TAPINATOR, INC.

FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED
JUNE 30, 2022 AND 2021

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Quarterly Financial Statements (Unaudited):

, **PART I. FINANCIAL INFORMATION**

TAPINATOR, INC.
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	June 30, 2022	December 31, 2021
Assets		
Current assets:		
Cash	$ 625,063	$ 1,175,181
Accounts receivable	325,513	477,121
Prepaid expenses	400,204	447,942
Total current assets	1,350,780	2,100,244
Property and equipment, net	50,020	57,279
Right-to-use asset	377,358	415,408
Software development costs, net	504,430	425,530
Investments in digital assets, net	1,269,653	778,818
Investments in digital currency	45,429	26,563
Security deposits	29,244	51,943
Total assets	$ 3,626,914	$ 3,855,785
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable and accrued expenses	$ 296,071	$ 1,125,881
Due to director	10,000	10,000
Due to related parties	30,104	47,906
Deferred revenue	1,202,132	1,287,335
Share settlement liability	40,000	90,000
Lease liability - short term	77,887	68,350
Total current liabilities	1,656,194	2,629,472
Long term liabilities:		
Lease liability – long term	322,063	361,845
Total long-term liabilities	322,063	361,845
Total liabilities	1,978,257	2,991,317
Stockholders' Equity:		
Preferred stock, $0.001 par value, 1,532,500 shares authorized with any series of designation; no shares issued at June 30, 2022 and December 31, 2021	-	-
Common stock, $0.001 par value; 25,000,000 shares authorized; 2,824,814 and 2,824,810 shares issued and outstanding at June 30, 2022 and December 31, 2021, respectively	2,825	2,825
Additional paid-in capital	14,233,381	14,182,416
Treasury stock at cost, 21,875 shares at June 30, 2022 and December 31, 2021	(91,875)	(91,875)
Accumulated deficit	(12,495,674)	(13,228,898)
Total stockholders' equity	1,648,657	864,468
Total liabilities and stockholders' equity	$ 3,626,914	$ 3,855,785

The accompanying Notes are an integral part of these Consolidated Financial Statements.

TAPINATOR, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	**2021**	**2022**	**2021**
Revenue	$ 1,395,549	$ 1,420,437	$ 3,077,031	$ 2,636,342
Operating expenses:				
Cost of revenue excluding depreciation and amortization	421,406	451,167	885,653	838,117
Research and development	47,238	84,662	123,262	173,811
Marketing and public relations	238,418	143,072	397,157	325,338
General and administrative	432,619	387,364	962,365	765,357
Amortization of software development costs	79,525	89,771	155,175	167,854
Depreciation and amortization of other assets	3,630	1,013	7,260	1,765
Total expenses	1,222,836	1,157,049	2,530,872	2,272,242
Operating income	172,713	263,388	546,159	364,100
Other income (expense)				
Gain on sale of digital assets, net	195,734	1,441	488,816	1,441
Loss on impairment of digital assets	(452,846)	-	(452,846)	-
Gain on extinguishment of debt	-	-	-	109,231
Share settlement expense	-	(93,555)	-	(93,555)
Gain on digital asset dividends & airdrops	7,794	-	145,682	-
Gain on sale of investments	-	-	5,091	-
Interest expense, net	-	(629)	322	(2,251)
Total other income (expense)	(249,318)	(92,743)	187,065	14,866
Income (loss) before income taxes	(76,605)	170,645	733,224	378,966
Income tax benefit	-	45,348	-	74,480
Net income (loss)	$ (76,605)	$ 215,993	$ 733,224	$ 453,446
Net income (loss) per share:				
Net income (loss) per common share - basic	$ (0.03)	$ 0.08	$ 0.26	$ 0.16
Net income (loss) per common share - diluted	$ (0.03)	$ 0.07	$ 0.26	$ 0.16
Weighted average common shares outstanding - basic	2,824,814	2,815,680	2,824,814	2,781,575
Weighted average common shares outstanding - diluted	2,824,814	2,898,420	2,859,765	2,847,980

The accompanying Notes are an integral part of these Unaudited Condensed Consolidated Financial Statements.

TAPINATOR, INC.
Consolidated Statement of Stockholders' Equity
(UNAUDITED)

	Common Stock		Series A Preferred Stock		Additional Paid-In- Capital	Accumulated Deficit	Treasury Stock	Total
	Shares	**Amount**	**Shares**	**Amount**				
Balances at December 31, 2020	2,755,025	$ 2,755	-	$ -	$ 14,019,226	$ (13,894,478)	$ (91,875)	$ 35,628
Stock based compensation	-	-	-	-	20,285	-	-	20,285
Exercise of warrants	39,985	40	-	-	(8)	-	-	32
Net income/(loss)	-	-	-	-	-	237,453	-	237,453
Balances at March 31, 2021 (unaudited)	2,795,010	$ 2,795	-	$ -	$ 14,039,503	$(13,657,025)	$ (91,875)	$ 293,398
Stock based compensation	-	-	-	-	20,285	-	-	20,285
Share settlement	5,500	6	-	-	93,549	-	-	93,555
Repurchase of shares	(938)	(1)	-	-	(13,749)	-	-	(13,750)
Net income/(loss)	-	-	-	-	-	215,993		215,993
Balances at June 30, 2021 (unaudited)	2,799,572	$ 2,800	-	$ -	$ 14,139,588	$ (13,441,032)	$ (91,875)	$609,481

	Common Stock		Series A Preferred Stock		Additional Paid-In- Capital	Accumulated Deficit	Treasury Stock	Total
	Shares	**Amount**	**Shares**	**Amount**				
Balances at December 31, 2021	2,824,810	$ 2,825	-	$ -	$ 14,182,416	$ (13,228,898)	$ (91,875)	$ 864,468
Stock based compensation	-	-	-	-	27,765	-	-	27,765
Stock dividend rounding	4	-	-	-	-	-	-	-
Net income/(loss)	-	-	-	-	-	809,829	-	809,829
Balances at March 31, 2022 (unaudited)	2,824,814	$ 2,825	-	$ -	$ 14,210,181	$(12,419,069)	$ (91,875)	$ 1,702,062
Stock based compensation	-	-	-	-	23,200	-	-	23,200
Net income/(loss)	-	-	-	-	-	(76,605)	-	(76,605)
Balances at June 30, 2022 (unaudited)	2,824,814	$ 2,825	-	$ -	$ 14,233,381	$ (12,495,674)	$ (91,875)	$1,648,657

The accompanying Notes are an integral part of these Consolidated Financial Statements.

TAPINATOR, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Six months ended June 30, 2022	Six months ended June 30, 2021
Cash flows from operating activities:		
Net Income	$ 733,224	$ 453,446
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of software development costs	155,175	167,854
Amortization of right-to-use lease	38,050	29,952
Depreciation and amortization of other assets	7,259	1,765
Forgiveness of debt	-	(109,231)
Stock based compensation	50,965	40,570
Share settlement	-	93,555
Impairment of digital assets	452,846	-
Gain on sale of digital assets	(488,816)	(1,441)
Gain on digital asset dividends & airdrops	(145,682)	-
Gain/loss on sale of investments	(5,091)	-
Decrease (increase) in assets:		
Accounts receivable	151,608	(260,417)
Prepaid expenses	70,437	(33,482)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(829,811)	(27,911)
Deferred revenue	(85,203)	119,118
Lease liability	(30,245)	(29,952)
Deferred tax asset	-	(74,480)
Due to related parties, officers and directors	(17,802)	(8,772)
Net cash (used in) provided by operating activities	56,914	360,574
Cash flows from investing activities:		
Office Equipment & Computers	-	(7,243)
Capitalized software development costs	(234,074)	(308,212)
Proceeds from sale of digital asset dividends & airdrops	176,074	-
Proceeds from sale of digital assets	715,315	-
Proceeds from sale of Investments	5,091	-
Investments in digital assets and digital currencies	(1,219,438)	(84,870)
Net cash (used in) investing activities	(557,032)	(400,325)
Cash flows from financing activities:		
Payments for share buyback	(50,000)	(70,000)
Proceeds from exercise of warrants	-	32
Net cash provided by financing activities	(50,000)	(69,968)
Net change to cash and cash equivalents	(550,118)	(109,719)
Cash at beginning of period	1,175,181	206,039
Cash at end of period	$ 625,063	$ 96,320
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ -	$ 1,330
Cash paid for taxes	$ -	$ -
Non-cash investing and financing activities:		
Investment in digital assets	$ 9,742	$ -

The accompanying Notes are an integral part of these Consolidated Financial Statements.

TAPINATOR, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
For The Six Months Ended June 30, 2022 and 2021

Note 1 — The Company

Tapinator, Inc. ("Tapinator," the "Company," "we," "our" or "us") develops and publishes games for mobile platforms that we believe can be leaders within their respective categories. We refer to these titles as "*Category Leading Games*." Our library includes over 300 titles that, collectively, have achieved over 500 million mobile downloads, including notable games such as *Video Poker Classic* and *Crypto Trillionaire*. We generate revenues from our mobile games via consumer transactions, including in-app purchases and subscriptions, and through the sale of branded advertisements. Additionally, through our NFT*500* platform, we have amassed a significant collection of what we believe are "blue-chip" fine art NFTs ("non-fungible tokens"), and we have developed and launched a mobile application that extends the utility of these digital asset investments. We also generate revenue from publishing and selling NFTs in partnership with select artists. Founded in 2013, we are headquartered in New York, with product teams located in North America and Europe.

We were originally incorporated on December 9, 2013 in the state of Delaware. On December 12, 2013, we merged with Tapinator, Inc., a Nevada corporation. We were the surviving corporation of this merger. On June 16, 2014, we executed a securities exchange agreement with the members of Tapinator LLC, a New York limited liability company, whereby we issued shares of our common stock to the members of Tapinator LLC in exchange for 100% of the outstanding membership interests of Tapinator LLC. The transaction resulted in a business combination and a change of control within its business purpose. For accounting and financial reporting purposes, Tapinator LLC was considered the acquirer and the transaction was treated as a reverse merger. We have been focused exclusively on mobile games and applications since our inception, and we began investing in the NFT ecosystem beginning in January 2018.

The Company currently publishes two types of mobile games: *Category Leading Games* and *Rapid-Launch Games.* Beginning in 2017, we shifted our focus from our legacy *Rapid-Launch Games* business to our *Category Leading Games* business, and while we continue to publish both types of games based on our substantial library, our new development and publishing activities are exclusively focused on *Category Leading Games*.

We believe our *Category Leading Games* are visually beautiful, functionally in-depth products, with high production values and significant revenue potential. They are developed and published selectively based on both original and licensed intellectual property. These apps are monetized primarily through consumer app store transactions and, to a lesser extent, through brand advertising. These apps are published primarily under the *Tapinator* brand.

Our *Rapid-Launch Games* are legacy titles that were developed and published in significant quantity beginning in 2013. These are highly casual products that were built economically and rapidly based on a series of internally developed game engines. These games are monetized primarily through the sale of branded advertisements and via paid downloads. Since our formation, we have compiled a large library of over 300 such games. Our *Rapid-Launch Games* are published primarily under our *Tap2Play* brand.

Within our wholly-owned Revolution Blockchain subsidiary, we operate NFT*500,* an art collection platform consisting of what we believe are "blue-chip" fine art NFTs. The collection currently consists of approximately 450 fine art NFTs from more than 250 prominent NFT artists such as Tyler Hobbs, Matt Kane, Larva Labs, Bored Ape Yacht Club, Vera Molnar, XCOPY, Helena Sarin, Pindar Van Arman, Monica Rizzolli, Refik Anadol, Manolo Gamboa Naon, Kevin Abosch, Zach Lieberman, Anne Spalter, Snofro, Hackatao, Bruce Gilden, Guy Bourdin, Justin Aversano, Claire Silver, Sofia Crespo, Zancan, Matt Deslauriers, Nick Kuder and Damien Hirst. We have also developed and published the NFT*500* mobile app that allows consumers to view, virtually collect and cast works from our NFT art collection; the term "casting" refers to displaying digital art, in the form of NFTs, on a physical display. We have also partnered with select artists to publish and market NFTs on their behalf.

Note 2 —Basis of Presentation and Summary of Significant Accounting Policies

Stock Dividend

On March 16, 2022, we announced that the Company's Board of Directors approved and declared a common stock dividend which the Company believes will make stock ownership more accessible to investors. Each stockholder of record on March 1, 2022 received a dividend of four additional shares of common stock for each then-held share, distributed after close of trading on March 16, 2022. Accordingly, all share and per share information set forth in these financial statements and accompanying notes have been restated to retroactively show the effect of this stock dividend.

Basis of Presentation

The accompanying condensed consolidated financial statements and related notes have been prepared in conformity with United States generally accepted accounting principles ("GAAP"). The condensed consolidated financial statements include the operations of the Company and its wholly-owned subsidiaries, Tapinator, LLC, Tap2Play, LLC, and Revolution Blockchain, LLC. All significant intercompany balances and transactions have been eliminated in consolidation.

These condensed consolidated financial statements reflect all adjustments, including normal recurring adjustments which, in the opinion of management, are necessary to present fairly the consolidated operations and cash flows for the periods presented.

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements as well as the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates. Significant estimates include assumptions used in the recognition of revenue, realization of platform and advertising fees and related costs of revenue, long-lived assets, stock-based compensation, and the fair value of other equity and debt instruments.

Revenue Recognition

The Company derives mobile game revenue primarily from the three mobile platforms (iOS, Google Play and Amazon) on which it currently markets its mobile games and applications in the form of app store transactions and from various advertising networks in the form of branded advertising placements within its mobile applications. The Company derives NFT publishing revenue primarily from NFT auction platforms such as Foundation and OpenSea, and to a lesser extent via privately negotiated transactions recorded on the Ethereum blockchain. This revenue is recorded on "net" basis, net of any revenue shared with artist partners.

For revenue from product sales, the Company recognizes revenue in accordance with Financial Accounting Standards Board "FASB" Accounting Standards Codification "ASC" 606. A five-step analysis must be met as outlined in Topic 606: (i) identify the contract with the customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations, and (v) recognize revenue when (or as) performance obligations are satisfied. Provisions for discounts and rebates to customers, estimated returns and allowances, and other adjustments are provided for in the same period the related sales are recorded. The Company defers any revenue for which the product has not been delivered or is subject to refund until such time that the Company and the customer jointly determine that the product has been delivered or no refund will be required.

Principal versus Agent:

In accordance with Accounting Standards Update ("ASU") 2016-08, Principal versus Agent Considerations (Reporting Revenue Gross versus Net), the Company evaluates its agreements with mobile platforms and advertising networks to determine whether it is acting as the principal or as an agent when selling its games or when selling premium in-game content or advertisements within its games, which it considers in determining if revenue should be reported gross or net. Key indicators that the Company evaluates to reach this determination include:

- the terms and conditions of the Company's contracts with the mobile platforms and ad networks;
- the party responsible for determining the type, category and quantity of the methods to generate game revenue;
- whether the Company is paid a fixed percentage of the arrangement's consideration or a fixed fee for each game, transaction, or advertisement;
- the party which sets the pricing with the end-user, and has the credit and inventory risk; and
- the party responsible for the fulfillment of the game or serving of advertisements and that determines the specifications of the game or advertisement.

Based on the evaluation of the above indicators, the Company has determined that it is generally acting as a principal and is the primary obligor to end-users for its games distributed on the mobile platforms and for advertisements served by the advertising networks and has the contractual right to determine the price to be paid by the player. Therefore, the Company recognizes revenue related to these arrangements on a gross basis, when the necessary information about the gross amounts or platform fees charged, before any adjustments, are made available by the mobile platforms and advertising networks. The Company records the related platform fees and advertising network revenue share as expenses in the period incurred.

The Company evaluates the NFT publishing revenue to determine whether it is acting as the principal or as an agent when selling from NFT auction platforms and privately negotiated transactions, which it considers in determining if revenue should be reported gross or net. Key NFT publishing indicators that the Company evaluates to reach this determination include:

- the terms and conditions of the Company's contracts with the NFT artist;
- the NFT marketplace platform used to conduct the transactions;
- the royalty percentage of the arrangement's consideration or a fixed fee for a respective transaction;
- the party which sets the pricing with the end-user, and has the credit and inventory risk; and
- the party responsible for the fulfillment of the NFT artwork.

Based on the evaluation of the above NFT publishing indicators, the Company has determined that it is generally acting as an agent and its primary performance obligation is to arrange for the auction of the NFT art. Therefore, the Company recognizes revenue related to these arrangements on a net basis.

Display Advertising and Offers:

We have contractual relationships with advertising networks for display advertisements and offers served within our games. For these arrangements, we are the principal and our performance obligation is to provide the inventory for advertisements and offers to be displayed within our games. The Company has determined the advertising buyer to be its customer and displaying the advertisements within the mobile games is identified as the single performance obligation. Revenue from advertisements and offers are recognized at the point-in-time the advertisements are displayed in the game or the offer has been completed by the user as the customer simultaneously receives and consumes the benefits provided from these services.

The pricing and terms for all our advertising arrangements are governed by either a master contract or insertion order and generally stipulate payment terms as a specific number of days subsequent to the end of the month, generally ranging from 30 to 60 days. The transaction price in advertising arrangements is generally the product of the number of advertising units delivered (e.g., impressions, offers completed, videos viewed, etc.) and the contractually agreed upon price per advertising unit. The number of advertising units delivered is determined at the end of each month, which resolves any uncertainty in the transaction price during the reporting period.

Paid Downloadable Games:

Some of our legacy *Rapid-Launch Games* are offered as paid downloadable games on certain mobile platforms. For an individual sale of a game with both online and offline functionality, we would typically have three distinct performance obligations; (1) the software license; (2) a right to receive future updates; and (3) online hosting. The software license performance obligation represents the game that is delivered digitally at the time of sale and the software license typically provides access to offline core game content. The future update rights performance obligation to provide future updates would include updates on a when-and-if-available basis such as software patches or updates, and/or additional free content to be delivered in the future. The online hosting performance obligation consists of providing the customer with a hosted connection for online playability. For these legacy *Rapid-Launch Games*, since we do not provide software updates or additional content, and since we do not host any online content for these games as they are not playable online, the only performance obligation that we recognize is the software license. The sales price allocated to the software license performance obligation is recognized at a point in time upon delivery (which is usually at or near the same time as the booking of the transaction).

Virtual Goods:

Our games allow for players to purchase or otherwise earn in-game currency or other premium in-game content in the form of virtual goods. For purposes of determining when the service has been provided as it relates to virtual goods, we have determined that an implied obligation exists to the paying player to continue displaying the purchased or otherwise earned virtual good over its estimated life or until it is consumed. Accordingly, we categorize our virtual goods as either consumable or durable virtual goods.

If we are unable to differentiate revenue attributable to durable virtual goods from consumable virtual goods for a specific game, we attribute all virtual goods revenue for that game as durable virtual goods.

Consumable Virtual Goods:

Consumable virtual goods are items such as one-time game boosts consumed at a predetermined time or otherwise have limitations on repeated use. For the sale of consumable virtual goods, we recognize revenue, and the associated costs, as the goods are consumed. Our revenues from consumable virtual goods have been insignificant since the Company's formation.

Durable Virtual Goods:

Durable virtual goods are items including virtual currency and premium in-game content such as power-ups, skins and equipment that remain in the game for as long as the player continues to play. We recognize revenue and the associated costs, from the sale of durable goods ratably over the estimated average playing period of paying players for the applicable game, which represents our best estimate of the average life of durable virtual goods.

We have partnered with third party advertising networks to provide rewarded video advertising to players of our games. A rewarded video advertisement enables users to acquire virtual currency, a durable virtual good, in exchange for watching a short video instead of paying cash. For rewarded video advertisements, similar to, purchased durable virtual goods, revenue is initially recorded to deferred revenue and then recognized ratably over the estimated average playing period of paying players for the applicable game, which represents our best estimate of the average life of durable virtual goods.

On a periodic basis, we determine the estimated average playing period for paying players by game or genre via a representative proxy game from within that specific game. To make this estimate, we examine player data beginning at the time of a player's first purchase within that game and ending on a date when that paying player is no longer playing the game. To determine when paying players are no longer playing a given game, we measure the populations of paying players (the "daily cohort") from the date of their first installation of the game and track each daily cohort to understand the number of players from each daily cohort who played the game after their initial purchase. For titles where we have at least 90 days of paying players' historical usage data on a daily cohort size of at least 100 paying players ("Tracked Titles"), we compute an expected average playing period for paying users using this dataset and applying a curve-fitting model.

For new titles where we do not have requisite paying player data ("Untracked Titles"), and such title is in a genre that is substantially different from one of our existing game genres for which we have Tracked Title estimates, we examine actual retention data for all players from these games for the period between game installation and up to 90 days thereafter, this data is then inputted into a curve-fitting model to estimate an average playing period for these titles. These calculated curves and their associated one-year average playing periods are mapped against the corresponding curves and associated average one-year playing periods for our most similar Tracked Titles. Based on this mapping, the average playing period of paying users for the Tracked Titles is then indexed up or down accordingly, and then applied against the Untracked Titles within the sample.

As of the third quarter of 2021 (our most recent determination date), the estimated weighted average life of our durable virtual goods was 8 months for our Casino & Card games, 3 months for our Idle games, and 2 months for our Role Playing, Arcade and Rapid-Launch Games.

While we believe our estimates to be reasonable based on available game player information and based on the disclosed methodologies of larger publicly reporting mobile game companies, we may revise such estimates in the future based on changes in the operational lives of our games and based on changes in our ability to make such estimates. Any future adjustments arising from changes in the estimates of the lives of these virtual goods would be applied to the then current quarter, and prospectively on the basis that such changes are caused by new information indicating a change in game player behavior patterns compared to historical titles. Any changes in our estimates of useful lives of these virtual goods may result in revenues and associated costs being recognized on a basis different from prior periods' and may cause our operating results to fluctuate.

For the year ended December 31, 2021, as a result of a change in our estimates regarding the average useful lives of certain of our durable virtual goods, effective in the third quarter of 2021, we deferred approximately $634,000 of mobile game revenue and corresponding platform fee expense of $190,000, resulting in a net decrease in income from operations of approximately $444,000 for the year. This change in estimates impacted our basic earnings per share by $0.16 for the year ended December 31, 2021.

NFT Publishing:

The Company derives NFT publishing revenue by acting as agent for artists wishing to publish and sell their art as NFTs through an auction, open market or private sale process. These arrangements are generally entered into on a contingent fee basis. There is no prepayment or retainer required prior to performing services and all fees are earned on a contingent basis. Revenue from NFT publishing is recognized at the point-in-time the NFT auction, open market or private transaction is settled with the customer.

Disaggregation of Revenue:

The following table summarizes revenue from contracts with customers for the three and six months ended June 30, 2022 and 2021:

	Three months ended		Six months ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Display Ads & Offers (point-in-time revenue)	$ 63,446	$ 118,037	$ 201,769	$ 218,356
Paid Downloadable Games (point-in-time recognition)	179,982	149,446	309,901	298,541
Durable Virtual Goods (over-time recognition):				
In-Game Currency and Premium In-Game Content	1,159,073	1,080,092	2,315,765	1,990,492
Rewarded Video Ads	(35,671)	51,789	-	87,945
Arrangements with Multiple Performance Obligations (over-time recognition):				
Subscriptions	16,120	21,073	31,869	41,008
NFT Publishing (point-in-time recognition)	12,599	-	217,727	-
Total Revenue	$1,395,549	$ 1,420,437	$3,077,031	$2,636,342

The Company reports as a single segment – mobile applications. In the disaggregation above, the Company categorizes revenue by type, and by over-time or point-in-time recognition.

Accounts Receivable and Allowance for Doubtful Accounts

The Company monitors outstanding receivables based on factors surrounding the credit risk of specific customers, historical trends, and other information. The allowance for doubtful accounts is estimated based on an assessment of the Company's ability to collect on customer accounts receivable. There is judgment involved with estimating the allowance for doubtful accounts and if the financial condition of the Company's customers were to deteriorate, resulting in their inability to make the required payments, the Company may be required to record additional allowances or charges against revenues. The Company writes-off accounts receivable against the allowance when it determines a balance is uncollectible and no longer actively pursues its collection. As of June 30, 2022 and December 31, 2021, based upon the review of the outstanding accounts receivable, the Company has determined that an allowance for doubtful accounts is not required.

Cash Equivalents

For purposes of the Company's financial statements, the Company considers all highly liquid investments purchased with an original maturity date of three months or less to be cash equivalents. The Company had no cash equivalents as of June 30, 2022 and December 31, 2021.

Concentrations of Credit Risk

Financial instruments and related items which potentially subject the Company to concentrations of credit risk consist primarily of cash, cash equivalents and trade receivables. The Company places its cash and temporary cash investments with credit quality institutions. At times, such investments may be in excess of the FDIC insurance limit of $250,000. To reduce its risk associated with the failure of such financial institution, the Company evaluates at least annually the rating of the financial institution in which it holds deposits. As of June 30, 2022, the Company had $270,829 in its accounts in excess of FDIC insured limits. No losses have been incurred by the Company as a result of such excesses of FDIC limits.

The Company derives revenue from mobile app platforms, advertising networks and licensing which individually may contribute 10% or more of the Company's revenues in any given year.

For the six months ended June 30, 2022, revenue derived from three mobile app platforms comprised 62% of such period's total revenue. For the six months ended June 30, 2021, revenue derived from three mobile app platforms comprised 65% of such period's total revenue.

As of June 30, 2022, the receivable balance from three mobile app platforms comprised 86% of the Company's total accounts receivable balance. As of December 31, 2021, the receivable balance from three mobile app platforms comprised 82% of the Company's total accounts receivable balance.

Property and Equipment

Property and equipment are stated at cost. Routine maintenance, repairs and replacement costs are expensed as incurred and improvements that extend the useful life of the assets are capitalized. When retired or otherwise disposed, the related carrying value and accumulated depreciation are removed from the respective accounts and the net difference, less any amount realized from disposition, is reflected in earnings. Property and equipment are depreciated using the straight-line method over their estimated useful lives as follows:

Estimated Useful Life:	Years
Computer equipment (Years)	3
Furniture and Fixtures (Years)	5
Leasehold improvements	3

Software Development Costs

In accordance with ASC 985-20, "Accounting for the Costs of Computer Software to be Sold, Leased or Otherwise Marketed," the Company capitalizes certain costs related to the development of new software products or the enhancement of existing software products for use in our product offerings. These costs are capitalized from the point in time that technological feasibility has been established, as evidenced by a working model or detailed working program design to the point in time that the product is available for general release to customers. Software development costs include payments made to independent software developers under development agreements, as well as direct costs incurred for internally developed and managed products. Prior to a product's release, if and when we believe capitalized costs are not recoverable, we expense the amounts as part of "Research and Development." Amounts related to software development which are not capitalized are charged immediately to "Research and Development." Software development costs are amortized on a straight-line basis over the estimated remaining economic lives of the products, beginning when the software is placed into service.

We evaluate the future recoverability of capitalized software development costs on at least an annual basis. Recoverability is primarily assessed based on the title's actual performance. For products that are scheduled to be released in the future, recoverability is evaluated based on the expected performance of the specific products to which the cost relates. We use a number of criteria in evaluating expected product performance, including historical performance of comparable products developed with comparable technology, market performance of comparable titles, general market conditions, and past performance of the franchise. When we determine that the capitalized cost of the title is unlikely to be recovered by product sales, an impairment of capitalized software development costs is taken and charged to Impairment of Capitalized Software in the period in which such determination is made.

Impairment of Long-lived Assets

The Company regularly reviews property, equipment, software development costs and other long-lived assets for possible impairment. This review occurs annually or more frequently if events or changes in circumstances indicate the carrying amount of the asset may not be recoverable. The carrying amount of a long-lived asset is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. Based upon management's assessment, there was no impairment of the Company's property and equipment at June 30, 2022 and December 31, 2021. Management has deemed that certain software development costs were impaired at December 31, 2021, and such impairment is more fully described in Note 9 below. There was no impairment of software development costs during the six months ended June 30, 2022 and 2021.

In general, investments in which the Company owns less than 20% of an entity's equity interest or does not hold significant influence over the investee are accounted for under the cost method. Under the cost method, these investments are carried at the lower of cost or fair value. The Company periodically assesses its cost method investments for impairment. If determination that a decline in fair value is other than temporary, the Company will write-down the investment and charge the impairment against operations. On December 29, 2021, the Company completed the sale of its investment (see Note 10).

Cost of Revenue (excluding amortization of software development costs)

Cost of revenue includes primarily platform and advertising network fees, licensing costs and hosting fees. The Company, along with all mobile application publishers, is required to pay platform fees to Apple, Google and Amazon equal to approximately 30% of gross revenue. The Company is also required to pay a revenue share of approximately 30% to advertising networks and similar service providers.

Digital Assets and Digital Currencies

The Company's investments in digital Assets and digital Currencies, which consist primarily of blockchain based digital artworks and collectibles, commonly known as non-fungible tokens or "NFTs", are carried at cost. Given that there is limited precedent regarding the classification and measurement of digital assets and digital currencies under current GAAP guidance, the Company has determined to account for these digital assets and currencies as indefinite-lived intangible assets in accordance with ASU No. 350, Intangibles – Goodwill and Other, for the period covered by this report and in future reports unless and until further guidance is issued by the FASB. An intangible asset with an indefinite useful life is not amortized but assessed for impairment annually, or more frequently, when events or changes in circumstances occur indicating that it is more likely than not that the indefinite-lived asset is impaired. Management deemed that the digital asset cost carrying amount related to certain of our digital assets was likely not recoverable, thus we took an impairment charge of $452,846 as of June 30, 2022. Impairment exists when the carrying amount exceeds its fair value. In testing for impairment, the Company has the option to first perform a qualitative assessment to determine whether it is more likely than not than an impairment exists. If it is determined that it is more likely than not that an impairment exists, a quantitative impairment test is not necessary. If the Company concludes otherwise, it is required to perform a quantitative impairment test. To the extent an impairment loss is recognized, the loss establishes the new cost basis of the asset. Subsequent reversal of impairment losses is not permitted. Realized gains or losses on the sale of digital assets and digital currencies, net of transaction costs, are included in Other income (expense) in the Statements of Operations.

Leases

ASC 842 requires recognition of leases on the consolidated balance sheets as right-of-use ("ROU") assets and lease liabilities. ROU assets represent the Company's right to use underlying assets for the lease terms and lease liabilities represent the Company's obligation to make lease payments arising from the leases. Operating lease ROU assets and operating lease liabilities are recognized based on the present value and future minimum lease payments over the lease term at commencement date. As the Company's leases do not provide an implicit rate, the Company used its estimated incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The lease term used to calculate ROU assets and lease liabilities only includes renewal and termination options that are deemed reasonably certain to be exercised.

The Company recognized lease liabilities, with corresponding ROU assets, based on the present value of unpaid lease payments for existing operating leases longer than twelve months. The ROU assets were adjusted per ASC 842 transition guidance for existing lease-related balances of accrued and prepaid rent, and unamortized lease incentives provided by lessors. Operating lease cost is recognized as a single lease cost on a straight-line basis over the lease term and is recorded in selling, general and administrative expenses. Variable lease payments for common area maintenance, property taxes and other operating expenses are recognized as expense in the period when the changes in facts and circumstances on which the variable lease payments are based occur. The Company has elected not to separate lease and non-lease components for all property leases for the purposes of calculating ROU assets and lease liabilities.

Stock-Based Compensation

The Company measures the fair value of stock-based compensation issued to employees and non-employees using the stock price observed in the arms-length private placement transaction nearest the measurement date (for stock transactions), or the fair value of the award (for non-stock transactions), which are considered to be more reliably determinable measures of fair value than the value of the services being rendered. The measurement date is the earlier of (1) the date at which commitment for performance by the counterparty to earn the equity instruments is reached, or (2) the date at which the counterparty's performance is complete.

Basic and Diluted Net Income (Loss) per Share Calculations

The Company computes per share amounts in accordance with FASB ASC Topic 260 "Earnings per Share" ("EPS"), which requires presentation of basic and diluted EPS. Basic EPS is computed by dividing the income (loss) available to common stockholders by the weighted-average number of common shares outstanding for the period. Diluted EPS is based on the weighted-average number of shares of common stock and common stock equivalents outstanding during the periods; however, potential common shares are excluded for period in which the Company incurs losses, as their effect is anti-dilutive (see Note 3).

Recent Accounting Pronouncements

Intangibles – Goodwill and Other – Internal-Use Software

In August 2018, the FASB issued ASU 2018-15, which addresses a customer's accounting for implementation costs incurred in a cloud computing arrangement that is a service contract. Under the new guidance, customers will apply the same criteria for capitalizing implementation costs as they would for an arrangement that has a software license. ASC 2018-15 was effective for the Company beginning in its first quarter of 2020. The Company has concluded that the impact on its consolidated financial statements and related disclosures is not material.

Fair Value

In August 2018, the FASB issued ASU 2018-13, which is guidance that changes the fair value measurement disclosure requirements of ASC 820. ASU 2018-13 was effective for the Company beginning in its first quarter of 2020. The Company has concluded that the impact on its consolidated financial statements and related disclosures is not material.

Income Taxes

In December 2019, the FASB issued ASU 2019-12, "Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes" which removes certain exceptions related to intra-period tax allocations and deferred tax accounting on outside basis differences in foreign subsidiaries and equity method investments. Additionally, it provides other simplifying measures for the accounting for income taxes. The new standard is effective for fiscal years beginning after December 15, 2021 with early adoption permitted. The Company is currently evaluating the impact of this ASU.

Management does not believe that any other recently issued, but not yet effective, accounting standards if currently adopted would have a material effect on the accompanying consolidated financial statements.

Note 3 — Net Income (Loss) Per Share

The Company computes net loss per share by dividing its net loss for the period by the weighted average number of common shares outstanding during the period less the weighted average common shares subject to restrictions imposed by the Company.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Net income (loss) per share - Basic:				
Net income (loss)	$ (76,605)	$ 215,993	$ 733,224	$ 453,446
Shares used to compute basic net income (loss) per share:				
Weighted average common shares outstanding - basic	2,824,814	2,815,680	2,824,814	2,781,575
Net income (loss) per share - Basic	$ (0.03)	$ 0.08	$ 0.26	$ 0.16
Net income (loss) per share - Diluted:				
Net income (loss)	$ (78,105)	$ 215,993	$ 731,724	$ 453,446
Weighted average common shares outstanding - basic	2,824,814	2,815,680	2,824,814	2,781,575
Weighted average common shares – dilutive effect of warrants and options	-	82,740	34,951	66,405
Weighted average common shares outstanding – diluted	2,824,814	2,898,420	2,859,765	2,847,980
Net income (loss) per share - Diluted	$ (0.03)	$ 0.07	$ 0.26	$ 0.16

The following warrants and options to purchase common stock have been excluded from the computation of net income (loss) per share of common stock for the periods presented because including them would have had an anti-dilutive effect:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Basic:				
Warrants to purchase common stock	814,475	850,490	814,475	850,490
Options to purchase common stock	633,140	628,140	633,140	628,140
Total Basic	1,447,615	1,478,630	1,447,615	1,478,630
Diluted:				
Warrants to purchase common stock	814,475	850,490	814,475	850,490
Options to purchase common stock	633,140	196,010	162,820	196,015
Total Diluted	1,447,615	1,046,500	977,295	1,046,505

Note 4 — Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Assets and liabilities that are measured at fair value are reported using a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy maximizes the use of observable inputs and minimizes the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date of identical, unrestricted assets or liabilities.
- Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability; and
- Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

As of June 30, 2022 and December 31, 2021, the Company did not identify any assets and liabilities that are required to be presented in the balance sheets at fair value in accordance with ASC 825, Financial Instruments.

Note 5 — Accounts Receivable

Accounts receivable consisted of the following as of June 30, 2022 and December 31, 2021:

	June 30, 2022	December 31, 2021
Accounts receivable	$ 325,513	$ 477,121
Less: Allowance for doubtful accounts	-	-
Accounts receivable, Net	$ 325,513	$ 477,121

The Company had no bad debts during the six months ended June 30, 2022 and 2021.

Note 6 — Prepaid Expenses

Prepaid expense consisted of the following as of June 30, 2022 and December 31, 2021:

	June 30 2022	December 31, 2021
Deferred platform commission fees	$ 361,949	$ 384,651
Deferred royalties	7,540	21,869
Other	30,715	41,422
Total Prepaid Expenses	$ 400,204	$ 447,942

Note 7 — Property and Equipment

Property and equipment consisted of the following as of June 30, 2022 and December 31, 2021:

	June 30, 2022	December 31, 2021
Leasehold improvements	$ 2,433	$ 2,433
Furniture and fixtures	62,511	62,512
Computer equipment	38,750	38,750
Property and equipment cost	103,694	103,695
Less: accumulated depreciation	(53,674)	(46,416)
Property and equipment, net	$ 50,020	$ 57,279

During the six months ended June 30, 2022 and 2021 depreciation expense was $7,259 and $1,765, respectively.

Note 8 — Right-to-use assets and lease liability

In September 2021, the Company entered into a lease agreement, whereby the Company entered into a lease for office space in New York, NY, commencing November 1, 2021 and expiring on January 31, 2027 at an initial rate of $7,311 per month with escalating payments. The lease contains other terms and conditions, including termination provisions, which are standard and customary for leases in New York City. The Company's Chief Executive Officer who is also a member of the Board of Directors personally entered into a limited guaranty with respect to certain obligations of the Company under the lease agreement.

In August 2016, the Company entered into a lease agreement, whereby the Company agreed to extend the lease for office space in New York, NY, commencing September 1, 2016 and expired on December 31, 2021 at an initial rate of $4,625 per month with escalating payments.

Right-to-use assets is summarized below:

	June 30, 2022
Office lease	$ 428,052
Less accumulated amortization	(50,694)
Right-to-use assets, net	$ 377,358

Lease liability is summarized below:

	June 30, 2022
Office lease	$ 399,950
Less: short term portion	(77,887)
Long term portion	$ 322,063

Maturity analysis under the lease agreement is as follows:

For the years ended December 31,	
2022 (remainder of year)	$ 43,866
2023	90,146
2024	92,850
2025	95,635
2026	98,504
Thereafter	8,229
Total	429,230
Less: Present value discount	(29,280)
Lease liability	$ 399,950

Lease expense for the year ended June 30, 2022 was comprised of the following:

Operating lease expense	$ 44,775
Short-term lease expense	-
Variable lease expense	-
	$ 44,775

Note 9 — Capitalized Software Development

Capitalized software development costs at June 30, 2022 and December 31, 2021 were as follows:

	June 30, 2022	December 31, 2021
Software development cost	$ 6,019,022	$ 5,880,510
Less: accumulated amortization	(4,177,455)	(4,117,843)
Less: Impairment of software development cost	(1,337,137)	(1,337,137)
Software development cost, net	$ 504,430	$ 425,530

During the six months ended June 30, 2022 and 2021, amortization expense related to capitalized software was $155,175 and $167,854, respectively. Management deemed that the net software development cost carrying amount related to certain of our released and unreleased mobile games was likely not recoverable, thus we took an impairment charge of $271,917 as of December 31, 2021. There was no impairment of software development costs during the six months ended June 30, 2022 and 2021.

Note 10 - Investments

In January 2015, the Company made a $5,000 passive investment into Peer5, a Tel Aviv, Israel based internet infrastructure company focused on improving the scalability and efficiency of mobile and internet content delivery. On December 29, 2021, the Company completed the sale of its investment in Peer5 for $13,010 in cash and recorded $8,010 of gain on sale of the investment. In the six months end June 30, 2022, the Company received additional proceeds and recorded a gain on the sale of the investment of $5,091.

Note 11 – Digital Assets and Currencies

The Company's digital assets, which consist primarily of Ethereum and Tezos blockchain denominated NFTs, amounted to $1,269,653 and $778,818 as of June 30, 2022 and December 31, 2021, respectively. The Company's digital currencies, which consist primarily of Ethereum and Tezos, amounted to $45,429 and $26,563 as of June 30, 2022 and December 31, 2021, respectively. The Company recorded a realized gain on the sale of Digital assets of $195,734 and $488,816, a loss on impairment of digital assets of $452,846 and $452,846, and a gain on Digital asset dividends & airdrops of $7,794 and $145,682 each during the three and six months ended June 30, 2022, respectively.

Note 12 - Related Party Transactions

Games Revenue Share and Stock Repurchase Agreement

On December 28, 2018, the Company entered into a Games Revenue Share and Stock Repurchase Agreement (the "*Rapid-Launch Games* Agreement") with TapGames, a Pakistani registered firm ("TapGames"), Khurram Samad, a major shareholder, (the "Stockholder"), Rizwan Yousuf and Tap2Play, LLC, a wholly-owned subsidiary of the Company, whereby the Company repurchased from the Stockholder 47,790 shares (the "Repurchased Shares") of the Company's common stock, for a per share purchase price of $3.03, or an aggregate purchase price of $144,639 as further described below.

In consideration for the Repurchased Shares, the Company agreed to share all revenue, net of any and all third-party platform fees, generated from the Company's *Rapid-Launch Games* identified in the *Rapid-Launch Games* Agreement (the "Subject Games") with TapGames, an entity in which the Stockholder has an equity interest. Pursuant to the terms of the *Rapid-Launch Games* Agreement and effective as of January 1, 2019, 60% of all such revenue relating to the Subject Games will be paid to TapGames with the Company retaining the remaining 40%. The Company and its Tap2Play subsidiary will retain all intellectual property rights and title to the Subject Games but will not be responsible for any updates or maintenance with respect to the Subject Games, including any advertising or marketing expenses.

Game Development

As of June 30, 2022 and December 31, 2021, the Company had balances due to related parties, related to software development services, of $30,104 and $47,906, respectively.

Due to Officers and Directors

As of June 30, 2022 and December 31, 2021, the Company had balances due to related parties, related to quarterly director fees, of $10,000 and $10,000, respectively.

Note 13— Commitments and Contingencies

Minimum Developer Commitments

As of June 30, 2022, there were no future developer commitments. These developer commitments reflect the Company's estimated minimum cash obligations to external software developers ("third-party developers") to design and develop its software applications but do not necessarily represent the periods in which they will be expensed. The Company advances funds to these third-party developers, in installments, payable upon the completion of specified development milestones.

Share Settlement Agreement

On November 25, 2020, the Company, entered into a stock purchase agreement (the "Purchase Agreement") with a shareholder whereby the Company agreed to repurchase 109,375 shares of the Company's common stock and entered into a five-year standstill agreement (the "Standstill Agreement") with the shareholder for an aggregate payment of $262,500, payable over two years pursuant to terms and conditions of the Purchase Agreement. The Company paid $22,500 at closing and the balance of $240,000 over twenty-four months in installments of $10,000 each. Pursuant to the terms of the Purchase Agreement, the Company agreed to purchase 109,375 shares at the fair market value of $91,875 ($0.84 per share) and $170,625 was allocated to the Standstill Agreement and recorded as share settlement expense in accordance with ASC 505. The terms of the Purchase Agreement and the Standstill Agreement are more fully described in a Supplemental Information Report filed by the Company on December 1, 2020 with OTC Markets. The balance of the share settlement liability under the Purchase Agreement is $40,000 and $90,000 as of June 30, 2022 and December 31, 2021, respectively.

Note 14 — Stockholders' Equity

Common and Preferred Stock

At June 30, 2022 and December 31, 2021, the authorized capital of the Company consisted of 25,000,000 shares of common stock, par value $0.001 per share, and 1,532,500 shares of blank check preferred stock, par value $0.001 per share

On March 16, 2022, we announced that the Company's Board of Directors approved and declared a common stock dividend which the Company believes will make stock ownership more accessible to investors. Each stockholder of record on March 1, 2022 received a dividend of four additional shares of common stock for each then-held share, distributed after close of trading on March 16, 2022. Accordingly, all share and per share information set forth in these financial statements and accompanying notes have been restated to retroactively show the effect of this stock dividend

On April 8, 2021, the Company issued 27,500 shares of common stock to a third-party at a fair market value of $3.40 per share, or an aggregate fair market value of $93,555, in conjunction with the settlement of a placement agent indemnification claim. Additionally, on April 8, 2021, the Company cancelled 4,690 shares of common stock previously repurchased from a third party at an aggregate value of $13,750.

Treasury Stock

On November 20, 2020, the Company agreed to repurchase 109,375 shares of common stock from an existing shareholder for $0.84 per share plus other mutual consideration. The repurchase of these shares was treated as a treasury stock repurchase in accordance with the Purchase Agreement (see note 14).

Options

In December 2015, the Company approved the 2015 Equity Incentive Plan (the "Plan"). The Plan provides for the grant of incentive stock options, non-statutory stock options, restricted stock awards, RSU's, performance stock awards and other stock-based awards (collectively, "Stock Awards"). The initial Plan provided the Company the ability to grant Stock Awards to its employees, directors and consultants of up to 187,500 shares of common stock.

On January 23, 2018 via written consent of a majority of its stockholders, the Company increased the number of shares of common stock underlying the Plan from 187,500 to 562,500.

On November 25, 2019, at a special meeting of the stockholders, a majority of the stockholders approved an amendment to the Plan to add an "evergreen" provision to the Plan whereby the number of shares reserved for issuance under the Plan will automatically adjust on each March 31 and September 30 such that the number of shares of the Company's common stock available for issuance pursuant to awards under the Plan will continue to represent fifteen percent (15%) of the total number of shares of the Company's common stock outstanding on such adjustment dates, on a fully diluted basis. As of June 30, 2022, there are 642,394 shares of common stock underlying the Plan.

A summary of stock option activity under the Plan for the six months ended June 30, 2022 is as follows:

	Number of Options	Weighted average exercise price	Weighted average life (years)	Intrinsic value of Options
Outstanding, January 1, 2022	633,140	$ 2.39	7.90	
Granted	-	-	-	
Exercised	-	-	-	
Expired/Cancelled	-	-	-	
Outstanding, June 30, 2022	633,140	$ 2.39	6.96	$96,235
Exercisable, June 30, 2022	598,140	$ 2.42	6.28	$81,548

On October 20, 2021, the Company granted stock options of 5,000 shares to an employee. The stock options have a per share exercise price of $5.00 and vested in eight equal quarterly share installments at the end of each quarterly anniversary beginning January 1, 2022.

On February 25, 2021, the Company granted a stock option of 125,000 shares to the Chief Executive Officer, President, three employees and a member of the Company's Board of Directors. The stock option has a per share exercise price of $1.54 and vests in eight equal quarterly share installments at the end of each quarterly anniversary beginning March 31, 2021.

Stock option expense included in stock compensation expense for the six months ended June 30, 2022 and 2021 was $50,965 and $40,570, respectively, and is included in selling, general and administrative expenses in the accompanying consolidated statements of operations.

The aggregate intrinsic value in the preceding table is calculated as the difference between the exercise price of the underlying awards and the quoted closing price of the Company's common stock on The OTC Markets of $2.01 per share as of June 30, 2022.

Common stock warrants

A summary of common stock warrant activity for the six months ended June 30, 2022 is as follows:

	Number of Common Stock Warrants	Weighted average exercise price	Weighted average life (years)	Intrinsic value of Warrants
Outstanding, January 1, 2022	814,675	4.64	1.20	
Granted	-	-	-	
Exercised	-	-	-	
Canceled	-	-	-	
Outstanding, June 30, 2022	814,675	$ 4.64	0.71	$ -
Exercisable, June 30, 2022	814,675	$ 4.64	0.71	$ -

The aggregate intrinsic value in the preceding table is calculated as the difference between the exercise price of the underlying warrants and the quoted closing price of the Company's common stock on the OTC Markets of $2.01 per share as of June 30, 2022.

Restricted Stock Units

On October 7, 2021, the Board of Directors of the Company approved grants of 10,000 RSUs to a consultant. The grants shall vest in four quarterly installments at the end of each quarterly anniversary.

Compensation expense was recognized ratably over the total vesting schedule. The Company will periodically adjust the cumulative compensation expense for forfeited awards. The stock compensation expense of $26,720 has been recorded for the six months ended June 30, 2022. Under ASC 718, Compensation-Stock Compensation ("ASC 718"), the Company has measured the value of its October 2021 award as if it were vested and issued on the grant date with a value of $53,440 based on the closing price of the Company's stock at the grant date of the RSU Grant ($5.34 per share).

The following table shows a summary of RSU activity for the year ended June 30, 2022:

	Number of Units	Weighted average Grant Date Fair Value
Awarded and unvested, January 1, 2022	-	$ -
Granted	10,000	53,440
Vested	(7,500)	(40,080)
Forfeited/cancelled	-	-
Awarded and unvested, June 30, 2022	2,500	$ 13,360

Note 15 – Subsequent Events

In accordance with ASC 855 “Subsequent Events”, the Company evaluated subsequent events after June 30, 2022 through the date these unaudited consolidated financial statements were issued and has no transactions or events requiring disclosure.