

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 June 30, 2024

or

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

For the transition period from _____ to _____

Commission file number: 001-39158

AppTech Payments Corp.

(Exact Name of Registrant as Specified in its Charter)

Delaware	7389	65-0847995
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

5876 Owens Avenue
Suite 100
Carlsbad, California 92008
(760) 707-5959

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.001 par value per share	APCX	Nasdaq Capital Market
Warrants, each whole warrant exercisable for one share of common stock at an exercise price of \$4.15	APCXW	Nasdaq Capital Market

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

None

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 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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

As of August 14, 2024, the registrant had 25,114,922 shares of common stock issued and outstanding.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS AND PROJECTIONS

Various statements in this Quarterly on Form 10-Q of AppTech Payments Corp. (we, our, AppTech or the Company) are "forward-looking statements" within the meaning of the Private Securities Litigation Act of 1995. Forward-looking statements involve substantial risks and uncertainties. All statements, other than statements of historical facts, included in this report regarding our strategy, future operations, future financial position, future revenues, projected costs, prospects, plans and objectives of management are forward-looking statements. These statements are subject to risks and uncertainties and are based on information currently available to our management. Words such as "anticipate," "believe," "estimate," "expect," "intend," "may," "plan," "contemplates," "predict," "project," "target," "likely," "potential," "continue," "ongoing," "will," "would," "should," "could," or the negative of these terms and similar expressions or words, identify forward-looking statements. The events and circumstances reflected in our forward-looking statements may not occur and actual results could differ materially from those projected in our forward-looking statements. Meaningful factors that could cause actual results to differ include:

- delays and uncertainty associated with the boarding of clients onto our platform;
- substantial investment and costs associated with new potential revenue streams and their corresponding contractual obligations;
- a slowdown or reduction in our sales due to a reduction in end user demand, unanticipated competition, regulatory issues, or other unexpected circumstances;
- uncertainty regarding adverse macroeconomic conditions, including inflation, a recession, changes to fiscal and monetary policy, tighter credit, higher interest rates, consumer confidence and spending, and high unemployment;
- dependence on third-parties needed to facilitate our automated clearing house ("ACH") and merchant service capabilities;
- delay in or failure to obtain regulatory approval for any future products in additional countries, and;
- current and future laws and regulations.

All written and oral forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. We caution investors not to rely too heavily on the forward-looking statements we make or that are made on our behalf. We undertake no obligation and specifically decline any obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Please see, however, any further disclosures we make on related subjects in any annual, quarterly or current reports that we may file with the Securities and Exchange Commission (SEC).

We encourage you to read the discussion and analysis of our financial condition and our financial statements contained in this Quarterly Report on Form 10-Q. There can be no assurance that we will in fact achieve the actual results or developments we anticipate or, even if we do substantially realize them, that they will have the expected consequences to, or effects on, us. Therefore, we can give no assurances that we will achieve the outcomes stated in those forward-looking statements and estimates.

Unless the context otherwise requires, throughout this Quarterly Report on Form 10-Q, the words "AppTech" "we," "us," the "registrant" or the "Company" refer to AppTech Payments Corp.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

APPTECH PAYMENTS CORP.
CONSOLIDATED FINANCIAL STATEMENTS
INDEX TO UNAUDITED FINANCIAL STATEMENTS
 (The financial statements have been condensed for presentation purposes)

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APPTECH PAYMENTS CORP.
CONSOLIDATED BALANCE SHEETS
AS OF JUNE 30, 2024 AND DECEMBER 31, 2023
(UNAUDITED)
 (in thousands, except shares and per share data)

	June 30, 2024	December 31, 2023
ASSETS		
Current assets		
Cash and cash equivalents	\$ 16	\$ 1,281
Accounts receivable	15	30
Prepaid expenses	297	205
Total current assets	328	1,516
Note receivable	26	26
Right of use asset	48	66
Security deposit	19	9
Intangible assets, net of accumulated amortization	3,919	4,428
Goodwill	1,161	1,161
Capitalized software development, net of accumulated amortization	963	1,147
TOTAL ASSETS	\$ 6,464	\$ 8,353
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 2,480	\$ 1,680
Accounts payable - related party	102	119
Accrued liabilities	1,675	1,958
Notes payable, net of discount of \$10 and \$0, respectively	191	1
Deferred revenue	150	244
Right of use liability	63	78
Total current liabilities	4,661	4,080
Long-term liabilities		
Right of use liability, net of current portion	–	14
Notes payable, net of current portion	63	65
Total long-term liabilities	63	79
TOTAL LIABILITIES	4,724	4,159
Commitments and contingencies (Note 7)		
Stockholders' equity		

Preferred stock: 100,000 shares authorized at June 30, 2024 and December 31, 2023, respectively;				
Series A preferred stock: \$0.001 par value; 14 shares issued and outstanding at June 30, 2024 and December 31, 2023, respectively.				
Common stock, \$0.001 par value; 105,263,158 shares authorized; 24,864,922 and 22,251,742 issued and outstanding at June 30, 2024 and December 31, 2023, respectively	25	22		
Additional paid-in capital	167,423	163,921		
Accumulated deficit	(165,708)	(159,749)		
Total stockholders' equity	1,740	4,194		
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 6,464	\$ 8,353		

See accompanying notes to the consolidated financial statements.

APPTECH PAYMENTS CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2024 and 2023
(UNAUDITED)
(in thousands, except shares and per share data)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
Revenues	\$ 76	\$ 134	\$ 181	\$ 223
Cost of revenues	14	62	25	115
Gross profit	62	72	156	108
Operating expenses:				
Selling, general and administrative, including stock based compensation of \$462 and \$811 for the three months ended June 30, 2024 and 2023, respectively, \$909 and \$1,043 for the six months ended June 30, 2024 and 2023, respectively	2,320	2,816	4,803	4,887
Impairment of intangible assets	—	6,131	—	6,131
Research and development, including stock based compensation of \$91 and \$2 for the three months ended June 30, 2024 and 2023, respectively, \$131 and \$630 for the six months ended June 30, 2024 and 2023, respectively	633	498	1,276	2,023
Total operating expenses	2,953	9,445	6,079	13,041
Loss from operations	(2,891)	(9,373)	(5,923)	(12,933)
Other income (expenses)				
Interest expense (income)	(32)	3	(35)	(43)
Change in fair value of derivative liability	—	—	—	27
Other income (expenses)	1	287	(1)	715
Total other expenses	(31)	290	(36)	699
Loss before provision for income taxes	(2,922)	(9,083)	(5,959)	(12,234)
Provision for income taxes	—	—	—	—
Net loss	\$ (2,922)	\$ (9,083)	\$ (5,959)	\$ (12,234)
Deemed dividend related to warrant resets	—	—	—	(763)
Net loss attributable to common stockholders	\$ (2,922)	\$ (9,083)	\$ (5,959)	\$ (12,997)
Basic and diluted net loss per common share	\$ (0.12)	\$ (0.49)	\$ (0.25)	\$ (0.71)
Weighted-average number of shares used basic and diluted per share amounts	24,765,307	18,468,741	23,653,211	18,200,197

See accompanying notes to the consolidated financial statements.

APPTECH PAYMENTS CORP.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2024 and 2023
(UNAUDITED)
(in thousands, except shares and per share data)

	Series A Preferred		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Stockholders' Equity
	Shares	Amount	Shares	Amount			
Balance December 31, 2022	14	\$ —	16,697,280	\$ 17	\$ 147,881	\$ (140,474)	\$ 7,424

Net loss	—	—	—	—	—	(3,151)	(3,151)
Stock based compensation	—	—	178,750	—	1,094	—	1,094
Repricing of warrants	—	—	—	—	763	(763)	—
Net proceeds from sale of offering shares	—	—	1,666,667	2	4,488	—	4,490
Balance March 31, 2023	14	\$	18,542,697	\$	19	\$ 154,226	\$ (144,388)
Net loss	—	—	—	—	—	(9,083)	(9,083)
Stock based compensation	—	—	38,750	—	813	—	813
Balance June 30, 2023	14	\$	18,581,447	\$	19	\$ 155,039	\$ (153,471)
							\$ 1,587

	Series A Preferred	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Stockholders' Equity
	Shares	Amount	Shares	Amount		
Balance December 31, 2023	14	\$ —	22,251,742	\$ 22	\$ 163,921	\$ (159,749) \$ 4,194
Net loss	—	—	—	—	—	(3,037) (3,037)
Stock based compensation	—	—	55,000	1	486	— 487
Net proceeds from sale of common shares	—	—	2,423,180	2	2,436	— 2,438
Balance March 31, 2024	14	\$ —	24,729,922	\$ 25	\$ 166,843	\$ (162,786) \$ 4,082
Net loss	—	—	—	—	—	(2,922) (2,922)
Stock based compensation	—	—	105,000	—	553	— 553
Shares issued with Note Payable	—	—	30,000	—	27	— 27
Balance June 30, 2024	14	\$ —	24,864,922	\$ 25	\$ 167,423	\$ (165,708) \$ 1,740

See accompanying notes to the consolidated financial statements.

APPTECH PAYMENTS CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2024 and 2023
(UNAUDITED)
(in thousands, except shares and per share data)

	June 30, 2024	June 30, 2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (5,959)	\$ (12,234)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock based compensation	1,040	1,673
Cancellation of stock repurchase liabilities	—	(430)
Impairment of intangible assets	—	6,131
Gain on settlement of convertible note, warrants, and derivative liabilities	—	(250)
Amortization of debt discount	17	4
Amortization of intangible assets and software	693	586
Change in fair value of derivative liabilities	—	(27)
Changes in operating assets and liabilities:		
Accounts receivable	16	(391)
Prepaid expenses	(102)	454
Accounts payable	781	129
Accrued liabilities	(283)	(1,447)
Deferred revenue	(94)	390
Right of use asset and liability, net	(10)	(4)
Net cash used in operating activities	(3,901)	(5,416)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash used in investing activities	—	—
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from note payable	200	—
Payments on loans payable - related parties	—	(88)
Proceeds from sale of common stock	2,438	4,490
Repayment of notes payable	(2)	(1,020)
Repayment of convertible notes payable	—	(679)
Net cash provided by financing activities	2,636	2,703
Changes in cash and cash equivalents	(1,265)	(2,713)
Cash and cash equivalents, beginning of year	1,281	3,462
Cash and cash equivalents, end of year	\$ 16	\$ 749
Supplemental disclosures of cash flow information:		
Cash paid for interest	\$ 2	\$ 1,429
Cash paid for income taxes	\$ —	\$ —
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Issuance of stock for prepaid services	\$ 111	\$ 234
Common stock issued with Note Payable	27	—

See accompanying notes to the consolidated financial statements.

APPTECH PAYMENTS CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except per share data)

NOTE 1 - ORGANIZATION AND DESCRIPTION OF BUSINESS

AppTech Payments Corp. ("AppTech" or the "Company), a Delaware corporation, is a Fintech Company headquartered in Carlsbad, California. AppTech utilizes innovative payment processing and digital banking technologies to complement its core merchant services capabilities. The Company's patented and proprietary software will provide progressive and adaptable products that are available through a suite of synergistic offerings directly to merchants, banking institutions, and business enterprises.

AppTech has a highly secure digital payments platform that we acquired and are further developing digital banking products to power commerce experiences for clients and their customers. Based upon industry standards for payment and banking protocols, we will offer standalone products and fully integrated solutions that deliver innovative, unparalleled payments, banking, and financial services experiences. Our processing technologies can be taken off-the-shelf or tapped into via our RESTful APIs to build fully branded and customizable experiences while supporting tokenized, multi-channel, and multi-method transactions.

AppTech stock trades under the symbol "APCX" and its warrants trade under the symbol "APCXW," on the Nasdaq Capital Market ("NASDAQ").

In June 2023, the Company entered into licensing agreements with InstaCash and PayToMe.co. As part of the arrangement with these parties, the Company negotiated a 7.5% preferred share equity interest. As of the date of this filing, the shares have not been issued to AppTech. InstaCash's CEO also provides investor relation services to the Company. The shares have not been issued as of the date of this filing. Additionally, PayToMe.co is a related party to AppTech. Senior members of the Company sit on PayToMe.co's board of directors and AppTech's Chief Financial Officer ("CFO") is married to its founder and Chief Executive Officer ("CEO").

In August 2023, the Company entered into a sales agreement under which it may sell shares of its common stock having an aggregate offering price of up to \$18.0 million through "at-the-market" (ATM) offerings, pursuant to its shelf registration statement on Form S-3 on file with the SEC. As of this filing, and due to the baby shelf calculation, the Company cannot currently raise capital under the ATM.

On October 13, 2023, Company entered into a Membership Interest Purchase Agreement (the "Purchase Agreement") with Alliance Partners, LLC, a Nevada-based software development company doing business as FinZeo, and Chris Leyva (the "Seller"). Under this agreement, the Company acquired 100% of the Seller's membership interest in Alliance Partners. The primary purpose of this acquisition was to gain control of FinZeo's intellectual property, key personnel, and software platform, which are integral to boarding the Company's potential customers. The total consideration for the transaction was \$2.0 million in cash, with the Company also assuming certain short-term and long-term liabilities of Alliance Partners. The transaction closed on October 26, 2023.

Subsequent to the closing of the transaction, the payment terms were amended various times with the last amendment executed on June 20, 2024. For details regarding the payment schedule and the equity considerations provided to the Seller, refer to Footnote 8, Stockholders' Equity - Equity Issued related to Acquisition section.

The remaining outstanding payable as of June 30, 2024 is \$1.35 million and is secured by substantially all the Company's assets.

Management's Plan to Address Going Concern Considerations

The Company has experienced recurring operating losses, primarily due to limited revenues. The Company's current financial conditions and recurring losses raise substantial doubt about its ability to continue as a going concern.

Management is actively pursuing additional funding options and is confident that it will begin generating revenue during the following twelve months from the issuance date of these financial statements, although no assurances can be made.

Management intends to maintain adequate working capital and adhere to prudent financial forecasting.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated unaudited financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information and the rules and regulations of the Securities and Exchange Commission ("SEC"). In the opinion of the Company's management, the accompanying financial statements reflect all adjustments, consisting of normal, recurring adjustments, considered necessary for a fair presentation of the results for the interim periods ended June 30, 2024 and June 30, 2023. Although management believes that the disclosures in these unaudited financial statements are adequate to make the information presented not misleading, certain information and footnote disclosures normally included in financial statements that have been prepared in accordance with U.S. GAAP have been omitted pursuant to the rules and regulations of the SEC.

The accompanying consolidated unaudited financial statements should be read in conjunction with the Company's financial statements and notes related thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, filed with the SEC on April 1, 2024. The interim results for the six months ended June 30, 2024 are not necessarily indicative of the results to be expected for the year ended December 31, 2024 or for any future interim periods.

Basis of Consolidation

The consolidated unaudited financial statements include the accounts of AppTech Payments Corp., and wholly owned subsidiaries of which the Company is the primary beneficiary. All significant inter-company accounts and transactions are eliminated in consolidation.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles 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 the reported amounts of revenues and expenses during the reporting period.

The Company makes critical estimates and assumptions in valuing: stock-based awards, intangible assets and the related goodwill impairment test. Actual results could differ from those estimates.

Prior Period Reclassifications

Certain prior period amounts have been reclassified to conform to the current period presentation. Specifically, the Company reclassified 'Accounts Payable - Related Party' from 'Accounts Payable' within the consolidated balance sheet. As a result, 'Accounts Payable - Related Party' is presented separately as of June 30, 2024 and December 31, 2023.

Concentration of Credit Risk

Cash and cash equivalents are maintained at financial institutions and, at times, balances may exceed federally insured limits of \$250,000 per institution that pays Federal Deposit Insurance Corporation insurance premiums. The Company has never experienced any losses related to these balances.

The accounts receivable from merchant services are paid by the financial institutions on a monthly basis. As of June 30, 2024, 81% of the accounts receivable balance was generated from three customers. As of December 31, 2023, the same three customers accounted for 96% of total accounts receivable.

For the six months ended June 30, 2024, 82% of the revenue was generated from three customers. For the six months ended June 30, 2023, the same three customers represented 86% of total revenues. The loss of the customer would have a significant impact on the Company's financials.

Revenue Recognition

The Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, codified as Accounting Standards Codification ("ASC") 606 Revenue from Contracts with Customers, which provides a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers.

The Company provides merchant processing solutions for credit cards and electronic payments. In all cases, the Company acts as an agent between the merchant, which generates the credit card and electronic payments, and the bank, which processes such payments.

The Company's revenue is generated on services priced as a percentage of transaction value or a specified fee transaction, depending on the card or transaction type. Revenue is recorded as services are performed, which is typically when the bank processes the merchant's credit card and electronic payments. Consideration paid to channel partners is recorded as a reduction in revenues.

Licensing Revenue

The Company is actively pursuing strategic partnership agreements that licenses our portfolio of patents in return for a fee. The licensing fee is deferred and recognized evenly on a monthly basis over the term of the service period or contract.

Intangible Assets and Intellectual Property

Intellectual Property

The Company amortizes intellectual property based on the estimated period over which the economic benefits of the intangible assets are expected to be consumed. Typically, the Company amortizes its intellectual property, including patents and other identifiable intangible assets, on a straight-line basis. The amortization periods generally range from three years to fifteen years, depending on the nature of the asset and its expected useful life.

Capitalized Software Development Costs

The Company capitalizes certain costs related to the development of its digital payment and banking platform, including employee compensation and consulting fees for third-party developers, only when it is probable that the development will result in new or additional functionality. Costs incurred during the preliminary project planning phase and post-implementation phase are expensed as incurred. The identifiable intangible assets, such as acquired technology, intellectual property, and non-competes, are recorded at their acquisition-date fair value using a combination of the income and cost approaches. The capitalized software development costs are amortized on a straight-line basis over the estimated useful life of the asset.

Goodwill

The Company accounts for goodwill in accordance with ASC 350, Intangibles – Goodwill and Other ("ASC 350"). ASC 350 requires that goodwill and other intangibles with indefinite lives should be tested for impairment annually or on an interim basis if events or circumstances indicate that the fair value of an asset has decreased below its carrying value.

Research and Development

In accordance with ASC 730, Research and Development ("R&D") costs are expensed when incurred. R&D costs include costs of acquiring patents and other unproven technologies, contractor fees and other costs associated with the development of our technology platform, contract and other outside services. Total R&D costs for the six months ended June 30, 2024 and 2023 were approximately \$1.3 million and \$2.0 million, respectively.

Per Share Information

Basic net income (loss) per common share is computed by dividing net income (loss) by the weighted average number of shares of common stock outstanding during the year. Diluted net income (loss) per common share is computed by dividing net income (loss) by the weighted average number of shares of common stock outstanding during the year, increased by the potentially dilutive common shares that were outstanding during the year. Dilutive securities include stock options, warrants granted, and convertible preferred stock.

The number of common stock equivalents not included in diluted income per share was 10,702,946 and 6,705,196 for the six months ended June 30, 2024 and 2023, respectively. The weighted average number of common stock equivalents is not included in diluted income (loss) per share, because the effects are anti-dilutive.

	June 30, 2024	June 30, 2023
Series A preferred stock	1,148	1,148
Warrants	7,489,960	5,823,036
Options	3,211,838	881,012
Total	10,702,946	6,705,196

Stock Based Compensation

The Company recognizes as compensation expense all share-based payment awards made to employees, directors, and consultants, including grants of stock, stock options, and warrants, based on their estimated fair values. For stock awards, fair value is determined based on the closing price of the Company's common stock on the grant date and is recognized over the service period required for the employees, directors, and consultants to earn the awards. For stock options and warrants, fair value is estimated using an appropriate valuation model at the grant date, considering the terms and conditions under which the awards were granted. The expense is similarly recognized over the period during which the service conditions are expected to be met. Additionally, the Company has several grant agreements that include options awarded based on contingent performance. For these performance-based option grants, the Company records the fair market value of the options at the time the performance criteria are fully met.

New Accounting Pronouncements

The FASB issues ASUs to amend the authoritative literature in ASC. There have been a number of ASUs to date that amend the original text of ASC. The Company believes those issued to date either (i) provide supplemental guidance, (ii) are technical corrections, (iii) are not applicable to the Company or (iv) are not expected to have a significant impact on the Company.

NOTE 3 – INTANGIBLE ASSETS

Intellectual Property

The Company has two patent portfolios, which include:

Mobile Payment Technology This portfolio consists of four mobile technology patents that range from System & Method for Delivering Web Content to a Mobile Device, Computer to Mobile Two-Way Chat System & Method, and Mobile to Mobile payment.

Geolocation Technology This portfolio consists of 13 patents that are focused on the delivery, purchase, or request of any products or services within specific geolocation and time parameters, provided by a consumer's mobile phone anywhere in the United States. This portfolio houses the patent that protects all advertising on a mobile phone, including in a store's mobile application. We amortize the patents on a straight-line basis from three years to 15 years, which approximates the way the economic benefits of the intangible asset will be consumed.

As of June 30, 2024 and December 31, 2023, the gross value of patents is \$ 407 thousand. As of June 30, 2024 and December 31, 2023, cumulative amortization is approximately \$300 thousand and \$232 thousand, respectively.

On October 26, 2023, the Company acquired FinZeo, a Nevada based LLC. The gross value of acquired intangible assets is \$ 4.4 million. As of June 30, 2024 and December 31, 2023, cumulative amortization is approximately \$588 thousand and \$147 thousand, respectively. The estimated aggregate amortization of the intellectual property for each of the five succeeding fiscal years is approximately \$882 thousand.

Intellectual Property as of June 30, 2024 and December 31, 2023 are as follows:

	June 30, 2024	December 31, 2023
Intellectual Property		
Beginning Balance	\$ 4,428	\$ 311
Acquisition of intangible assets	–	4,400
Amortization expenses	(509)	(283)
Ending Balance	\$ 3,919	\$ 4,428

Capitalized Software Development Costs

The Company capitalizes certain costs related to the development of its digital payment and banking platform.

As of June 30, 2024, the gross value of capitalized software development cost is approximately \$ 1.6 million. As of June 30, 2024 and December 31, 2023, cumulative amortization is approximately \$603 thousand and \$419 thousand, respectively. The estimated aggregate amortization of the capitalized software development cost for each of the four succeeding fiscal years is approximately \$368 thousand.

<i>Capitalized Software Development Cost</i>	June 30, 2024	December 31, 2023
Beginning Balance	\$ 1,147	\$ 4,921
Impairment	—	(3,072)
Amortization expenses	(184)	(702)
Ending Balance	<u>\$ 963</u>	<u>\$ 1,147</u>

See Note 7 - *Commitments and Contingencies* for discussions of Infinios Financial Services (formerly NEC Payments B.S.C.) and the write-off of capitalized software development costs.

Goodwill

On October 26, 2023, the Company completed the acquisition of Alliance Partners, LLC, a Nevada limited liability company. The difference between the fair value of the purchase price and the net assets acquired (including the assembled workforce) is recorded as goodwill. As of June 30, 2024, the Company recorded goodwill of approximately \$1.2 million.

See Note 1 - *Purchase of Alliance Partners, LLC*.

NOTE 4 – ACCRUED LIABILITIES

Accrued liabilities as of June 30, 2024 and December 31, 2023 are as follows:

	June 30, 2024	December 31, 2023
Accrued payroll	\$ 188	\$ 189
Anti-dilution provision	72	72
Payables due to related party	1,350	1,500
Other	65	197
Total accrued liabilities	<u>\$ 1,675</u>	<u>\$ 1,958</u>

Related parties noted below are either members of management, board of directors, significant shareholders, or individuals that have significant influence over the Company.

Anti-dilution provision

In connection with the shares to be issued as part of the HotHand acquisition, and anti-dilution provision with Infinios, the Company accrued an additional 39,706 shares of its common stock at \$1.81 per share for a total of \$ 72 thousand. The shares have not been issued to Infinios as of June 30, 2024.

See Note 7 - *Commitment and Contingencies*.

Payables due to related party

The remaining outstanding payable as of June 30, 2024, is \$1.35 million for the purchase of FinZeo. See Note 1. *Purchase of Alliance Partners, LLC (Business Combinations)*.

NOTE 5 – NOTES PAYABLE

The following is a summary of notes payable outstanding as of June 30, 2024 and December 31, 2023.

Notes Payable

In 2020, the Company entered into a 30-year unsecured note payable with the U.S. Small Business Administration office for \$ 68 thousand in proceeds and with interest at 3.75% per annum. All payments of principal and interest are deferred for thirty months from the date of the note. Payments totaling \$ 4 thousand are due each year through the maturity date of July 1, 2050.

On June 10, 2024, the Company entered into a 60-day unsecured note agreement with Black Ice Advisors, LLC, a third-party lender, for proceeds of \$200 thousand. The note bears interest of \$24 thousand, due along with the principal amount within 60 days of receipt of funds, resulting in a total payable amount of \$224 thousand. Additionally, the Company issued 30,000 shares of Rule 144 Restricted AppTech Common Stock to the lender on June 17, 2024. The implied annual interest rate for this note is 73%. The maturity date of the note is August 10, 2024.

The note agreement includes a default provision where the Company's failure to pay the total amount of \$224,000 by the due date will result in an additional 140% of the outstanding principal and interest, payable in free-trading AppTech Common Stock valued at the average bid price from the past 7 trading days, or a late fee of \$500 per day, at the Company's discretion. Refer to Note 9 - *Subsequent Events* for the Status of the Note Payable.

As of June 30, 2024, the balance of all note payable outstanding was \$ 254 thousand and \$66 thousand, with accrued interest was \$8 thousand and \$0, respectively.

NOTE 6 – RIGHT OF USE ASSET

Lease Agreement

In January 2020, the Company entered into a lease agreement commencing February 8, 2020 for its current Carlsbad, California facility, which expires in 2025. The term of the lease is for five years. At inception of the lease, the Company recorded a right of use asset and liability. The Company used an effective borrowing rate of 12% within the calculation.

In October 2023, the Company entered into a lease agreement commencing October 1, 2023 for its Austin, Texas office, which expires in March 2025. The term of the lease is for 20 months.

The rent expense was \$37 thousand and \$36 thousand for the six months ended June 30, 2024 and 2023, respectively.

NOTE 7 – COMMITMENTS AND CONTINGENCIES

NCR Lawsuit

On November 30, 2022, AppTech filed a complaint against NCR Payment Solutions, LLC in the United States District Court for the Southern District of California.

In March 2024, the Company and NCR reached a Settlement and Release Agreement. Both parties expressly denied any liability and no further actions are required by either party.

Infinios Financial Services (formerly NEC Payments B.S.C.)

On October 1, 2020, the Company entered into a strategic partnership with Infinios Financial Services BSC (formally NEC Payments B.S.C.) ("Infinios") through a series of agreements, which included the following: (a) Subscription License and Services Agreement; (b) Digital Banking Platform Operating Agreement; (c) Subscription License Order Form; and (d) Registration Rights Agreement (collectively, the "Agreements").

On February 11, 2021, the Company entered into an amended and restated Subscription License and Services Agreement, Digital Banking Platform Operating Agreement and Subscription License Order Form with Infinios (collectively, the "Restated Agreements"). The gross total fees due under the Restated Agreements are \$2.2 million excluding pass-through costs associated with infrastructure hosting fees.

During 2021 and 2022, the Company paid Infinios \$ 1.8 million and issued to an Infinios' affiliate 2,347,905 shares of common stock of the Company.

On May 4, 2023, unsatisfied with Infinios' performance of its contractual obligations, the Company notified Infinios of its intent to terminate its relationship and commenced a good-faith negotiation with Infinios regarding the termination terms.

In June 2023, Infinios turned off all its services, and the Company wrote off the \$ 6.1 million net capitalized assets included in Capitalized software development and license and Prepaid license fees, as they were deemed to be impaired.

On or about October 5, 2023, Infinios filed a demand for arbitration and a Statement of Claim before the International Centre for Dispute Resolution (the "Arbitration Claim"). In the Arbitration Claim, Infinios asserts claims for breach of contract, quantum meruit, and account stated. Infinios alleges damages of \$598,525, and asserts a demand for the grant and registration of shares.

On November 13, 2023, the Company filed an Answer to the Arbitration Claim, along with Counterclaims for breach of contract, fraudulent inducement, unjust enrichment, breach of fiduciary duty, and breach of the covenant of good faith and fair dealing.

At a Preliminary Hearing held on February 22, 2024, hearing dates of August 12 and 13, 2024, August 19 and 20, 2024, and October 21 and 22, 2024 were scheduled. While the Company will continue to pursue consensual means of resolving this dispute, it intends to vigorously defend the claims in the Arbitration Claim, and prosecute the causes of action in its Counterclaims. Refer to Note 9 – Subsequent Events for the Status of the Litigation.

Terminated Employees

Following unsuccessful negotiations regarding severance payments, three former employees filed a lawsuit against the Company in May 2024 concerning their severance claims. After reviewing the case details, including the lawsuit, the Company has assessed that it is less likely than not that a severance obligation will be incurred. Given this assessment, the Company has determined that no accrual for severance payments is necessary as of June 30, 2024.

NOTE 8 – STOCKHOLDERS' EQUITY

Series A Preferred Stock

The Company is authorized to issue 100,000 shares of preferred stock with a par value of \$ 0.001 per share. As of June 30, 2024 and December 31, 2023. There were fourteen (14) shares of Series A preferred stock issued and outstanding. The holders of Series A preferred stock are entitled to one vote per share on an "as converted" basis on all matters submitted to a vote of stockholders and are not entitled to cumulate their votes in the election of directors. The holders of Series A preferred stock are entitled to any dividends that may be declared by the Board of Directors out of funds legally available, therefore on a pro rata basis according to their holdings of shares of Series A preferred stock, on an as converted basis. In the event of liquidation or dissolution of the Company, holders of Series A preferred stock are entitled to share ratably in all assets remaining after payment of liabilities and have no liquidation preferences. Holders of Series A preferred stock have a right to convert each share of Series A into 82 shares of common stock.

Common Stock

The Company is authorized to issue 105,263,158 shares of \$0.001 par value as of June 30, 2024 and December 31, 2023. There were 24,864,922 and 22,251,742, respectively, shares of common stock outstanding as of June 30, 2024 and December 31, 2023. The holders of common stock are entitled to one vote per share on all matters submitted to a vote of stockholders and are not entitled to cumulate their votes in the election of directors. The holders

of common stock are entitled to any dividends that may be declared by the board of directors out of funds legally available, therefore subject to the prior rights of holders of any outstanding shares of preferred stock and any contractual restrictions against the payment of dividends on common stock. In the event of liquidation or dissolution of the Company, holders of common stock are entitled to share ratably in all assets remaining after payment of liabilities and the liquidation preferences of any outstanding shares of preferred stock. Holders of common stock have no preemptive or other subscription rights and no right to convert their common stock into any other securities.

Public Offerings

In February 2023, the Company announced the closing of its previously announced \$5.0 million registered direct offering (the "Registered Direct Offering") with a single institutional investor to sell 1,666,667 shares of its common stock (the "Shares") and warrants to purchase up to 1,666,667 shares (the "Warrants") in a concurrent private placement (the "Private Placement"). The combined purchase price for one Share and one Warrant was \$3.00. Each of the Warrants has an exercise price of \$4.64 per share of common stock and are exercisable on and after August 1, 2023. The Warrants expire five years from the date on which they become exercisable. The aggregate gross proceeds from the Registered Direct Offering and the concurrent Private Placement were approximately \$5.0 million before deducting placement agent fees and other estimated offering expenses. The offering that was completed in February 2023, caused a reset to the exercise price of existing warrants from the S-1 offering that had a strike price of \$5.19 and a future offerings floor price of \$4.15. Accordingly, the floor price was reset to \$4.15 in February 2023. 4,156,626 warrants were reset and \$763 thousand was recorded to additional paid-in capital and accumulated deficit as a result of the reset.

In August 2023, the Company entered into a sales agreement under which it may sell shares of its common stock having an aggregate offering price of up to \$18.0 million through "at-the-market" offerings (ATM), pursuant to its shelf registration statement on Form S-3 on file with the SEC. In total, as of the end of June 30, 2024, the Company sold 898,780 shares of common stock, for which we received net proceeds of \$ 2.1 million, after deducting commissions, fees and expenses.

In October 2023, the Company entered into a Securities Purchase Agreement (the "Securities Purchase Agreement") with a certain accredited and institutional investor (the "Purchaser") pursuant to which the Company has agreed to issue and sell to Purchaser an aggregate of: (i) 1,666,667 shares (the "Shares") of the Company's common stock, par value \$0.001 per share (the "Common Stock") and (ii) warrants (the "Purchase Warrants") to purchase up to 1,666,667 shares of Common Stock, exercisable at \$2.74 per share (the "Offering"). The offering price per Share and associated Purchase Warrants is \$2.10. The October Warrants will expire five years from the date on which they become exercisable. On October 26, 2023, the Company closed the Offering and raised \$3.5 million in gross proceeds from the Offering.

On March 26, 2024, AppTech Payments Corp. entered into an underwriting agreement with EF Hutton LLC, as representative of the several underwriters, relating to the public offering of 2,000,000 shares of common stock, par value \$0.001 per share, at a purchase price per share to the public of \$1.00. Pursuant to the Underwriting Agreement, the Company granted the Underwriters a 45-day option to purchase up to an additional 300,000 shares of Common Stock at the Offering Price, less any underwriting discounts and commissions.

As of June 30, 2024, approximately \$52.7 million remains available under the shelf registration statement Form S-3 (File No. 333-265526) previously filed and declared effective by the Securities and Exchange Commission (SEC) on July 15, 2022. SEC regulations limit the amount of funds we can raise during any 12-month period pursuant to our effective shelf registration statement on Form S-3. We are currently limited by the Baby Shelf Rule as of the filing of this Report, until such time as our public float exceeds \$75 million.

Stock Issued for Services

During the six months ended June 30, 2024, the Company granted 160,000 and 160,000, respectively, shares of common stock to several consultants in connection with business development and professional services. The Company valued the common stock issuances at \$175 thousand and \$382 thousand, respectively, based upon the closing market price of the Company's common stock on the date of the agreement.

Stock Issued with Note Payable

During the six months ended June 30, 2024, the Company issued 30,000 shares of common stock in connection with a note payable. The 2024 issuance was valued at \$27 thousand based on the closing market price of the Company's common stock on the agreement date. The issuance of the shares was part of the consideration for the note payable. The value of the shares issued was recorded as a debt discount and will be amortized over the note's life. The interest expense related to this amortization is \$17 thousand and is included in the Company's financial statements for the period.

Equity Issued related to Acquisition

On October 26, 2023, the Company completed the acquisition of FinZeo. The Seller received cash and stock as part of the purchase price. See Note 1 - Purchase of Alliance Partners, LLC.

As of June 30, 2024, the payment terms under the Purchase Agreement with Alliance Partners, LLC, were amended as follows: 1) \$150,000 due on or before July 11, 2024; 2) Remaining payments are deferred until either February 1, 2025, or until the Company generates \$400,000 in monthly revenue from the FinZeo products (after cost of sales, excluding operating expenses). Once either condition is met, the payment schedule will resume with payments every 30 days, in amounts ranging from \$75,000 to \$375,000.

In consideration for modifying the payment schedule, Chris Leyva received a total of 15,000 shares of AppTech Payments Corp. and 55,000 options to purchase shares of the Company's stock.

Stock Options

The Company grants stock options as part of employee compensation and recognizes these options' expense over the vesting period. If an employee does not meet certain conditions such as sales targets or leaves the Company before the options vest, these options are forfeited as they occur.

On December 7, 2021, the board authorized the Company's Equity Incentive Plan to facilitate the grant of equity incentives to employees (including our named executive officers), directors, independent contractors, merchants, referral partners, channel partners, and employees of our company. This plan

is essential for attracting, retaining, and motivating these key personnel, which is critical to our long-term success. In May 2023, shareholders approved an additional 700,000 shares for the Company's Equity Incentive Plan, bringing the total authorized shares to 1,752,632. In May 2024, shareholders approved an additional 950,000 shares under a newly adopted 2024 Equity Incentive Plan (the "2024 Plan"), which replaced the previous plan in its entirety. As a result, a total of 2,702,632 shares of common stock were authorized under the 2024 Plan, with 990,114 shares available for issuance as of June 30, 2024.

In June 2024, the Company canceled 1 million contingent options related to the termination of a former employee.

On March 20, 2024, the Company extended the expiration term of vested and outstanding stock options to 10 years from the original grant date for current employees and consultants. The fair value was calculated both on the modification date and prior to the modification. During the six months ended June 30, 2024, the Company recorded the option modification expense of \$325 thousand.

During the six months ended June 30, 2024, the Company granted 1,518,500 options to purchase of common stock. These grants included:

- 1,000,000 options to a consultant, with vesting contingent upon reaching specified sales milestones. The fair value of these options, which are non-plan with a one-year life, will be recognized as an expense when vesting appears probable. These options have an exercise price of \$1.58 per share and a fair value of \$0.64 per share on the issuance date. The Company did not record any stock based compensation expense during the six months ended June 30, 2024 as these were not determined to be probable of vesting.
2. On April 4, 2024, the Company granted 406,000 options to current employees and consultants with an exercise price of \$0.95, a ten-year expiration term, and a fair value on the grant date of \$0.86. The Company recognized \$349 thousand related to this grant. The options were fully vested upon on the grant date.
3. During the six months ended June 30, 2024, the Company granted 112,500 options to the board of directors and consultants. These options have a ten-year expiration period, with exercise prices ranging from \$1.70 to \$2.165 per share. The fair value of these options, as determined on the grant date, ranged from \$0.76 to \$1.53 per share.

The following table summarizes option activity:

	Number of shares	Weighted Average exercise price	Weighted Average remaining years
Outstanding December 31, 2023	2,725,564	\$ 1.84	4.07
Issued	1,518,500	1.40	
Exercised	—	—	
Cancelled	(1,032,226)	2.25	
Outstanding as of June 30, 2024	3,211,838	\$ 1.50	5.94
Outstanding as of June 30, 2024, vested	1,661,841	\$ 1.21	8.06

The unvested options includes a total of 1.5 million options contingent upon reaching specified sales milestones. The remaining expense to be recognized, exclusive of the contingent performance-based options, is \$7 thousand as of June 30, 2024. This amount is expected to be recognized by the end of July 2024.

During the six months ended June 30, 2024, the Company recorded \$ 865 thousand in option expenses, which includes the modification expense of \$ 325 thousand and the company-wide grant of 406,000 shares valued at \$349 thousand.

The options vest in equal monthly installments ranging from instantly to 12 months. For the six months ended June 30, 2024, the fair value of the options were valued using a Black-Scholes option pricing model with the following range of assumptions:

Market value of common stock on issuance date	\$0.72 - \$3.12
Exercise price	\$0.72 - \$3.12
Expected volatility	102% - 144%
Expected term (in years)	1.0 - 10.0
Risk-free interest rate	3.84% - 5.00%
Expected dividend yields	—

Warrants

As of June 30, 2024, the Company has 7,489,960 warrants outstanding. The following table summarizes warrant activity:

	Number of shares	Weighted Average exercise price	Weighted Average remaining years
Outstanding December 31, 2023	7,489,960	\$ 3.52	3.83
Cancelled	—	—	
Issued	—	—	
Outstanding as of June 30, 2024	7,489,960	\$ 3.52	3.33

See Note 1 for information on warrants issued during the Offering.

Private Placement Offering

On July 10, 2024, the Company closed a private placement offering (the "Private Placement Offering") consisting of a 6% convertible debenture (the "Debenture") with a principal amount of \$1,100,000 and a warrant (the "Warrant") to purchase up to 750,000 shares of the Company's common stock. The Debenture was sold to the investor (the "Purchaser") for \$1,000,000, reflecting an original issue discount of 10%, pursuant to a Securities Purchase Agreement executed on the same date. The Warrant, which expires five years from its date of issuance, is exercisable at any time by the holder for up to 750,000 shares of common stock at an exercise price of \$1.16 (the "Exercise Price"), subject to adjustments similar to those applicable to the Conversion Price.

Net proceeds from the Private Placement Offering were \$910,000, after accounting for a \$20,000 non-accountable fee withheld pursuant to the Purchase Agreement and \$70,000 paid to a registered broker-dealer, for the Company's benefit. The offering includes dilutive issuance protection and prohibits variable rate transactions until the Debenture is fully paid. In connection with the Private Placement Offering, the Company also issued an aggregate of 100,000 shares of restricted common stock (the "Commitment Shares") on the closing date, with 50,000 shares issued to the Purchaser and 50,000 shares issued to the Purchaser's designee.

The Debenture matures twelve months from its date of issuance and bears interest at a rate of 6% per annum, payable on the maturity date. The Debenture is convertible, at the option of the holder, into such number of shares of common stock of the Company equal to the principal amount of the Debenture plus all accrued and unpaid interest, at a conversion price of \$1.07 (the "Conversion Price"), subject to adjustment for stock splits, stock dividends, recapitalizations, and similar events. Additionally, the Conversion Price may be reduced at the option of the holder if the Company issues or grants any option to purchase common stock or other convertible securities at an effective price lower than the then-current Conversion Price.

The Debenture includes a redemption feature allowing the Company to prepay the Debenture at 110% of the principal amount and 110% of accrued interest. Additionally, if the Company raises \$1.5 million or more in aggregate funds from public offerings or private placements (excluding insider investments), 50% of the proceeds from such fundraising activities must be used for the repayment of the Debenture, unless otherwise waived by the Purchaser. Default provisions are also included, providing for specific penalties and remedies in the event of non-compliance with the terms of the Debenture.

Stock and Option Grants

On July 3, 2024, the Company granted 785,000 options under the equity plan and approximately 1.2 million options outside of the plan to employees and consultants. These options, which expire ten years from the grant date, have an exercise price of \$0.97 per share and a fair value of \$0.87 per share on the issuance date. The vesting of these options is contingent upon reaching specified company milestones. The fair value of these options will be recognized as an expense when the vesting becomes probable.

On July 29, 2024, the Company entered into a consulting agreement with a third-party marketing firm. In connection with this agreement, the Company executed an Equity Grant Agreement on July 31, 2024, under which the grantee was granted 150,000 shares of the Company's common stock at a grant price of \$0.893 per share. The shares were fully vested on the grant date.

Status of the Note Payable

On June 10, 2024, the Company entered into a 60-day unsecured note agreement with a third party, for \$200,000. The note matured on August 10, 2024. Refer to Note 5. - Notes Payable

As of August 14, 2024, the note and accrued interest have not been repaid, and the note is accruing \$500 per day in late fees.

Infinios Financial Services Case Update

The Company had previously entered into a strategic partnership with Infinios Financial Services BSC (formerly NEC Payments B.S.C.) on October 1, 2020. This partnership was governed by a series of agreements, later amended and restated on February 11, 2021. The relationship faced challenges, leading to a termination notice issued by the Company in May 2023. Subsequently, Infinios filed a demand for arbitration, and the Company responded with counterclaims.

On August 8, 2024, the Company entered into a Settlement Agreement and Mutual Release with Infinios Solutions (Bahrain) W.L.L. The terms of this Settlement Agreement are confidential. The terms of the settlement do not currently result in any additional amounts payable outside what has already been accrued. Following the fulfillment of its terms, both parties will jointly file for the dismissal and termination of the arbitration, expected to be completed before the end of September 2024.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read together with the audited consolidated financial statements and related notes included elsewhere in this report. Certain statements contained in this report, including statements regarding the anticipated development and expansion of our business, our intent, belief or current expectations, primarily with respect to the future operating performance of our company and the products and services we expect to offer and other statements contained herein regarding matters that are not historical facts, are "forward-looking" statements. Our Management's Discussion and Analysis contains not only statements that are historical facts, but also forward-looking statements which involve risks, uncertainties, and assumptions. Because forward-looking statements are inherently subject to risks and uncertainties, our actual results may differ materially from the results discussed in the forward-looking statements.

Business Overview

The financial services industry is going through a period of intensive growth driven by the advancement of technology and the rapid rise of contactless transactions due to societal changes, in part, as a response to COVID-19. End-users expect ease of use and an enhanced user experience in all their daily financial interactions. In this rapidly evolving digital marketplace, businesses have broad and frequently changing requirements to meet consumer

expectations and operational efficiencies to maintain their competitive edge.

To flourish in this environment, businesses need to adopt new technologies to engage, communicate and process payments and manage payouts with their customers from a supplier that widely supports innovation and adaptation as the industry evolves. We believe our technologies will greatly increase the adoption of omni-channel payments and digital banking solutions in sectors that must quickly adapt and migrate to new, secure digital Fintech technologies. By embracing advancements in the payment and banking industries, we are well-positioned to meet the growing needs of existing and prospective clients and intend for our current and future products to be at the forefront of solving these accelerated market needs.

AppTech's all-in-one Fintech platform, FinZeo™, delivers best-in-class financial technologies and capabilities through an ever-evolving modular cloud/edge-based architecture. The FinZeo platform houses a large array of financial products and services that can be implemented off-the-shelf or customized via modern APIs. Within its FinZeo platform, AppTech offers Payments-as-a-Service ("PaaS"), Banking-as-a-Service ("BaaS"), and the Commerse™ Portal.

FinZeo provides PaaS via integrated solutions for frictionless digital and mobile payment acceptance. These solutions provide advanced payment processing solutions by catering to the unique needs of each merchant. FinZeo's PaaS solutions include ACH (automatic clearing house), credit & debit cards, eCheck, mobile processing, electronic billing, and text-to-pay. PaaS will also solve for multi-use case, multi-channel, API-driven, account-based issuer processing for card, digital tokens, and payment transfer transactions.

AppTech is positioned to further accelerate digital transformation through BaaS, layered with financial management tools that empower financial institutions to provide businesses, professionals, and individuals with the ability to better manage their finances anywhere, anytime at a fraction of the cost of traditional banking and financial services. BaaS fosters an ecosystem of immersive and scalable digital financial management services, including FinZeo's groundbreaking automated underwriting portal. By digitizing the underwriting process, Automated Underwriting expedites business onboarding with its intuitive digital application and e-signature capabilities. This portal offers customizable pricing, risk models, and access to multiple processors, ensuring tailored solutions for diverse needs.

The Commerse Portal empowers Independent Sales Organizations (ISOs) and Independent Software Vendors (ISVs) to seamlessly integrate their businesses, facilitating swift technology adoption. By leveraging the Commerse portal, ISOs/ISVs can streamline operations and foster growth, meeting the economic demands of their merchants. Through personalized portals, ISOs/ISVs have the flexibility to select and integrate FinZeo payments and banking services, thereby enhancing their offerings to clients.

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FinZeo has a flexible architecture and can be fully white labeled to allow for rich, personalized payment and banking experiences. This cloud-based platform packages together elements of AppTech's intellectual property, BaaS, PaaS and Commerse™ Portal to create a one-hub connection point of multi tenant portals giving the merchant, ISO/ISV, and each customer a well-defined user experience.

AppTech was reincorporated in Delaware on December 23, 2021. During this time, the business name was changed to AppTech Payments Corp. AppTech's executive offices are located at 5876 Owens Avenue, Suite 100, Carlsbad, California 92008. The Company's phone number is (760) 707-5959. The Company's website address is www.apptechcorp.com. AppTech does not incorporate the information on or accessible through our website into this report. The Company has included our website address in this report solely as an inactive textual reference.

Recent Developments

On May 9, 2024, AppTech Payments Corp. received a deficiency notification from Nasdaq due to the Company's common stock trading below the minimum bid price of \$1.00 for thirty consecutive business days, as required by Nasdaq. While the notice does not currently affect the Company's listing, AppTech Payments Corp. has until November 5, 2024, to regain compliance.

Financial Operations Overview

The following discussion sets forth certain components of our statements of operations as well as factors that impact those items (in thousands, except per share data).

Revenues

Our Revenues. We derive our revenue by providing financial processing services to businesses.

Expenses

Cost of Revenue. Cost of revenue includes costs directly attributable to processing and other services the company provides. These also include related costs such as residual payments to our business development partners, which are based on a percentage of the net revenue generated from client referrals.

General and administrative. General and administrative expenses include professional services, rent and utilities, and other operating costs.

Research and development. Research and development costs include costs of acquiring patents and other unproven technologies, contractor fees and other costs associated with the development of the SMS short code texting platform, contract and outside services.

Interest expense, net. Our interest expense consists of interest on our outstanding indebtedness and amortization of debt issuance costs.

Results of Operations

This section includes a summary of our historical results of operations, followed by detailed comparisons of our results for the three and six months ended June 30, 2024 and 2023, respectively.

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Revenue

Revenue was approximately \$76 thousand and \$134 thousand for the three months ended June 30, 2024 and 2023, representing a decrease of 43%. The decrease was principally driven by lower merchant processing revenue.

Revenue was approximately \$181 thousand and \$223 thousand for the six months ended June 30, 2024 and 2023, representing a decrease of 19%. The decrease was principally driven by lower merchant processing revenue.

Cost of Revenue

Cost of revenue was approximately \$14 thousand and \$62 thousand for the three months ended June 30, 2024 and 2023, respectively, representing a decrease of 77%, driven primarily by an decrease in residual payouts.

Cost of revenue was approximately \$25 thousand and \$115 thousand for the six months ended June 30, 2024 and 2023, representing a decrease of 78%, driven primarily by an decrease in residual payouts.

General and Administrative Expenses

General and administrative expenses were approximately \$2.3 million and \$2.8 million for the three months ended June 30, 2024 and 2023, respectively, representing a decrease of 18%. The decrease was primarily driven by lower stock based compensation.

General and administrative expenses were approximately \$4.8 million and \$4.9 million for the six months ended June 30, 2024 and 2023, respectively, representing a decrease of 2%. The decrease was primarily driven by lower stock based compensation.

Research and Development Expenses

Research and development expenses were approximately \$0.6 million and \$0.5 million for the three months ended June 30, 2024 and 2023, respectively. The increase was primarily driven by higher stock based compensation.

Research and development expenses were approximately \$1.3 million and \$2.0 million for the six months ended June 30, 2024 and 2023, respectively. The decrease was primarily due to lower stock based compensation of \$0.5 million, lower payroll and benefit of \$0.9 million, and offset by higher outsourced development consultants of \$0.6 million.

Impairment of Intangible Assets

Impairment of intangible assets were approximately \$0 and \$6.1 million for the three and six months ended June 30, 2024 and 2023. On May 4, 2023, the Company notified Infinios of its intent to terminate its relationship. Infinios turned off all its services in June 2023 and the Company wrote-off the \$6.1 million capitalized asset as it was deemed to be impaired. See Note 3 Intangible Assets - Capitalized Development Cost and Prepaid Licenses, and Note 7 - Commitments and Contingencies.

Interest Expense, net

Interest expense, net was approximately \$32 thousand for the three months ended June 30, 2024, compared to interest income, net at \$3 thousand for the three months ended June 30, 2023. The increase of interest expense was primarily due to the Company's interest on a new loan in June 2024.

Interest expenses, net was approximately \$35 thousand and \$43 thousand for the six months ended June 30, 2024 and 2023, respectively. The decrease was primarily due to the Company's repayment of forbearance loan and interest in February 2023, offset by the Company's interest on the new loan in June 2024.

Change in Fair Value of Derivative Liability

Change in fair value of derivative liability was approximately \$0 and \$0 for the three months ended June 30, 2024 and 2023.

Change in fair value of derivative liability was approximately \$0 and \$27 thousand for the six months ended June 30, 2024 and 2023, respectively. The decrease was primarily due to the Company's settlement of derivative liabilities in April 2023.

Other income (expenses)

Other income was approximately \$1 thousand and \$287 thousand for the three months ended June 30, 2024 and 2023. The Company's repaid its derivative liabilities in April 2023.

Other income was approximately \$1 thousand and \$715 thousand for the six months ended June 30, 2024 and 2023. The decrease was primarily driven by \$430 thousand gain from cancellation of stock repurchase liabilities during the three months ended March 31, 2023, and, the Company's repayment of derivative liabilities in April 2023.

Liquidity and Capital Resources

As of June 30, 2024, we had cash and cash equivalents of approximately \$16 thousand, working capital of negative \$4.3 million, and stockholders' equity of approximately \$1.7 million.

During the six months ended June 30, 2024, we met our immediate cash requirements through existing cash balances, public offerings, "at-the-market" offerings (ATM), and debt financing.

Additionally, we used equity and equity-linked instruments to pay for services and compensation.

See Note 8 – Stockholders' Equity.

Management's Plan to Address Going Concern Considerations

The Company has experienced recurring operating losses, primarily due to limited revenues. The Company's current financial conditions and recurring losses raise substantial doubt about its ability to continue as a going concern.

Management is actively pursuing additional funding options and is confident that it will begin generating revenue during the following twelve months from the issuance date of these financial statements, although no assurances can be made.

Management undertook cost cutting measures to lower its expenses and it intends to maintain adequate working capital and adhere to prudent financial forecasting.

Cash Flows

The following table presents a summary of cash flows from operating, investing and financing activities for the following comparative periods (in thousands).

Six Months Ended June 30, 2024 and 2023

	Six Months Ended June 30,	
	2024	2023
Net cash used in operating activities	\$ (3,901)	\$ (5,416)
Net cash provided by (used in) investing activities	\$ -	\$ -
Net cash provided by financing activities	\$ 2,636	\$ 2,703

Cash Flow from Operating Activities

Net cash used in operating activities during the six months ended June 30, 2024, was approximately \$3.9 million, which is comprised of (i) our net loss of \$6.0 million, adjusted for non-cash expenses totaling \$1.8 million (which includes adjustments for equity-based compensation, depreciation and amortization), and (ii) changes in operating assets and liabilities of approximately \$308 thousand.

Net cash used in operating activities during the six months ended June 30, 2023 was approximately \$5.4 million, which is comprised of (i) our net loss of \$12.2 million, adjusted for non-cash expenses totaling \$7.7 million (which includes adjustments for equity-based compensation, depreciation and amortization), and (ii) increased by changes in operating assets and liabilities of approximately \$0.9 million.

Cash Flow from Investing Activities

There was no cash used for investing activities during the six months ended June 30, 2024 and 2023.

Cash Flow from Financing Activities

During the six months ended June 30, 2024, net cash provided by financing activities was approximately \$2.6 million. This amount primarily consists of \$1.8 million in net proceeds from the issuance of common shares in our public offering, \$0.7 million from the At-The-Market (ATM) offering, and a \$0.2 million loan in June 2024.

Net cash provided by financing activities during the six months ended June 30, 2023 was approximately \$2.7 million, which principally consists of net proceeds of \$4.5 million through the issuance of common shares and warrants in our public offering, offset by repayments of the Loan forbearance Agreements in full.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. Significant estimates include those related to the valuation of goodwill impairment and intangible assets, and equity-based compensation. These estimates are based on historical experience and assumptions believed to be reasonable under current conditions. It's important to note that actual results could differ from these estimates.

Critical accounting policies are those that we consider the most critical to understanding our financial condition and results of operations. The accounting policies we believe to be most critical to understanding our financial condition and results of operations are discussed below. As of June 30, 2024, there have been no significant changes to our critical accounting estimates nor to our recently issued accounting pronouncements, except as described in Note 2 to our consolidated financial statements.

Equity-Based Compensation: We estimate the fair value of stock options granted using the Black-Scholes option pricing model, which requires input of subjective assumptions. The model inputs include expected stock price volatility, expected term, risk-free interest rate, and dividend yield. The assumptions about future stock price volatility and the option's expected term involve significant judgments based on historical data and future expectations. The reported equity-based compensation expense is sensitive to changes in the volatility assumption. An increase in expected volatility could materially impact the amount of compensation expense recognized.

Goodwill: Arises when the consideration transferred in a business combination exceeds the fair value of the net identifiable assets acquired. It represents future economic benefits arising from assets that are not individually identified and separately recognized.

Intangible Assets: Identifiable intangible assets, distinguishable either by separability from the acquired entity or through contractual or other legal rights, are valued and reported independently from goodwill. These assets include, but are not limited to, trademarks, customer relationships, proprietary technology, and patents. The fair value of these intangible assets is determined at the time of acquisition and is subject to subsequent impairment tests.

The fair value of identifiable intangible assets is estimated using income, market, or cost approach methods. The income approach, often applied through the discounted cash flow (DCF) method, involves projecting future cash flows attributable to the asset and discounting them to present value using a

discount rate that reflects the risk associated with those cash flows. The estimation of fair value is inherently uncertain due to the assumptions and judgments involved in projecting future cash flows, determining appropriate discount rates, and estimating the useful life of each asset.

Over the reporting period, changes in market conditions, technological advancements, or strategic shifts in the business may necessitate revisions to the assumptions used in the valuation of identifiable intangible assets. Management closely monitors these factors and will adjust the valuation of intangible assets as appropriate, reflecting the impact of any such changes in our financial statements.

Contingent Consideration: Any contingent consideration, such as earn-outs, is measured at fair value at the acquisition date and can be adjusted in subsequent periods if the fair value changes.

Goodwill Impairment

Goodwill Impairment Testing: The process requires an annual test for impairment of goodwill, and more frequent testing if certain indicators suggest that the goodwill might be impaired. This assessment involves comparing the carrying amount of a reporting unit, including goodwill, to its fair value. Key estimates in determining fair value include: a) Cash Flow Projections: Utilizing the DCF method, management estimates future cash flows based on current performance, business plans, and expected market growth, introducing judgment due to forecasting uncertainties. b) Discount Rate: The discount rate, reflecting the WACC and adjusted for unit-specific risks, is crucial for present value calculations, with changes significantly affecting fair value estimations; c) Long-term Growth Rates: Assumptions on sustainable growth rates impact the terminal value in the DCF model, thus influencing the overall fair value of the reporting unit.

Impairment Loss Calculation: The impairment loss, representing the excess of the carrying amount of goodwill over its implied fair value, is highly sensitive to the estimates and assumptions used in the fair value calculation. Small changes in cash flow projections, discount rates, or long-term growth rates can result in significant adjustments to the impairment loss recognized in the income statement. Given the dynamic nature of business conditions, technological advancements, and market competition, estimates used in goodwill impairment testing may change from one period to another. Management is tasked with regularly reviewing and updating these estimates to reflect the latest available information and market conditions.

Once an impairment loss is recognized, it is not reversible in subsequent periods. This finality places additional importance on the accuracy and reasonableness of the underlying estimates and assumptions.

Impairment of Long-Lived Assets

Our company evaluates long-lived assets, including capitalized software, for impairment when there are indicators that the carrying amount may not be recoverable. This process involves comparing the carrying amount to the expected future undiscounted cash flows from the asset. If the carrying amount exceeds the expected cash flows, an impairment charge is recognized to reduce the asset's carrying amount to its fair value.

Indicators of impairment include significant underperformance against projections, market or economic downturns, and technological obsolescence. The fair value is determined using market data or discounted cash flow models. An impairment loss is recorded as an expense immediately.

Recent Accounting Pronouncements

As of June 30, 2024, there have been no significant changes to our recently issued accounting pronouncements, except as described in Note 2 to our consolidated financial statements.

Off-Balance Sheet Arrangements

We do not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, that would have been established to facilitate off-balance sheet arrangements (as that term is defined in Item 303(a)(4)(ii) of Regulation S-K) or other contractually narrow or limited purposes. As such, we are not exposed to any financing, liquidity, market or credit risk that could arise if we had engaged in those types of relationships. We enter into guarantees in the ordinary course of business related to the guarantee of our own performance.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Because we are allowed to comply with the disclosure obligations applicable to a "smaller reporting company," as defined by Rule 12b-2 of the Exchange Act, with respect to this Form 10-Q, we are not required to provide the information required by this item.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including the Chief Executive Officer and the Chief Financial Officer, we evaluated the effectiveness of the design and operation of our "disclosure controls and procedures" (as defined in Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that our disclosure controls and procedures were not effective as of June 30, 2024.

Changes in Internal Control over Financial Reporting

There have not been any changes in our internal control over financial reporting during the six months ended June 30, 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

NCR Lawsuit

On November 30, 2022, AppTech filed a complaint against NCR Payment Solutions, LLC in the United States District Court for the Southern District of California.

In March 2024, the Company and NCR reached a Settlement and Release Agreement. Both parties expressly denied any liability and no further actions are required by either party.

Infinios Financial Services (formerly NEC Payments B.S.C.)

On October 1, 2020, the Company entered into a strategic partnership with Infinios Financial Services BSC (formally NEC Payments B.S.C) ("Infinios") through a series of agreements, which included the following: (a) Subscription License and Services Agreement; (b) Digital Banking Platform Operating Agreement; (c) Subscription License Order Form; and (d) Registration Rights Agreement (collectively, the "Agreements").

On February 11, 2021, the Company entered into an amended and restated Subscription License and Services Agreement, Digital Banking Platform Operating Agreement and Subscription License Order Form with Infinios (collectively, the "Restated Agreements"). The gross total fees due under the Restated Agreements are \$2.2 million excluding pass-through costs associated with infrastructure hosting fees.

In the years of 2021 and 2022, the Company paid Infinios \$1.8 million and issued to an Infinios' affiliate about 1,895,948 shares of common stock of the Company.

On May 4, 2023, unsatisfied with Infinios' performance of its contractual obligations, the Company notified Infinios of its intent to terminate its relationship and commenced a good-faith negotiation with Infinios regarding the termination terms.

In June 2023, Infinios turned off all its services, and the Company wrote off the \$6.1 million net capitalized asset as it was deemed to be impaired.

On or about October 5, 2023, Infinios filed a demand for arbitration and a Statement of Claim before the International Centre for Dispute Resolution, (the "Arbitration Claim"). In the Arbitration Claim, Infinios asserts claims for breach of contract, quantum meruit, and account stated. Infinios alleges damages of \$598,525, and asserts a demand for the grant and registration of shares.

On November 13, 2023, the Company filed an Answer to the Arbitration Claim, along with Counterclaims for breach of contract, fraudulent inducement, unjust enrichment, breach of fiduciary duty, and breach of the covenant of good faith and fair dealing.

At a Preliminary Hearing held on February 22, 2024, hearing dates of August 12 and 13, 2024, August 19 and 20, 2024, and October 21 and 22, 2024 were scheduled.

While the Company will continue to pursue consensual means of resolving this dispute, it intends to vigorously defend the claims in the Arbitration Claim, and prosecute the causes of action in its Counterclaims. Refer to Note 9 – Subsequent Events for the Status of the Litigation.

Former Employees

Following unsuccessful negotiations regarding severance payments, three former employees filed a lawsuit against the Company in May 2024 concerning their severance claims. After reviewing the case details, including the lawsuit, the Company has assessed that it is less likely than not that a severance obligation will be incurred. Given this assessment, the Company has determined that no accrual for severance payments is necessary as of June 30, 2024.

Item 1A. Risk Factors

As a smaller reporting company, as defined in Rule 12b-2 of the Exchange Act, we are not required to provide the information required by this Item.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

During the quarter ended June 30, 2024, we have issued unregistered securities to the persons described below. We believe that each transaction was exempt from the registration requirements of the Securities Act by virtue of Section 4(a)(2) of the Securities Act thereof as a transaction not involving a public offering. The recipients both had access, through their relationship with us, to information about us.

As previously disclosed, the Company completed its acquisition of Alliance Partners on October 26, 2023. On October 31, 2023, the Company issued 1,000,000 shares of common stock valued at \$2.44 per share to an entity owned by the Seller in exchange for the cancellation of long-term debt of FinZeo. On May 2, 2024, the Board approved the cancellation and reissuance of these shares to accommodate an internal request by the Seller, with no impact on equity or the value of the asset.

During the quarter ended June 30, 2024, the Company granted 160,000 shares of common stock to several consultants in connection with business development and professional services, valued at \$175 thousand.

On June 10, 2024, the Company entered into a 60-day unsecured note agreement with Black Ice Advisors, LLC, a third-party lender, for proceeds of \$200 thousand. The note bears interest of \$24 thousand, due along with the principal amount, within 60 days of receipt of funds, resulting in a total payable amount of \$224 thousand. Additionally, the Company issued 30,000 shares of Rule 144 restricted common stock to the lender on June 17, 2024. The maturity date of the note is August 10, 2024.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

a. During the quarter ended June 30, 2024, there was no information required to be disclosed in a report on Form 8-K which was not disclosed in a report on Form 8-K.

b. During the quarter ended June 30, 2024, there were no material changes to the procedures by which members may recommend nominees to our board of directors.

c. During the quarter ended June 30, 2024, no director or officer adopted or terminated any Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement, as each term is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits

EXHIBIT INDEX

Exhibit Number	Exhibit Title
2.1	Amendment to the Membership Interest Purchase Agreement, dated December 28, 2023, by and between AppTech Payments Corp., Alliance Global Partners, LLC and Chris Leyva (filed as Exhibit 2.1 to Form 8-K as filed on May 3, 2024 and incorporated herein by reference)
2.2	Amendment to the Membership Interest Purchase Agreement, dated January 31, 2024, by and between AppTech Payments Corp., Alliance Global Partners, LLC and Chris Leyva (filed as Exhibit 2.2 to Form 8-K as filed on May 3, 2024 and incorporated herein by reference)
2.3	Amendment to the Membership Interest Purchase Agreement, dated March 1, 2024, by and between AppTech Payments Corp., Alliance Global Partners, LLC and Chris Leyva (filed as Exhibit 2.3 to Form 8-K as filed on May 3, 2024 and incorporated herein by reference)
2.4	Amendment to the Membership Interest Purchase Agreement, dated April 29, 2024, by and between AppTech Payments Corp., Alliance Global Partners, LLC and Chris Leyva (filed as Exhibit 2.4 to Form 8-K as filed on May 3, 2024 and incorporated herein by reference)
3.1	http://www.sec.gov/Archives/edgar/data/1070050/000157570520000035/ex3_1.htm
3.2	AppTech Corp. Articles of Incorporation filed October 25, 2006 (filed as Exhibit 3.2 to the Registrant's Annual Report on Form 10-K, as filed on March 30, 2020, and incorporated herein by reference)
3.3	AppTech Corp. Certificate of Designation filed May 09, 2007 (filed as Exhibit 3.3 to the Registrant's Annual Report on Form 10-K, as filed on March 30, 2020, and incorporated herein by reference)
3.4	AppTech Corp. Certificate of Correction filed June 04, 2007 (filed as Exhibit 3.4 to the Registrant's Annual Report on Form 10-K, as filed on March 30, 2020, and incorporated herein by reference)
3.5	AppTech Corp. Certificate of Designation filed June 06, 2007 (filed as Exhibit 3.5 to the Registrant's Annual Report on Form 10-K, as filed on March 30, 2020, and incorporated herein by reference)
3.6	AppTech Corp. Amendment to Certificate of Designation After Issuance of Class or Series filed November 17, 2008 (filed as Exhibit 3.6 to the Registrant's Annual Report on Form 10-K, as filed on March 30, 2020, and incorporated herein by reference)
3.7	AppTech Corp. Certificate of Amendment filed October 26, 2009 (filed as Exhibit 3.7 to the Registrant's Annual Report on Form 10-K, as filed on March 30, 2020, and incorporated herein by reference)
3.8	AppTech Corp. Certificate of Amendment filed October 27, 2009 (filed as Exhibit 3.8 to the Registrant's Annual Report on Form 10-K, as filed on March 30, 2020, and incorporated herein by reference)
3.9	AppTech Corp. Certificate of Designation filed April 21, 2010 (filed as Exhibit 3.9 to the Registrant's Annual Report on Form 10-K, as filed on March 30, 2020, and incorporated herein by reference)

3.10	AppTech Corp. Amendment to Certificate of Designation After Issuance of Class or Series filed April 27, 2010 (filed as Exhibit 3.10 to the Registrant's Annual Report on Form 10-K, as filed on March 30, 2020, and incorporated herein by reference)
3.11	AppTech Corp. Certificate of Change filed July 22, 2010 (filed as Exhibit 3.11 to the Registrant's Annual Report on Form 10-K, as filed on March 30, 2020, and incorporated herein by reference)
3.12	AppTech Corp. Amendment to Certificate of Designation After Issuance of Class or Series filed October 26, 2010 (filed as Exhibit 3.12 to the Registrant's Annual Report on Form 10-K, as filed on March 30, 2020, and incorporated herein by reference)
3.13	AppTech Corp. Amendment to Certificate of Designation After Issuance of Class or Series filed October 26, 2010 (filed as Exhibit 3.13 to the Registrant's Annual Report on Form 10-K, as filed on March 30, 2020, and incorporated herein by reference)
3.14	AppTech Corp. Amendment to Certificate of Designation After Issuance of Class or Series filed October 28, 2010 (filed as Exhibit 3.14 to the Registrant's Annual Report on Form 10-K, as filed on March 30, 2020, and incorporated herein by reference)
3.15	AppTech Corp. Amendment to Certificate of Designation After Issuance of Class or Series filed April 08, 2011 (filed as Exhibit 3.15 to the Registrant's Annual Report on Form 10-K, as filed on March 30, 2020, and incorporated herein by reference)

3.16 [AppTech Corp. Certificate of Amendment filed June 06, 2011 \(filed as Exhibit 3.16 to the Registrant's Annual Report on Form 10-K, as filed on March 30, 2020, and incorporated herein by reference\)](#)

3.17 [AppTech Corp. Articles of Domestication filed July 18, 2011 \(filed as Exhibit 3.17 to the Registrant's Annual Report on Form 10-K, as filed on March 30, 2020, and incorporated herein by reference\)](#)

3.18 [AppTech Corp. Bylaws dated May 07, 2013 \(filed as Exhibit 3.18 to the Registrant's Annual Report on Form 10-K, as filed on March 30, 2020, and incorporated herein by reference\)](#)

3.19 [AppTech Corp. Certificate of Domestication filed July 09, 2013 \(filed as Exhibit 3.19 to the Registrant's Annual Report on Form 10-K, as filed on March 30, 2020, and incorporated herein by reference\)](#)

3.20 [AppTech Corp. Articles of Amendment filed October 31, 2013 \(filed as Exhibit 3.20 to the Registrant's Annual Report on Form 10-K, as filed on March 30, 2020, and incorporated herein by reference\)](#)

3.21 [AppTech Corp. Certificate of Incorporation filed July 29, 2015 \(filed as Exhibit 3.21 to the Registrant's Annual Report on Form 10-K, as filed on March 30, 2020, and incorporated herein by reference\)](#)

3.22 [AppTech Corp. Bylaws \(Amended and Restated\) dated March 27, 2020 \(filed as Exhibit 3.22 to the Registrant's Annual Report on Form 10-K, as filed on March 30, 2020, and incorporated herein by reference\)](#)

3.23 [AppTech Certificate of Incorporation filed with the Secretary of State of Delaware dated December 13, 2021 \(filed as Exhibit 3.23 to the Registrant's Registration Statement on Form S-1, as filed on December 15, 2021, and incorporated herein by reference\)](#)

3.24 [AppTech Certificate of Correction filed with the Secretary of State of Delaware dated December 23, 2021 \(filed as Exhibit 3.24 to the Registrant's Registration Statement on Form S-1, as filed on December 23, 2021, and incorporated herein by reference\)](#)

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3.25 [AppTech Certificate of Conversion filed with the Secretary of State of Delaware dated December 23, 2021 \(filed as Exhibit 3.25 to the Registrant's Registration Statement on Form S-1, as filed on December 23, 2021, and incorporated herein by reference\)](#)

3.26 [AppTech Certificate of Correction filed with the Secretary of State of Delaware dated December 23, 2021 \(filed as Exhibit 3.26 to the Registrant's Registration Statement on Form S-1, as filed on January 3, 2022, and incorporated herein by reference\)](#)

3.27 [AppTech Certificate of Amendment filed with the Secretary of State of Delaware dated December 27, 2021 \(filed as Exhibit 3.27 to the Registrant's Registration Statement on Form S-1, as filed on January 3, 2022, and incorporated herein by reference\)](#)

3.28 [AppTech Amended and Restated Bylaws \(filed as Exhibit 3.22 to the Registrant's Registration Statement on Form S-1, as filed on December 17, 2021, and incorporated herein by reference\)](#)

31.1 [Certification of the Chief Executive Officer under Section 302 of the Sarbanes-Oxley Act of 2002 dated August 14, 2024](#)

31.2 [Certification of the Chief Financial Officer under Section 302 of the Sarbanes-Oxley Act of 2002 dated August 14, 2024](#)

32.1 [Certification of the Chief Executive Officer under Section 906 of the Sarbanes-Oxley Act of 2002 dated August 14, 2024](#)

32.2 [Certification of the Chief Financial Officer under Section 906 of the Sarbanes-Oxley Act of 2002 dated August 14, 2024](#)

101.INS Inline XBRL Instance Document

101.SCH Inline XBRL Schema Document

101.CAL Inline XBRL Calculation Linkbase Document

101.DEF Inline XBRL Definition Linkbase Document

101.LAB Inline XBRL Label Linkbase Document

101.PRE Inline XBRL Presentation Linkbase Document

104.0 Cover Page Interactive Data File (Embedded within the Inline XBRL document)

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Signatures

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

AppTech Payments Corp.

Date: August 14, 2024

By: /s/ Luke D'Angelo
Name: Luke D'Angelo
Title: Chief Executive Officer

Date: August 14, 2024

By: /s/ Meilin Yu
Name: Meilin Yu
Title: Chief Financial Officer and Treasurer

Exhibit 31.1

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Luke D'Angelo, certify that:

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

Date: August 14, 2024

/s/ Luke D'Angelo

Luke D'Angelo

Chief Executive Officer, Chairman and Director

Exhibit 31.2

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Meilin Yu, certify that:

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

Date: August 14, 2024

/s/ Meilin Yu

Meilin Yu

Chief Financial Officer and Treasurer

Exhibit 32.1

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of AppTech Payments Corp. on Form 10-Q for the period ended June 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Luke D'Angelo, Chairman of the Board and Chief Executive Officer, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Partnership.

Date: August 14, 2024

/s/ Luke D'Angelo
Luke D'Angelo
Chief Executive Officer, Chairman and Director

Exhibit 32.2

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

In connection with the Quarterly Report of AppTech Payments Corp. on Form 10-Q for the period ended June 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Meilin Yu, Chief Financial Officer of AppTech Payments Corp., certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Partnership.

Date: August 14, 2024

/s/ Meilin Yu

Meilin Yu

Chief Financial Officer and Treasurer