. We have relied upon loans and issuances of our equity to fund our operations. These conditions, among others, raise substantial doubt about our ability to continue as a going concern. Management’s plans regarding these matters, include raising additional debt or equity financing, the terms of which might not be acceptable. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty.

NOTE 3: PROPERTY AND EQUIPMENT

The following table summarizes the components of our property and equipment as of the dates presented:

	March 31, 2025	December 31, 2024
Furniture and Fixtures	\$ 6,103	\$ 6,103
Computer Equipment	1,053,193	1,053,193
	<u>1,059,296</u>	<u>1,059,296</u>
Accumulated depreciation	(835,706)	(806,393)
Property and equipment, net of accumulated depreciation	<u>\$ 223,590</u>	<u>\$ 252,903</u>

Depreciation expense for the three months ended March 31, 2025 and 2024, was \$29,313 and \$42,300, respectively.

During the three months ended March 31, 2025 and 2024, we purchased property and equipment of \$-0- and \$-0-, respectively.

NOTE 4: INTELLECTUAL PROPERTY

The following table summarizes the components of our intellectual property as of the dates presented:

	March 31, 2025	December 31, 2024
Intellectual property:		
WordPress® GDPR rights	\$ 46,800	\$ 46,800
ARALOC™	1,850,000	1,850,000
ArcMail License	1,445,000	1,445,000
DataExpress™	1,388,051	1,388,051
FileFacets™	135,000	135,000
IntellyWPT™	60,000	60,000
Resilient Network Systems	305,000	305,000
Cyren Engines	3,500,000	3,500,000
Breezemail	5,153	-
	<u>8,735,004</u>	<u>8,729,851</u>
Accumulated amortization	(6,113,044)	(5,931,035)
Impairment	-	-
Intellectual property, net of accumulated amortization	<u>\$ 2,621,960</u>	<u>\$ 2,798,816</u>

We recognized amortization expense of \$182,008 and \$181,750 for the three months ended March 31, 2025, and 2024, respectively.

Based on the carrying value of definite-lived intangible assets as of March 31, 2025, we estimate our amortization expense for the next five years will be as follows:

Year Ended December 31,	Amortization Expense
2025 (excluding the three months ended March 31, 2025)	534,774
2026	700,000
2027	700,000
2028	687,189
	<u>2,621,961</u>

NOTE 5: ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The following table summarizes the components of our accounts payable and accrued liabilities as of the dates presented:

	March 31, 2025	December 31, 2024
Accounts payable	\$ 3,664,043	\$ 3,608,845
Credit cards	68,369	70,666
Accrued liabilities	2,294,227	2,240,477
	<u>\$ 6,026,639</u>	<u>\$ 5,919,988</u>

NOTE 6: DEFERRED REVENUE

For the three months ended March 31, 2025 and as of December 31, 2024, changes in deferred revenue were as follows:

	March 31, 2025	December 31, 2024
Balance, beginning of period	\$ 2,305,453	\$ 1,823,569
Deferral of revenue	284,323	3,053,183
Recognition of deferred revenue	(561,220)	(2,571,299)
Balance, end of period	<u>\$ 2,028,556</u>	<u>\$ 2,305,453</u>

As of March 31, 2025 and December 31, 2024, deferred revenue is classified as follows:

	March 31, 2025	December 31, 2024
Current	\$ 1,407,656	\$ 1,591,326
Non-current	620,900	714,127
	<u>\$ 2,028,556</u>	<u>\$ 2,305,453</u>

NOTE 7: LEASES

Operating lease

We have relocated our office furniture and equipment to a smaller location in the same office building on December 31, 2024 with a nonrenewable 7 month lease that expires on July 31, 2025.

We recognized total lease expense of approximately \$10,139 and \$81,656 for the three months ended March 31, 2025 and 2024, respectively, primarily related to operating lease costs paid to lessors from operating cash flows. As of March 31, 2025 and December 31, 2024, we recorded a security deposit of \$2,713 and \$29,467, respectively.

At March 31, 2025, future minimum lease payments under operating leases that have initial noncancelable lease terms in excess of one year was \$-0-.

Financing leases

We lease computer and hardware under non-cancellable finance leases. The term of those finance leases is 3 years and annual interest rate is 12%. At March 31, 2025 and December 31, 2024, the finance lease obligations included in current liabilities were \$10,341 and \$10,341, respectively, and finance lease obligations included in long-term liabilities were \$0 and \$0, respectively. The lease is not in default and there are no penalties and the company does not have to return the equipment in use. As of March 31, 2025 and December 31, 2024, we recorded a security deposit of \$0.

At March 31, 2025, future minimum lease payments under the finance lease obligations, are as follows:

	<u>Total</u>
2025	10,341
Thereafter	-
	<u>10,341</u>
Less: Imputed interest	-
Finance lease liabilities	<u>10,341</u>
Finance lease liability	10,341
Finance lease liability - non-current	<u>\$ -</u>

As of March 31, 2025 and December 31 2024, finance lease assets are included in property and equipment as follows:

	<u>March 31, 2025</u>	<u>December 31, 2024</u>
Finance lease assets	\$ 267,284	\$ 267,284
Accumulated depreciation	(267,284)	(267,284)
Finance lease assets, net of accumulated depreciation	<u>\$ -</u>	<u>\$ -</u>

NOTE 8: CONVERTIBLE NOTES PAYABLE

Convertible notes payable consists of the following:

	<u>March 31, 2025</u>	<u>December 31, 2024</u>
Convertible Notes - Issued in fiscal year 2020	97,946	97,946
Convertible Notes - Issued in fiscal year 2021	778,366	508,440
Convertible Notes - Issued in fiscal year 2022	1,173,085	1,234,251
Convertible Notes - Issued in fiscal year 2023	1,854,584	1,854,584
Convertible Notes - Issued in fiscal year 2024	183,982	183,982
Convertible Notes - Issued in fiscal year 2025	82,500	-
	<u>4,170,463</u>	<u>3,879,203</u>
Less debt discount and debt issuance cost	(6,844)	(1,259)
	4,163,619	3,877,944
Less current portion of convertible notes payable	4,163,619	3,877,944
Long-term convertible notes payable	<u>\$ -</u>	<u>\$ -</u>

During the three months ended March 31, 2025 and 2024, we recognized interest expense of \$148,482 and \$153,482, respectively, and amortization of debt discount expense of \$1,915 and \$362,872, respectively.

Conversion

During the three months ended March 31, 2025, we converted notes with principal amounts and accrued interest of \$212,408 into 87,120,604 shares of common stock.

During the three months ended March 31, 2024, we converted notes with principal amounts and accrued interest of \$23,005 into 13,469 shares of common stock.

Convertible Debt Status.

Convertible note payable with outstanding balance of \$508,440 matured on October 2023. The default annual interest rate of 16% becomes the effective interest rate on the past due principal. We are in communication with the lender.

Convertible note payable with outstanding balance of \$52,830 matured on February 11, 2023. The default annual interest rate of 24% becomes the effective interest rate on the past due principal. We are in communication with the lender.

Convertible note payable with outstanding balance of \$60,300 matured on February 11, 2023. The default annual interest rate of 24% becomes the effective interest rate on the past due principal. We are in communication with the lender.

Convertible note payable with outstanding balance of \$80,205 matured on February 14, 2023. The default annual interest rate of 24% becomes the effective interest rate on the past due principal. We are in communication with the lender.

Convertible note payable with outstanding balance of \$89,866 matured on March 1, 2023. The default annual interest rate of 24% becomes the effective interest rate on the past due principal. We are in communication with the lender.

Convertible note payable with outstanding balance of \$89,884 matured on February 9, 2023. The default annual interest rate of 24% becomes the effective interest rate on the past due principal. We are in communication with the lender.

Convertible note with outstanding balance \$50,000 is in default as of September 30, 2022 with a default interest rate of 18%. We are in communication with the lender.

Convertible note with outstanding balance \$750,000 is in default as of December 07, 2024 with no default interest rate. We are in communication with the lender.

Convertible note with outstanding balance \$300,000 is in default as of January 24, 2025 with no default interest rate. We are in communication with the lender.

Convertible note with outstanding balance \$718,750 is in default as of June 30, 2024 with a default interest rate of 12%. We are in communication with the lender.

Convertible note with outstanding balance \$812,500 is in default as of June 30, 2024 with a default interest rate of 12%. We are in communication with the lender.

Convertible note with outstanding balance \$16,773 is in default as of October 15, 2024 with a default interest rate of 22%. We are in communication with the lender.

Convertible note with outstanding balance \$94,920 is in default as of January 30, 2025 with a default interest rate of 22%. We are in communication with the lender.

Convertible note with outstanding balance \$72,289 is in default as of February 15, 2025 with a default interest rate of 22%. We are in communication with the lender.

Convertible notes payable consists of the following:

Promissory Notes - Issued in fiscal year 2020

In 2020, we issued convertible promissory notes with principal amounts totaling \$100,000. The 2020 Promissory Notes have the following key provisions:

- Terms 60 months.
- Annual interest rates of 5%.
- Conversion price fixed at \$0.01.

Promissory Notes - Issued in fiscal year 2021

In 2021, we issued convertible promissory notes with principal amounts totaling \$1,696,999, which resulted in cash proceeds of \$1,482,000 after financing fees of \$214,999 were deducted. The 2021 Convertible Notes have the following key provisions:

- Terms ranging from 90 days to 12 months.
- Annual interest rates of 5% to 12%.
- Convertible at the option of the holders after varying dates.
- Conversion price based on a formula corresponding to a discount (39% discount) off the average closing price or lowest trading price of our Common stock for the 20 prior trading days including the day on which a notice of conversion is received.
- The Mast Hill Fund, LLC convertible promissory note matured on October 19, 2023. The default annual interest rate of 16% becomes the effective interest rate on the past due principal and interest. As of March 31, 2024 the note had a principle balance of \$508,440 and accrued interest of \$122,160. The note is currently in default.

The 2021 Convertible Notes also were associated with the following:

- The issuance of 2 shares of Common stock valued at \$133,663.
- The issuance of 197 warrants to purchase shares of Common stock with an exercise price a range from \$4,464 to 21,600. The term in which the warrants can be exercised is 5 years from issue date.

During the three months ended March 31, 2024, in connection with the 2021 Convertible Notes, we repaid principal in the amount of \$-0- and interest expense of \$-0-.

Promissory Notes - Issued in fiscal year 2022

During the year ended December 31, 2022, we issued convertible promissory notes with principal amounts totaling \$2,120,575, which resulted in cash proceeds of \$1,857,800 after deducting a financing fee of \$262,775. The 2022 Convertible Notes have the following key provisions:

- Terms ranging from 3 to 12 months.
- Annual interest rates of 9% to 20%.
- Convertible at the option of the holders after varying dates.
- Conversion price based on a formula corresponding to a discount (20% or 39% discount) off the lowest trading price of our Common stock for the 20 prior trading days including the day on which a notice of conversion is received, although one of the 2022 Convertible Notes establishes a fixed conversion price of \$2,700 per share.
- 924 shares of common stock valued at \$473,691 issued in conjunction with convertible notes.

In connection with the adoption of ASU 2020-06 on January 1, 2022, we reclassified \$517,500, previously allocated to the conversion feature, from additional paid-in capital to convertible notes on our balance sheet. The reclassification was recorded to combine the two legacy units of account into a single instrument classified as a liability. As of January 1, 2022, we also recognized a cumulative effect adjustment of \$439,857 to accumulated deficit on our balance sheet, that was primarily driven by the derecognition of interest expense related to the accretion of the debt discount as required under the legacy accounting guidance. Under ASU 2020-06, we will no longer incur non-cash interest expense related to the accretion of the debt discount associated with the embedded conversion option.

Promissory Notes - Issued in fiscal year 2023

During the year ended December 31, 2023, we issued convertible promissory notes with principal amounts totaling \$2,211,083, which resulted in cash proceeds of \$2,015,000 after deducting a financing fee of \$462,112. The 2023 Convertible Notes have the following key provisions:

- Terms ranging from 9 to 12 months.
- Annual interest rates of 9% to 20%.
- Convertible at the option of the holders after varying dates.
- Conversion price based on a formula corresponding to a discount (20% or 30% discount) off the lowest trading price of our Common Stock for the 20 prior trading days including the day on which a notice of conversion is received, although one of the 2023 Convertible Notes establishes a fixed conversion price of \$.50 per share and two of the 2023 Convertible Notes have a fixed conversion price of \$.005 per share.
- As of the year ended March 31, 2024, there were no derivative liabilities.

Promissory Notes - Issued in fiscal year 2024

For the three months ended March 31, 2024, we issued convertible promissory notes with principal amounts totaling \$86,250, which resulted in cash proceeds of \$70,000 after deducting a financing fee of \$16,250. The 2024 Convertible Notes have the following key provisions:

- Terms of 9 months.
- Annual interest rates of 15%.
- Convertible at the option of the holders after varying dates.
- Conversion price based on a formula corresponding to a discount (20% or 30% discount) off the lowest trading price of our Common Stock for the 20 prior trading days including the day on which a notice of conversion is received.
- As of the three months ended March 31, 2024, there were no derivative liabilities.

Promissory Notes - Issued in fiscal year 2025

For the three months ended March 31, 2025, we issued convertible promissory notes with principal amounts totaling \$82,250, which resulted in cash proceeds of \$75,000 after deducting a financing fee of \$7,250. The 2025 Convertible Notes have the following key provisions:

- Terms of 12 months.
- Annual interest rates of 12%.
- Convertible at the option of the holders after varying dates.
- Conversion price based on a formula corresponding to a discount (20% or 30% discount) off the lowest trading price of our Common Stock for the 20 prior trading days including the day on which a notice of conversion is received.
- As of the three months ended March 31, 2025, there were no derivative liabilities.

NOTE 9: NOTES PAYABLE

Notes payable consists of the following:

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>Maturity</u>	<u>Interest Rate</u>
Economic Injury Disaster Loan - originated in May 2020	\$ 500,000	\$ 500,000	30 years	3.75%
Promissory note - originated in February 2021	1,305,373	1,305,373	5 years	4.0%
Promissory note - originated in April 2021 ⁽¹⁾	676,693	676,693	1 year	12%
Promissory note - originated in July 2021 ⁽¹⁾	282,000	282,000	1 year	12%
Promissory note - originated in September 2021	18,855	18,855	\$1,383.56 monthly payment for 60 months	28%
Promissory note - originated in April 2022	40,530	44,792	\$1,695.41 monthly payment for 36 months	16.0%
Promissory note - originated in July 2022	31,603	34,597	\$1,485.38 monthly payment for 60 months	18%
Promissory note - originated in July 2022	42,848	42,848	\$3,546.87 monthly payment for 36 months	10%
Promissory note - originated in August 2022	14,099	15,534	\$589.92 monthly payment for 60 months	8%
Promissory note - originated in October 2022	726,397	786,397	\$1,749.00 daily payment for 30 days	66%
Promissory note - originated in January 2023	1,832	2,664	\$237.03 monthly payment for 36 months	25%
Promissory note - originated in March 2023	32,705	35,678	\$1,521.73 monthly payment for 60 months	18%
Promissory note - originated in March 2023	6,530	7,836	\$559.25 monthly payment for 36 months	17%
Promissory note - originated in April 2023	21,115	21,115	\$3,999.00 monthly payment for 12 months	12%
Promissory note - originated in April 2023	23,054	23,054	\$3,918.03 monthly payment for 12 months	6%
Promissory note - originated in August 2023	9,863	11,371	36 months	14%
Promissory note - originated in December 2023	1,250,359	1,175,000	12 months	10%
	<u>4,983,856</u>	<u>5,275,473</u>		
Less debt discount and debt issuance cost	<u>(475,932)</u>	<u>(528,132)</u>		
	4,507,924	4,747,341		
Less current portion of promissory notes payable	3,915,486	3,340,492		
Long-term promissory notes payable	<u>\$ 592,435</u>	<u>\$ 1,406,849</u>		

During the three months ended March 31, 2025 and 2024, we recognized interest expense of \$112,783 and \$257,785, and amortization of debt discount, included in interest expense of \$52,200 and \$144,473, respectively.

Slate Advance Agreement

In March 2023 we entered into an agreement (the “Slate Agreement”) with Slate Advance (“Slate”) pursuant to which we sold \$1,482,000 in future receivables (the “Slated Receivables Purchased Amount”) to Slate in exchange for payment to the Company of \$975,000 in cash less fees of \$40,325. The Company agreed to pay Slate at maximum of \$14,999 each day until the Slate Receivables Purchased Amount is paid in full. The term of the Slate Agreement is indefinite. There is no stated interest rate. We recorded the difference between the purchase price and the receivable purchase as a debt discount. The debt discount balance is amortized as payments are made and recorded as interest expense.

In order to secure payment and performance of the Company’s obligations to Slate under the Slate Agreement, the Company granted to Slate a security interest in the following collateral: all accounts receivable and all proceeds as such term is defined by Article 9 of the UCC. We also agreed not to create, incur, assume, or permit to exist, directly or indirectly, any lien on or with respect to any of such collateral.

We analyzed the transaction under the guidance of ASC 470-60 Troubled Debt Restructuring to determine if the transaction qualified as a troubled debt restructuring. For a debt restructuring to be considered troubled, the debtor must be experiencing financial difficulty, and the creditor must have granted a concession. We analyzed the Slate Transaction under ASC 470-60 and determined that we met one of the definitions of a company experiencing financial difficulty, such as currently in default of any of our debts. As we are not in default, the fair value of the debt has not changed, we did not recognize gain or loss as the fair value has not changed, and the future undiscounted cash flows are not greater or smaller than the carrying value, the creditor has not granted any concessions. We believe that the debt does not fall into the troubled debt restructuring guidance since no concessions were granted by the creditor.

Effective June 1, 2023, the Company exchanged its convertible promissory note originally issued on December 21, 2021 in the amount of \$555,555 in favor of Westland Properties, LLC for the issuance of a new promissory note issued in favor of Westland Properties, LLC in the amount of \$665,000 (the “Exchange Note”). The original convertible Note was cancelled as a result of the exchange and the issuance of the Exchange Note. Terms of the Exchange Note include, without limitation, the following:

- a. Principal balance of \$665,000, interest rate of 3%, default interest rate of 18%;
- b. \$115,000 on or prior to July 25, 2023;
- c. A series of nine (9) monthly payments to the Holder in the amount of \$38,889 with the first payment beginning September 1, 2023 with the final payment to be adjusted for any interest; and
- d. \$200,000 on the earlier of (i) three (3) business days following the Company’s successful listing (“Uplisting”) on any of the NYSE American, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market or the New York Stock Exchange or (ii) the receipt of not less than \$4,000,000 in funding from a single transaction (in either event an “Uplist Payment”)
- e. Maturity date of September 30, 2021. Notes were fully converted in February 2021

In addition to exchanging the original Note, Westland Properties, LLC forgave \$4,724,299 in default accrued interest and interest of \$179,782.

NOTE 10: COMMITMENTS AND CONTINGENCIES***Employment Related Claims***

We view most legal proceedings involving claims of former employees as routine litigation incidental to the business, and therefore not material.

Litigation

In the ordinary course of business, we are involved in a number of lawsuits incidental to our business, including litigation related to intellectual property, employees, and commercial matters. Although it is difficult to predict the ultimate outcome of these cases, management believes that any ultimate liability would not have a material adverse effect on our consolidated financial condition or results of operations. However, an unforeseen unfavorable development in any of these cases could have a material adverse effect on our consolidated financial condition, results of operations, or cash flows in the period in which it is recorded.

NOTE 11: CAPITAL STOCK AND REVERSE STOCK SPLIT**Changes in Authorized Shares**

On September 20, 2023, we filed an amendment to its Articles of Incorporation to effect a 1-for-600 reverse stock split of its issued and outstanding shares of common stock, each with \$0.001 par value ('Common Stock'). All per share amounts and number of shares, in the consolidated financial statements and related notes have been retroactively adjusted to reflect the reverse stock split.

Preferred Stock

As of March 31, 2025, we are authorized to issue 150,000 of Series A Preferred Stock with par value of \$0.001.

Each share of Series A is the equivalent of 15,000 shares of Common Stock. Our Chief Executive Officer, Jason Remillard, holds 149,892 shares of our Series A Preferred Stock. Through his ownership of Series A Preferred Shares, Mr. Remillard has voting control over all matters to be submitted to a vote of our shareholders.

During the year ended March 31, 2025 Chief Executive Officer, Jason Remillard converted 13 Series A Preferred Stock into 13,000,000 common stock.

As of March 31, 2025 and December 31, 2024, 148,445 and 149,492 shares of Series A were issued and outstanding, respectively.

As of March 31, 2025, we are authorized to issue 80,000 of Series B Preferred Stock with a par value of \$10.00

Each share of Series B Preferred Stock (i) is convertible into Common Stock at a price per share equal to sixty one percent (61%) of the lowest price for our Common Stock during the twenty (20) days of trading preceding the date of the conversion; (ii) earns dividends at the rate of nine percent (9%) per annum; and, (iii) has no voting rights.

As of March 31, 2025 and December 31, 2024, -0- and -0- shares of Series B were issued and outstanding, respectively.

Common stock

As of March 31, 2025, we are authorized to issue 500,000,000 shares of Common stock with a par value of \$0.001. All shares have equal voting rights, are non-assessable, and have one vote per share.

During the three months ended March 31, 2025, we issued Common stock as follows:

- 87,120,604 shares issued for conversion of debt;
- 13,000,000 shares issued for conversion of Series A preferred stock
- 892,860 shares issued for services

As of March 31, 2025 and December 31, 2024, 102,163,687 and 1,150,223 shares of Common stock were issued and outstanding, respectively.

Warrants

A summary of activity during the three months ended March 31, 2025 follows:

	Warrants Outstanding	
	Shares	Weighted Average Exercise Price
Outstanding, December 31, 2024	616,934	\$ 8.03
Granted	-	-
Exercised	-	-
Forfeited/canceled	-	-
Outstanding, March 31, 2025	616,934	\$ 8.03

During the three months ended March 31, 2025, 0 warrants were exercised cashless and we issued 0 shares of Common stock as a result.

The following table summarizes information relating to outstanding and exercisable warrants as of March 31, 2025:

Number of Warrants	Exercisable Warrants Outstanding	
	Weighted Average Remaining Contractual life (in years)	Weighted Average Exercise Price
10	.70	\$ 96,000.00
12	1.06	\$ 72,000.00
26	1.32	\$ 21,600.00
5	1.50	\$ 21,600.00
55	1.55	\$ 5,929.10
124	1.73	\$ 4,464.00
32	2.11	\$ 3,600.00
3	2.11	\$ 3,600.00
270,833	-	\$ 0.60
250,000	-	\$ 0.60
54,167	-	\$ 0.60
41,667	-	\$ 0.60
616,934	1.53	\$ 8.03

NOTE 12: STOCK-BASED COMPENSATION

Stock Options

During the three months ended March 31, 2025, we granted options for the purchase of our Common stock to certain employees as consideration for services rendered. The terms of the stock option grants are determined by our Board of Directors. Our stock options generally vest upon the one-year anniversary date of the grant and have a maximum term of ten years.

The following summarizes the stock option activity for the three months ended March 31, 2025:

	Options Outstanding	Weighted-Average Exercise Price
Balance as of December 31, 2024	864,887	\$ 1.25
Grants	-	-
Exercised	-	-
Cancelled	-	-
Balance as of March 31, 2025	864,887	\$ 1.25

The following summarizes certain information about stock options vested and expected to vest as of March 31, 2025:

	Number of Options	Weighted- Average Remaining Contractual Life (In Years)	Weighted- Average Exercise Price
Outstanding	864,887	9.14	\$ 6.15
Exercisable	22,509	8.17	\$ 32.89
Expected to vest	842,378	9.14	\$ 1.54

As of March 31, 2025 and December 31, 2024, there was \$156,715 and \$644,886, respectively, of total compensation costs related to non-vested stock-based compensation arrangements which we expect to recognized within the next 12 months.

Restricted Stock Awards

The following summarizes the restricted stock activity for the three months ended March 31, 2025:

	Shares	Weighted- Average Fair Value
Balance as of December 31, 2024	5,288	\$ 314,361
Shares of restricted stock granted	-	-
Exercised	-	-
Cancelled	-	-
Balance as of March 31, 2025	5,288	\$ 314,361
<u>Number of Restricted Stock Awards</u>	<u>March 31, 2025</u>	<u>December 31, 2024</u>
Vested	413,862	413,862
Non-vested	-	-

NOTE 13: INTEREST EXPENSE

For the three months ended March 31, 2025 and 2024 , the Company recorded interest expense as follows:

	Three Months March 31, 2025	Three months March 31, 2024
Interest expense - convertible notes	\$ 148,482	\$ 156,487
Interest expense - notes payable	60,583	257,785
Other	68,113	144,275
Amortization of debt discount	54,115	507,345
	<u>\$ 331,293</u>	<u>\$ 1,065,892</u>

NOTE 14: RELATED PARTY TRANSACTIONS

Jason Remillard is our president and Chief Executive Officer and the sole director. Through his ownership of Series A Preferred Shares, Mr. Remillard has voting control over all matters to be submitted to a vote of our shareholders.

During the three months ended March 31, 2025, the Company borrowed \$-0- from our CEO, our CEO paid operating expenses of \$25,583 on behalf of the Company and the Company repaid \$19,000 to our CEO.

As of March 31, 2025 and December 31, 2024, we had due to related party transactions in the amounts of \$150,886 and \$144,303, respectively.

NOTE 15: SUBSEQUENT EVENTS

The Company does not have any events subsequent to March 31, 2025, through June 23, 2025, the date the financial statements were issued for disclosure consideration, except for the following:

- On April 1, 2025, we issued 4,850,000 shares of Common Stock to Mast Hill Fund, LP pursuant to an agreement with Mast Hill Fund, LP, in exchange for \$1,261 of accrued interest.
- On April 9, 2025, we issued 5,789,877 shares of Common Stock to One44 Capital LLC pursuant to an agreement with One44 Capital LLC, in exchange for \$1,100 in note payable principal and \$313 of accrued interest.
- On April 9, 2025, we issued 5,830,988 shares of Common Stock to Fast Capital LLC pursuant to an agreement with Fast Capital LLC, in exchange for \$1,399 in note payable principal.
- On April 11, 2025, we issued 5,830,988 shares of Common Stock to Fast Capital LLC pursuant to an agreement with Fast Capital LLC, in exchange for \$1,399 in note payable principal.
- On April 16, 2025, we issued 5,830,988 shares of Common Stock to Fast Capital LLC pursuant to an agreement with Fast Capital LLC, in exchange for \$1,399 in note payable principal.
- On April 22, 2025, we issued 6,730,769 shares of Common Stock to Jefferson Street Capital LLC pursuant to an agreement with Jefferson Street Capital LLC, in exchange for \$1,000 in note payable principal.
- On April 22, 2025, we issued 5,830,988 shares of Common Stock to Fast Capital LLC pursuant to an agreement with Fast Capital LLC, in exchange for \$1,399 in note payable principal.
- On April 28, 2025, we issued 5,830,988 shares of Common Stock to Fast Capital LLC pursuant to an agreement with Fast Capital LLC, in exchange for \$1,399 in note payable principal.
- On May 5, 2025, we issued 5,830,988 shares of Common Stock to Fast Capital LLC pursuant to an agreement with Fast Capital LLC, in exchange for \$749 in note payable principal.
- On May 9, 2025, we issued 7,910,600 shares of Common Stock to Fast Capital LLC pursuant to an agreement with Fast Capital LLC, in exchange for \$1,373 in note payable principal.
- On May 13, 2025, we issued 8,461,538 shares of Common Stock to Jefferson Street Capital LLC pursuant to an agreement with Jefferson Street Capital LLC, in exchange for \$1,450 in note payable principal.
- On May 28, 2025, we issued 9,018,536 shares of Common Stock to Fast Capital LLC pursuant to an agreement with Fast Capital LLC, in exchange for \$1,705 in note payable principal.
- On June 6, 2025, we issued 8,846,153 shares of Common Stock to Jefferson Street Capital LLC pursuant to an agreement with Jefferson Street Capital LLC, in exchange for \$1,550 in note payable principal.

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

The following discussion and analysis of the results of operations and financial condition for the three months ended March 31, 2025 and for the year ended December 31, 2024 should be read in conjunction with our consolidated financial statements, and the notes to those financial statements that are included elsewhere in this quarterly report on Form 10-Q for the quarter ended March 31, 2025 (the "Quarterly Report").

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report includes statements that express our opinions, expectations, beliefs, plans, objectives, assumptions, or projections regarding future events or future results and therefore are, or may be deemed to be, "forward-looking statements." All statements other than statements of historical facts contained in this Quarterly Report may be forward-looking statements. These forward-looking statements can generally be identified by the use of forward-looking terminology, including the terms "believes," "estimates," "continues," "anticipates," "expects," "seeks," "projects," "intends," "plans," "may," "will," "would" or "should" or, in each case, their negative or other variations or comparable terminology. They appear in a number of places throughout this Quarterly Report, and include statements regarding our intentions, beliefs, or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies, future acquisitions, and the industry in which we operate.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We believe that these risks and uncertainties include, but are not limited to, those described in the "Risk Factors" section of the Annual Report, which include, but are not limited to, the following:

- we will need additional capital to fund our operations;*
- there is substantial doubt about our ability to continue as a going concern;*
- we will face intense competition in our market, and we may lack sufficient financial and other resources to maintain and improve our competitive position;*
- we are dependent on the continued services and performance of our founder and Chief Executive Officer, Jason Remillard;*
- our common stock is currently quoted on the OTC Pink and is thinly traded, reducing your ability to liquidate your investment in us;*
- we have had a history of losses and may incur future losses, which may prevent us from attaining profitability;*
- the market price of our common stock may be volatile and may fluctuate in a way that is disproportionate to our operating performance;*
- we have shares of preferred stock that have special rights that could limit our ability to undertake corporate transactions, inhibit potential changes of control, and reduce the proceeds available to our common stockholders in the event of a change in control;*
- we have never paid and do not intend to pay cash dividends;*
- our Chief Executive Officer has the ability to control all matters submitted to stockholders for approval, which limits our stockholders' ability to influence corporate affairs; and*
- the other factors described in "Risk Factors."*

Those factors should not be construed as exhaustive and should be read with the other cautionary statements in this quarterly report.

Although we base these forward-looking statements on assumptions that we believe are reasonable when made, we caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and industry developments may differ materially from statements made in or suggested by the forward-looking statements contained in this quarterly report. The matters summarized under “Overview”, “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Business” and elsewhere in this quarterly report could cause our actual results to differ significantly from those contained in our forward-looking statements. In addition, even if our results of operations, financial condition and liquidity, and industry developments are consistent with the forward-looking statements contained in this quarterly report, those results or developments may not be indicative of results or developments in subsequent periods.

In light of these risks and uncertainties, we caution you not to place undue reliance on these forward-looking statements. Any forward-looking statement that we make in this quarterly report speaks only as of the date of such statement, and we undertake no obligation to update any forward-looking statement or to publicly announce the results of any revision to any of those statements to reflect future events or developments, except as required by applicable law. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless specifically expressed as such, and should only be viewed as historical data.

Overview

We provide data security and privacy management solutions across the enterprise and in the cloud. With over 10,000 customers, we provide the visibility and control needed to protect data at scale, regardless of format, location, or consumer, and to facilitate compliance with fast-changing global data privacy requirements. Our customers include established leaders and up-and-coming businesses spanning the private and public/government sectors across diverse industries and fields, including financial services, healthcare, manufacturing, retail, technology, and telecommunications.

The mounting ransomware landscape and other threats to data have accelerated the rate at which businesses are adopting data security solutions and we believe that our portfolio of data security and privacy products provides a comprehensive solution set that we believe positions us to capitalize on that increased adoption rate and to establish our products as new data privacy and security standards. Our offerings are anchored in reliable and comprehensive privacy management and equip organizations with a seamless approach to safeguard data, protect against attacks, and otherwise mitigate the most critical risks.

Sector-specific US laws, state-level legislation, and outside-the-United States (OUS) regulations are confounding enterprises of all sizes for whom safeguarding and stewarding data is key, but for whom becoming specialists in privacy and security is not an element of their strategic roadmap. For many of these enterprises, we can bridge the gap between their need to protect data and their need to use their resources to grow their core business by offering turnkey solutions and related counseling and technical support to offset risks from data breaches and security incidents of various types. We provide products and services for the marketplace that are designed to protect data that is stored in the cloud, on-premises, and in hybrid cloud/on-premises environments, and data that is transmitted throughout the enterprise, including but not limited to by remote employees. Our suite of security products focuses on protecting sensitive files and email, confidential customer, patient and employee data, financial records, strategic and product plans, intellectual property and other proprietary information, allowing our customers to create, share, and protect their sensitive data wherever it is stored and however it is used.

We deliver solutions and capabilities that businesses can use in conjunction with their use of established cloud vendors such as Microsoft® Azure, Google® Cloud Platform (GCP), and Amazon® Web Services (AWS), as well as with on-premises databases and database applications and with virtualization platforms, such as those hosted or configured using VMware®, Citrix®, and Oracle® products.

We sell or plan to sell substantially all of our products and services through a sales model that combines the leverage of a channel sales model or direct account management, thereby providing us with opportunities to grow our current customer base and deliver our value proposition for data privacy and security. We endeavor to use subscription models to license products and services, commonly for a paid in-advance, multiyear term that is auto-renewing. We also make use of channel partners, distributors, and resellers which sell to end-users of the products and services. This approach allows us to maintain close relationships with our customers and benefit from the global reach of our partners. Additionally, we are enhancing our product offerings and go-to-market strategy by establishing technology alliances within the IT infrastructure and security vendor ecosystem. Our sales and marketing focus for new organic growth is on organizations with 500 or more users who are adopting cloud services and can make larger purchases with us over time and have a greater potential lifetime value.

We continue to onboard to cloud-native technology adoption portals such as the Microsoft® Azure Marketplace and the Amazon® AWS Marketplace. Vendors may offer incentives to us as a software and services provider to onboard and market via their marketplace

portals.

We strive to create new and innovative products and to improve existing products, proactively identifying and solving the data security needs of our customers.

As cloud adoption continues to accelerate, data privacy requirements get more complex, and data security becomes more challenging, we believe we are well positioned to capture more market share, continue to lead in strategic data security technology development, and prepare organizations for the next epoch in IT data privacy services.

Our Products

Each of our major product lines provides features and functionality that we believe enable our customers to optimally secure their data. Our products are modular, giving our customers the flexibility to select what they require for their business needs and to expand their usage by simply adding a license. We currently offer the following products and services:

- **Cyren® Threat Intelligence Service (TIS)**, a well-established offering in emerging and active threats occurring around the world. With large, velocity-based data sets, TIS provides unique data products for some of the world's leading security, response, software and service providers. Capabilities delivered within the Threat Intelligence suite include:
 - **Email Security Engine**, protects against phishing, malware, and inbound and outbound spam. Our industry-leading detection provides real-time blocking of email threats and abuse in any language or format with virtually no false positives.
 - **Threat InDepth**, receives early threat information with real-time technical threat intelligence feeds of emerging malware and phishing threats.
 - **Web Security Engine**, an AI-driven tool that makes decisions aided by advanced heuristics and 24×7 analysts; covers 82 threat categories, including web threats such as phishing, fraud. Malware integration options include an SDK, cloud API, daemon, and container.
 - **Malware Detection**, a feature with approximately 100 mini engines that scan unique objects within a file, unpack files and defeat obfuscation used by malware authors. This tool spots threats with heuristic analysis, advanced emulation, and intelligent signatures.
 - **Hybrid Analyzer**, a feature that combines static malware analysis and advanced emulation technology that quickly uncovers behaviors without executing files. File properties and behaviors are scored to indicate likelihood of maliciousness. Equally effective in connected and air-gapped environments.
- **Data443® Ransomware Recovery Manager** (also known as SmartShield™), a unique offering designed to recover a workstation immediately upon infection to the last known business-operable state, without requiring any end user or IT administrator intervention.
- **Data443® Data Identification Manager** (also known as ClassiDocs® and FileFacets®), our data classification and governance technology, which supports the California Consumer Privacy Act ("CCPA"), the General Personal Data Protection Law ("LGPD") (Brazil) and the General Data Protection Regulation ("GDPR") (Europe) compliance in a Software-as-a-Service (SaaS) platform that performs sophisticated data discovery and content searching of structured and unstructured data within corporate networks, servers, content management systems, email, desktops, and laptops.
- **Data443® Data Archive Manager** (also known as ArcMail®), a simple, secure, and cost-effective enterprise data retention management and archiving.
- **Data443® Sensitive Content Manager** (also known as ARALOC®), a secure, cloud-based platform for managing, protecting and distributing digital content to desktop and mobile devices, which protects an organization's confidential content and intellectual property assets from accidental leakage or intentional misappropriation - without impeding all other authorized users of the content and stakeholders from collaborating.

- **Data443® Data Placement Manager** (also known as DATAEXPRESS®), a data transport, transformation, and delivery product trusted by leading financial organizations worldwide.
- **Data443® Access Control Manager** (also known as “Resilient Access”), enables fine-grained access controls across a wide variety of platforms at scale for internal client systems and commercial public cloud platforms like Salesforce®, Box.Net, Google® G Suite, Microsoft® OneDrive, and others.
- **Data443® Blockchain Protection Manager** (also known as ClassiDocs® for Blockchain), provides an active implementation for the Ripple XRP that protects blockchain transactions from inadvertent disclosure and data leaks.
- **Data443® Global Privacy Manager**, the privacy compliance and consumer loss mitigation platform which is integrated with Data443® Data Identification Manager to do the delivery portions of GDPR and CCPA as well as process privacy-related requests under such laws, and therefore enables customers to manage the full range of privacy-law driven requirements, such as responding to permitted consumer demands for access or removal, as well as to remediate issues and monitor and report on status and compliance.
- **Data443® IntellyWP**, products for enhancing the user experience for the world’s largest content management platform, WordPress.
- **Data443® Chat History Scanner**, which scans chat messages for compliance, security, personally identifiable information (PII), personal information (PI), payment card industry (PCI) information as well as any custom keywords selected by the customer, and which can be used with third party platforms such as the Zoom Video Communications, Inc. video conferencing platform.
- **Data443® - GDPR Framework, CCPA Framework, and LGPD Framework WordPress® Plugins**, which help organizations of all sizes comply with privacy rules and regulations from Europe, California, and Brazil, and are currently used by over 30,000 active site owners. We offer the plugins with a “freemium” business model, i.e., basic features at no cost and additional or more advanced features at a premium.

Outlook

Our objective is to further integrate our suite of data security, ransomware protection, and privacy products and offer the products alone or in combination to enterprise customers directly and via our partner channels. We aim to position our products to meet the challenges our customers face - data privacy concerns grow in lockstep with security breaches, the need to continually expand data storage, and to meet telework, telehealth, and remote learning requirements.

We have relied on and expect to continue to benefit from strategic acquisitions of products, talent, and an established customer base to contribute to our long-term growth objectives.

Key elements of our growth strategy may be summarized as follows:

Acquisitions. We intend to aggressively pursue acquisitions of other cybersecurity software and service providers focused on the data security sector. We target companies with a developed and/or steady client base, as well as companies with offerings that complement our existing suite of products.

Research & Development; Innovation. We intend to increase our spending on research and development to create new and innovative products and to improve existing products, proactively identifying and solving the data security needs of our clients.

Grow Our Customer Base. We believe the continued challenges businesses face in managing their enterprise data and the ever-evolving landscape of cybersecurity threats will keep the demand high for the type of products and services we offer. We intend to capitalize on this demand by continually developing and curating a collection of products and services that are attractive and relevant to both our established revenue base and to new customers.

Expand Our Sales Capacity. We believe that continuing to expand our sales force will be essential to achieving our expansion and growth. We intend to expand our sales capacity by adding sales and marketing employees, with heavy focus on customer success and leveraging our existing customer relationships.

Management's Plans

Our plan is to continue to grow our business through strategic acquisitions, and then expand selling across our subsidiaries and affiliated companies. During the next twelve months, we anticipate incurring costs related to (i) filing of Exchange Act reports; and (ii) operating our businesses. We will require additional operating capital to maintain and continue operations. We will need to raise additional capital through debt or equity financing, and there is no assurance we will be able to raise the necessary capital.

While we primarily report income based on recognized and deferred revenue, another measurement internally for the business is booked revenues. Management uses this measure to track numerous indicators such as: contract value growth; initial contract value per customer; and certain other values that change quarter-over-quarter. These results may also be subject to, and impacted by, sales compensation plans, internal performance objectives, and other activities. We continue to increase revenue from our existing operations. We generally recognize revenue from customers ratably over the terms of their subscription, which is generally one year at a time. As a result, a substantial portion of the revenue we report in each period is attributable to the recognition of deferred revenue relating to agreements that we executed during previous periods. Consequently, any increase or decline in new sales or renewals in any one period will not be immediately reflected in our revenue for that period. Any such change, however, would affect our revenue in future periods. Accordingly, the effect of downturns or upturns in new sales and potential changes in our rate of renewals may not be fully reflected in our results of operations until future periods.

Recent Developments

Acquisition of Certain Assets of Cyren Ltd.

On May 15, 2023 we entered into an agreement to purchase certain assets (the "Cyren Assets") of Cyren Ltd. ("Cyren") a company that provided emerging and high-volume risk mitigation services for some of the world's largest name brand organizations prior to its bankruptcy filing in February 2023. Pursuant to a purchase agreement, the appointed receiver for the Cyren Assets (the "Receiver") agreed to sell, transfer, assign, convey and deliver to us, and we agreed to purchase from the Receiver, all right, title, and interest in and to the Cyren Assets, as further described in the purchase agreement, as amended on December 12, 2023 (as so amended, the "Purchase Agreement"). On December 15, 2023 we closed the transaction.

Under the terms of the Purchase Agreement, we acquired goodwill, clients, proprietary technology and intellectual property related to three services: threat intelligence, URL categorization and email security. We believe the transaction enhances our existing product portfolio and accelerates the development of next-generation solutions. Cyren's technology is based on a combination of artificial intelligence, machine learning and big-data analytics, which we believe enables Cyren to identify and mitigate threats in real time, sooner than many competitors.

Cyren's clients include some of the world's largest name brand organizations and provides fast-breaking threat detection services and threat intelligence to major firewall vendors, email providers, leading cybersecurity vendors, and other industries such as gaming and e-commerce.

We believe that the Cyren technology, services and customers strengthen our competitive position by broadening our product offerings and enhancing our technological capabilities.

Results of Operations for the Three Months Ended March 31, 2025 Compared to the Three Months Ended March 31, 2024

Our operations for the three months ended March 31, 2025 and 2024 are outlined below:

	Three Months Ended		\$ Change	% Change
	March 31			
	2025	2024		
Revenue	\$ 1,166,589	\$ 1,511,058	\$ (344,469)	(23)%
Cost of revenue	373,150	612,958	(239,808)	(39)%
Gross Profit	793,439	898,100	(104,661)	(12)%
Gross Profit Percentage	68%	59%		
Operating expense	1,135,717	1,458,413	(322,696)	(22)%
Other income (expense)	(334,386)	(1,068,846)	734,460	(69)%
Net loss	\$ (676,664)	\$ (1,629,159)	\$ 952,495	(58)%

Revenue

The decrease in revenue is due to our acquisition of intellectual property from the Appointed Receiver for the Assets of Cyren Ltd which resulted in catchup payments which were one-time payments.. However, we continue to see organic growth in increased consumption of our services that contain storage or volume components, matching our expectations and as is reflected in our continuing Annual Recurring Revenue (“ARR”) growth.

Cost of Revenue

Cost of revenue consists of direct expenses, such as labor, shipping, and supplies. The decrease in cost of revenue is a result of our significant efforts to reduce/minimize the operating footprint of the Cyren Assets and our significant cost saving efforts.

Operating Expenses

For the three months ended March 31, 2025 and 2024 our operating expenses were as follows:

	Three Months Ended		\$ Change	% Change
	March 31,			
	2025	2024		
General and administrative	\$ 1,116,793	\$ 1,173,304	\$ (56,511)	(5)%
Sales and marketing	18,924	285,109	(266,185)	(93)%
Total operating expenses	<u>\$ 1,135,717</u>	<u>\$ 1,458,413</u>	<u>\$ (322,696)</u>	<u>(22)%</u>

General and Administrative Expenses

The general and administrative expenses primarily consisted of management costs, costs to integrate assets we acquired and to expand sales, product enhancements, audit and review fees, filing fees, professional fees, and other expenses related to SEC reporting, in connection with the projected growth of our business. Additionally, we continue to incur specific one-time costs in relation to our planned national exchange-based uplisting, additional financing activities and related functions. The decrease in general and administrative expense was primarily due to our significant cost saving efforts.

Sales and Marketing Expenses

The sales and marketing expenses primarily consisted of additional focus on cross-sell, upsell and growth in existing contracts from customers. As our retention activities of the assets of Cyren customer base has largely transitioned to increased consumption and quality of service delivery efforts. The decrease in sales and marketing expense is primarily due to changes staffing related to the sales function.

Other income (expense)

Other income (expenses) for the three months ended March 31, 2025 consisted primarily of interest expense. Other expenses for the three months ended March 31, 2024 consisted of interest expense.

Net Loss

Net loss decreased 58% from \$1,629,159 for the three months ended March 31, 2024 to \$676,664 for the three months ended March 31, 2025. The net loss was mainly derived from an operating loss of \$342,278, and interest expense of \$331,293. The net loss for the three months ended March 31, 2024 was mainly derived from an operating loss of \$560,313, and interest expense of \$1,065,892. The decrease in Net Loss was primarily due to the decrease in cost of revenue and a decrease in interest expense.

Liquidity and Capital Resources

Working Capital

The following table provides selected financial data about our company as of March 31, 2025 and December 31, 2024, respectively.

	March 31, 2025	December 31, 2024	Change	%
Current assets	\$ 173,037	\$ 199,984	\$ (26,947)	(13)%
Current liabilities	\$ 17,187,701	\$ 16,981,610	\$ 206,091	1%
Working capital deficiency	<u>\$ (17,014,664)</u>	<u>\$ (16,781,626)</u>	<u>\$ (233,038)</u>	<u>(1)%</u>

We require cash to fund our operating expenses and working capital requirements, including outlays for capital expenditures. As of March 31, 2025, we had cash balance of \$17,651 and our principal sources of liquidity were trade accounts receivable of \$155,386, as compared to cash of \$168,208 and trade accounts receivable of \$31,776 as of December 31, 2024.

During the last two years, and through the date of this Report, we have faced an increasingly challenging liquidity situation that has limited our ability to execute our operating plan. We will need to obtain capital to continue operations. There is no assurance that we will be able to secure such funding on acceptable terms. During the three months ended March 31, 2025, we reported a loss from operations of \$342,278.

As of March 31, 2025, we had assets of cash in the amount of \$17,651 and other current assets in the amount of \$155,386. As of March 31, 2025, we had current liabilities of \$17,187,701. Our accumulated deficit as of March 31, 2025 was \$62,420,682.

As of December 31, 2024, we had assets of cash in the amount of \$168,208 and other current assets in the amount of \$31,776. As of December 31, 2024, we had current liabilities of \$16,981,610. We accumulated deficit as of December 31, 2024 was \$61,744,018.

The revenues generated from our current operations will not be sufficient to fund our planned growth. We will require additional capital to continue to operate our business, and to further expand our business. Sources of additional capital through various financing transactions or arrangements with third parties may include equity or debt financing, bank loans or revolving credit facilities. We may not be successful in locating suitable financing transactions in the time period required or at all, and we may not obtain the capital we require by other means. Unless we can attract additional investment, our operating as a going concern is in doubt.

We are now obligated to file annual, quarterly and current reports with the SEC pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act"). In addition, the Sarbanes-Oxley Act of 2002 ("Sarbanes-Oxley") and the rules subsequently implemented by the SEC and the Public Company Accounting Oversight Board ("PCAOB") have imposed various requirements on public companies, including requiring changes in corporate governance practices. We expect these rules and regulations to increase our legal and financial compliance costs and to make some activities of ours more time-consuming and costly. In order to meet the needs to comply with the requirements of the Exchange Act, we will need investment of capital.

Management has determined that additional capital will be required in the form of equity or debt securities. There is no assurance that management will be able to raise capital on terms acceptable to us, or at all.

If we are unable to obtain sufficient amounts of additional capital, we may have to cease filing the required reports and cease operations completely. If we obtain additional funds by selling any of our equity securities or by issuing common stock to pay current or future obligations, the percentage ownership of our stockholders will be reduced, stockholders may experience additional dilution, or the equity securities may have rights preferences or privileges senior to the common stock.

Cash Flow

	Three Months Ended March 31,		
	2025	2024	Change
Cash provided by (used in) operating activities	\$ (164,330)	\$ 213,303	\$ (377,633)
Cash used in investing activities	\$ -	\$ -	\$ -
Cash provided by financing activities	\$ 13,773	\$ (292,810)	\$ 306,583
Cash on hand	\$ 17,651	\$ 5,063	\$ 12,588

Operating Activities

During the three months ended March 31, 2025, we used \$164,330 from operating activities, compared to \$213,303 provided by during the three months ended March 31, 2024.

Investing Activities

During the three months ended March 31, 2025, we used \$-0- funds in investing activities. During the three months ended March 31, 2024, we used funds in investing activities of \$-0- to acquire property and equipment.

Financing Activities

During the three months ended March 31, 2025, we raised \$132,500 from issuance of convertible debt; proceeds from related party of \$6,583; repayment of convertible note payable of \$50,000, and repayment of \$75,310 on notes payable. For March 31, 2025 we had net cash inflows for financing activities of \$13,773. By comparison, during the March 31, 2024, we raised \$70,000 from issuance of convertible debt; proceeds from related party of \$52,781; repayment of convertible note payable of \$132,589 repayment of \$204,902 on notes payable; and repayment to related party of \$78,100. For March 31, 2024 we had net cash outflows for financing activities of \$292,810.

We are dependent upon the receipt of capital investment or other financing to fund our ongoing operations and to execute our business plan. If continued funding and capital resources are unavailable at reasonable terms, we may not be able to implement our plan of operations.

Off-Balance Sheet Arrangements

As of March 31, 2025, we did not have any off-balance sheet arrangements.

Critical Accounting Policies

Critical Accounting Policies and Significant Judgments and Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of income and expense during the reporting periods presented.

Our critical estimates include revenue recognition and intangible assets. Although we believe that these estimates are reasonable, actual results could differ from those estimates given a change in conditions or assumptions that have been consistently applied. We also have other policies that we consider key accounting policies, such as our policy for revenue recognition, however, the application of these policies does not require us to make significant estimates or judgments that are difficult or subjective.

The critical accounting policies used by management and the methodology for its estimates and assumptions are as follows:

Convertible Financial Instruments

We bifurcate conversion options from their host instruments and accounts for them as free standing derivative financial instruments if certain criteria are met. The criteria include circumstances in which (a) the economic characteristics and risks of the embedded derivative instrument are not clearly and closely related to the economic characteristics and risks of the host contract, (b) the hybrid instrument that embodies both the embedded derivative instrument and the host contract is not re-measured at fair value under otherwise applicable generally accepted accounting principles with changes in fair value reported in earnings as they occur and (c) a separate instrument with the same terms as the embedded derivative instrument would be considered a derivative instrument. An exception to this rule is when the host instrument is deemed to be conventional, as that term is described under applicable GAAP.

When we have determined that the embedded conversion options should not be bifurcated from their host instruments, discounts are recorded for the intrinsic value of conversion options embedded in the instruments based upon the differences between the fair value of the underlying Common Stock at the commitment date of the transaction and the effective conversion price embedded in the instrument.

Stock-Based Compensation

We measure the cost of services received in exchange for an award of equity instruments based on the fair value of the award. For employees and directors, the fair value of the award is measured on the grant date. For non-employees, as per ASU No. 2018-7, *Compensation-Stock Compensation (Topic 718): Improvements to Nonemployee Stock-Based Payment Accounting*, remeasurement is not required. The fair value amount is then recognized over the period during which services are required to be provided in exchange for the award, usually the vesting period. Stock-based compensation expense is recorded by us in the same expense classifications in the consolidated statements of operations, as if such amounts were paid in cash. Also, refer to Note 1 – Summary of Significant Accounting Policies, in the consolidated financial statements that are included in this Annual Report.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As a “smaller reporting company” as defined by Item 10 of Regulation S-K, we are not required to provide information regarding this Item.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures designed to ensure that information required to be disclosed in our reports is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to our management, including our chief executive officer and our chief financial officer, as appropriate, to allow timely decisions regarding required disclosures. However, our chief executive officer and our chief financial officer have evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under Exchange Act) as of the end of the period reported on this Quarterly Report on Form 10-Q and have concluded that we have material weaknesses and significant deficiencies in our internal control over financial reporting as described below. Accordingly, our disclosure controls and procedures were not sufficient to accomplish their objectives at the reasonable assurance level as of March 31, 2024.

Management’s Report of Internal Control over Financial Reporting

Our chief executive officer and our chief financial officer are responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in Rule 13a-15(f) under the Exchange Act. An evaluation was performed of the effectiveness of our internal control over financial reporting. The evaluation was based on the framework in 2013 Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”).

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

Based on our evaluation under the criteria set forth in 2013 Internal Control — Integrated Framework, our management concluded that, as of March 31, 2025 our internal control over financial reporting was not effective because of the identification of material weaknesses described as follows:

- We did not have controls designed to validate the completeness and accuracy of underlying data used in the determination of accounting transactions. Accordingly, we believe we have a material weakness because there is a reasonable possibility that a material misstatement to the interim or annual consolidated financial statements would not be prevented or detected on a timely basis.
- We do not have written documentation of our internal control policies and procedures. Written documentation of key internal controls over financial reporting is a requirement of Section 404 of the Sarbanes-Oxley Act which is applicable to us. Management evaluated the impact of our failure to have written documentation of our internal controls and procedures on our assessment of our disclosure controls and procedures and has concluded that the control deficiency that resulted represented a material weakness.
- We do not have sufficient segregation of duties within accounting functions, which is a basic internal control. Due to our size and nature, segregation of all conflicting duties may not always be possible and may not be economically feasible. However, to the extent possible, the initiation of transactions, the custody of assets and the recording of transactions should be performed by separate individuals. Management evaluated the impact of our failure to have segregation of duties on our assessment of our disclosure controls and procedures and has concluded that the control deficiency that resulted represented a material weakness.
- We do not have a functioning audit committee or outside directors on our board of directors, resulting in ineffective oversight in the establishment and monitoring of required internal controls and procedures.

Remediation Plan for Material Weaknesses in Internal Control over Financial Reporting

Our management is committed to improving its internal controls when we have adequate resources to do so, we appointed a full-time Chief Financial Officer in September but do not currently have independent directors or an audit committee. Until there are independent directors and an audit committee, we will mitigate the lack of segregation of duties by (i) continuing to use third party specialists to assist us with accounting and finance; and (ii) commissioning frequent reconciliations of significant accounts using independent auditors.

Our Management has discussed the material weaknesses noted above with our independent registered public accounting firm. Due to the nature of these material weaknesses, it is reasonably possible that misstatements which could be material to the annual or interim consolidated financial statements could occur that would not be prevented or detected during our financial close and reporting process.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the three months ended March 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II
OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are not currently a party to any material litigation.

ITEM 1A. RISK FACTORS

Investing in our Common Stock involves a high degree of risk. You should carefully consider the risk factors in our Annual Report, as well as other information in this Quarterly Report, before deciding whether to invest in the shares of our Common Stock. The occurrence of any of the events described in our Annual Report could have a material adverse effect on our business, financial condition or results of operations. In the case of such an event, the trading price of our Common Stock may decline and you may lose all or part of your investment.

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

During the three months ended March 31, 2025, we issued shares of our common stock as follows, pursuant to exemption from registration pursuant to Section 4(a)(2) of the Securities Act and/or Regulation D promulgated thereunder:

- On January 3, 2025, we issued 57,237 shares of our Common Stock to GS Capital Partners LLC pursuant to an agreement with GS Capital Partners LLC, in exchange for \$950 in note payable principal and \$517 of accrued interest.
- On January 3, 2025, we issued 54,753 shares of Common Stock to Mast Hill Fund, LP pursuant to an agreement with Mast Hill Fund, LP, in exchange for \$4,008 of accrued interest.
- On January 7, 2025, we issued 62,984 shares of Common Stock to Mast Hill Fund, LP pursuant to an agreement with Mast Hill Fund, LP, in exchange for \$4,610 of accrued interest.
- On January 15, 2025, we issued 62,980 shares of Common Stock to Mast Hill Fund, LP pursuant to an agreement with Mast Hill Fund, LP, in exchange for \$4,610 of accrued interest.
- On January 15, 2025, we issued 62,689 shares of Common Stock to GS Capital Partners LLC pursuant to an agreement with GS Capital Partners LLC, in exchange for \$910 in note payable principal and \$502 of accrued interest.
- On January 23, 2025, we issued 72,390 shares of Common Stock to Mast Hill Fund, LP pursuant to an agreement with Mast Hill Fund, LP, in exchange for \$5,299 of accrued interest.
- On January 29, 2025, we issued 75,506 shares of Common Stock to GS Capital Partners LLC pursuant to an agreement with GS Capital Partners LLC, in exchange for \$860 in note payable principal and \$482 of accrued interest.
- On January 30, 2025, we issued 892,860 shares of Common Stock to Cogility Software as payment for license agreement for Coglynt software.
- On January 31, 2025, we issued 124,300 shares of Common Stock to Mast Hill Fund, LP pursuant to an agreement with Mast Hill Fund, LP, in exchange for \$9,099 of accrued interest.
- On February 5, 2025, we issued 3,000,000 shares of Common Stock to our CEO in conversion of preferred shares.
- On February 6, 2025, we issued 280,234 shares of Common Stock to Root Ventures LLC pursuant to an agreement with Root Ventures LLC, in exchange for \$6,150 in note payable principal.
- On February 6, 2025, we issued 192,307 shares of Common Stock to Jefferson Street Capital LLC pursuant to an agreement with Jefferson Street Capital LLC, in exchange for \$4,250 in note payable principal.
- On February 7, 2025, we issued 291,666 shares of Common Stock to Quick Capital LLC pursuant to an agreement with Quick Capital LLC, in exchange for \$5,800 in note payable principal.
- On February 10, 2025, we issued 316,243 shares of Common Stock to GS Capital Partners LLC pursuant to an agreement with GS Capital Partners LLC, in exchange for \$4,600 in note payable principal and \$2,616 of accrued interest.
- On February 12, 2025, we issued 312,416 shares of Common Stock to One44 Capital LLC pursuant to an agreement with One44 Capital LLC, in exchange for \$6,000 in note payable principal and \$1,623 of accrued interest.
- On February 13, 2025, we issued 318,300 shares of Common Stock to Mast Hill Fund, LP pursuant to an agreement with Mast Hill Fund, LP, in exchange for \$23,300 of accrued interest.
- On February 19, 2025, we issued 364,242 shares of Common Stock to GS Capital Partners LLC pursuant to an agreement with GS Capital Partners LLC, in exchange for \$950 in note payable principal and \$550 of accrued interest.
- On February 19, 2025, we issued 356,275 shares of Common Stock to Jefferson Street Capital LLC pursuant to an agreement with Jefferson Street Capital LLC, in exchange for \$1,450 in note payable principal.
- On February 20, 2025, we issued 342,105 shares of Common Stock to Quick Capital LLC pursuant to an agreement with Quick Capital LLC, in exchange for \$467 in note payable principal and \$283 of accrued interest.

- On February 20, 2025, we issued 365,600 shares of Common Stock to Mast Hill Fund, LP pursuant to an agreement with Mast Hill Fund, LP, in exchange for \$8,921 of accrued interest.
- On February 21, 2025, we issued 399,267 shares of Common Stock to Quick Capital LLC pursuant to an agreement with Quick Capital LLC, in exchange for \$937 in note payable principal and \$43 of accrued interest.
- On February 24, 2025, we issued 438,637 shares of Common Stock to Root Ventures LLC pursuant to an agreement with Root Ventures LLC, in exchange for \$1,887 in note payable principal.
- On February 24, 2025, we issued 358,974 shares of Common Stock to Jefferson Street Capital LLC pursuant to an agreement with Jefferson Street Capital LLC, in exchange for \$1,350 in note payable principal.
- On February 24, 2025, we issued 365,000 shares of Common Stock to Mast Hill Fund, LP pursuant to an agreement with Mast Hill Fund, LP, in exchange for \$2,254 of accrued interest.

- On February 25, 2025, we issued 477,777 shares of Common Stock to Quick Capital LLC pursuant to an agreement with Quick Capital LLC, in exchange for \$1,296 in note payable principal and \$84 of accrued interest.
- On February 25, 2025, we issued 365,200 shares of Common Stock to Mast Hill Fund, LP pursuant to an agreement with Mast Hill Fund, LP, in exchange for \$2,255 of accrued interest.
- On February 25, 2025, we issued 533,608 shares of Common Stock to One44 Capital LLC pursuant to an agreement with One44 Capital LLC, in exchange for \$2,300 in note payable principal and \$630 of accrued interest.
- On February 26, 2025, the Company issued convertible note a total of \$82,500, which the term of notes is 1 year. Note is convertible at the option of the holder at any time and conversion price are Conversion price is 61% multiplied by the Market Price the lowest Trading Price for the Common Stock during the fifteen (15) Trading Day period ending on the latest complete Trading Day prior to the Conversion Date.
- On February 27, 2025, we issued 10,000,000 shares of Common Stock to our CEO in conversion of preferred shares.
- On February 28, 2025, we issued 1,081,349 shares of Common Stock to Quick Capital LLC pursuant to an agreement with Quick Capital LLC, in exchange for \$4,209 in note payable principal and \$41 of accrued interest.
- On February 28, 2025, we issued 1,082,519 shares of Common Stock to Root Ventures LLC pursuant to an agreement with Root Ventures LLC, in exchange for \$4,437 in note payable principal.
- On February 28, 2025, we issued 1,125,703 shares of Common Stock to Jefferson Street Capital LLC pursuant to an agreement with Jefferson Street Capital LLC, in exchange for \$5,250 in note payable principal.
- On February 28, 2025, we issued 1,136,000 shares of Common Stock to Mast Hill Fund, LP pursuant to an agreement with Mast Hill Fund, LP, in exchange for \$6,055 of accrued interest.
- On March 5, 2025, we issued 1,300,653 shares of Common Stock to Quick Capital LLC pursuant to an agreement with Quick Capital LLC, in exchange for \$2,688 in note payable principal and \$92 of accrued interest.
- On March 5, 2025, we issued 1,246,000 shares of Common Stock to Mast Hill Fund, LP pursuant to an agreement with Mast Hill Fund, LP, in exchange for \$6,641 of accrued interest.
- On March 5, 2025, we issued 1,229,884 shares of Common Stock to GS Capital Partners LLC pursuant to an agreement with GS Capital Partners LLC, in exchange for \$2,100 in note payable principal and \$1,226 of accrued interest.
- On March 6, 2025, we issued 1,246,668 shares of Common Stock to Fast Capital LLC pursuant to an agreement with Fast Capital LLC, in exchange for \$3,490 in note payable principal.
- On March 6, 2025, we issued 1,394,446 shares of Common Stock to One44 Capital LLC pursuant to an agreement with One44 Capital LLC, in exchange for \$3,400 in note payable principal and \$938 of accrued interest.
- On March 7, 2025, we issued 1,619,047 shares of Common Stock to Quick Capital LLC pursuant to an agreement with Quick Capital LLC, in exchange for \$2,149 in note payable principal and \$51 of accrued interest.
- On March 7, 2025, we issued 1,225,961 shares of Common Stock to Jefferson Street Capital LLC pursuant to an agreement with Jefferson Street Capital LLC, in exchange for \$1800 in note payable principal.
- On March 7, 2025, we issued 1,246,400 shares of Common Stock to Mast Hill Fund, LP pursuant to an agreement with Mast Hill Fund, LP, in exchange for \$3,878 of accrued interest.
- On March 10, 2025, we issued 1,766,581 shares of Common Stock to Fast Capital LLC pursuant to an agreement with Fast Capital LLC, in exchange for \$2,119 in note payable principal.
- On March 10, 2025, we issued 1,766,000 shares of Common Stock to Mast Hill Fund, LP pursuant to an agreement with Mast Hill Fund, LP, in exchange for \$5,494 of accrued interest.
- On March 11, 2025, we issued 2,000,000 shares of Common Stock to Quick Capital LLC pursuant to an agreement with Quick Capital LLC, in exchange for \$1,736 in note payable principal and \$64 of accrued interest.
- On March 11, 2025, we issued 1,733,488 shares of Common Stock to GS Capital Partners LLC pursuant to an agreement with GS Capital Partners LLC, in exchange for \$1,350 in note payable principal and \$794 of accrued interest.
- On March 11, 2025, we issued 1,766,400 shares of Common Stock to Mast Hill Fund, LP pursuant to an agreement with Mast Hill Fund, LP, in exchange for \$2,694 of accrued interest.
- On March 12, 2025, we issued 2,277,77 shares of Common Stock to Quick Capital LLC pursuant to an agreement with Quick Capital LLC, in exchange for \$1,245 in note payable principal and \$15 of accrued interest.
- On March 13, 2025, we issued 1,766,000 shares of Common Stock to Mast Hill Fund, LP pursuant to an agreement with Mast Hill Fund, LP, in exchange for \$2,693 of accrued interest.
- On March 13, 2025, we issued 2,222,22 shares of Common Stock to Jefferson Street Capital LLC pursuant to an agreement with Jefferson Street Capital LLC, in exchange for \$1,850 in note payable principal.
- On March 14, 2025, we issued 1,766,581 shares of Common Stock to Fast Capital LLC pursuant to an agreement with Fast Capital LLC, in exchange for \$1,713 in note payable principal.

- On March 14, 2025, we issued 1,766,400 shares of Common Stock to Mast Hill Fund, LP pursuant to an agreement with Mast Hill Fund, LP, in exchange for \$2,694 of accrued interest.
- On March 18, 2025, we issued 2,767,000 shares of Common Stock to Mast Hill Fund, LP pursuant to an agreement with Mast Hill Fund, LP, in exchange for \$3,237 of accrued interest.
- On March 19, 2025, we issued 2,901,515 shares of Common Stock to Quick Capital LLC pursuant to an agreement with Quick Capital LLC, in exchange for \$628 in note payable principal and \$87 of accrued interest.
- On March 19, 2025, we issued 2,767,400 shares of Common Stock to Mast Hill Fund, LP pursuant to an agreement with Mast Hill Fund, LP, in exchange for \$3,238 of accrued interest.
- On March 24, 2025, we issued 3,452,380 shares of Common Stock to Quick Capital LLC pursuant to an agreement with Quick Capital LLC, in exchange for \$207 in note payable principal and \$43 of accrued interest.
- On March 24, 2025, we issued 3,600,000 shares of Common Stock to Mast Hill Fund, LP pursuant to an agreement with Mast Hill Fund, LP, in exchange for \$4,212 of accrued interest.
- On March 25, 2025, we issued 3,949,275 shares of Common Stock to Quick Capital LLC pursuant to an agreement with Quick Capital LLC, in exchange for \$379 in note payable principal and \$56 of accrued interest.
- On March 25, 2025, we issued 3,406,593 shares of Common Stock to Jefferson Street Capital LLC pursuant to an agreement with Jefferson Street Capital LLC, in exchange for \$800 in note payable principal.
- On March 25, 2025, we issued 3,600,000 shares of Common Stock to Mast Hill Fund, LP pursuant to an agreement with Mast Hill Fund, LP, in exchange for \$1,638 of accrued interest.
- On March 26, 2025, we issued 3,598,000 shares of Common Stock to Mast Hill Fund, LP pursuant to an agreement with Mast Hill Fund, LP, in exchange for \$1,637 of accrued interest.
- On March 27, 2025, we issued 3,600,000 shares of Common Stock to Mast Hill Fund, LP pursuant to an agreement with Mast Hill Fund, LP, in exchange for \$1,638 of accrued interest.
- On March 31, 2025, we issued 4,800,000 shares of Common Stock to Mast Hill Fund, LP pursuant to an agreement with Mast Hill Fund, LP, in exchange for \$2,184 of accrued interest.
- On March 31, 2025, we issued 5,000,000 shares of Common Stock to Jefferson Street Capital LLC pursuant to an agreement with Jefferson Street Capital LLC, in exchange for \$550 in note payable principal.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit Number	Exhibit Description	Incorporated by Reference		
		Form	Exhibit	Filing Date/ Period End Date
4.1	Convertible Promissory Note issued the Company in favor of 1800 Diagonal Lending LLC on 26 February 2025 in the original principal amount of \$82,250.			
31.1	Rule 13a-14(a) / 15d-14(a) Certification of Chief Executive Officer.			
31.2	Rule 13a-14(a) / 15d-14(a) Certification of Chief Financial Officer.			
32.1	Section 1350 Certification of Chief Executive Officer.			
32.2	Section 1350 Certification of Chief Financial Officer.			

- 101 Inline XBRL Document Set for the condensed consolidated financial statements and accompanying notes in Part I, Item 1, "Financial Statements" of this Quarterly Report on Form 10-Q.

- 104 Inline XBRL for the cover page of this Quarterly Report on Form 10-Q, included in the Exhibit 101 Inline XBRL Document Set.

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, our Company caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: June 23, 2025

DATA443 RISK MITIGATION, INC.

By: /s/ Jason Remillard

Name: JASON REMILLARD

Title: Chief Executive Officer, (Principal Executive Officer)