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

FORM 10-K

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

For the fiscal year ended December 31 , 2023

OR

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

For the transition period from ____________ to ____________

Commission file number 000-52994

THE OLB GROUP, INC.
(Exact Name of Registrant as Specified in its Charter)

Delaware	**13-4188568**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1120 Avenue of the Americas , 4 th Floor , New York , NY 10036
(Address of Principal Executive Offices with Zip Code)

Registrant's telephone number, including area code **(212) 278-0900**

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

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, $0.0001 par value	OLB	The Nasdaq Capital Market

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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 and post such files). Yes ☒ No ☐

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

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

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

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

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

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

State the aggregate market value of the voting and non-voting common equity held by non-affiliates: $ 18,787,789 based on 9,656,911 non affiliate shares outstanding at $0.91 per share, which is the price at which the common shares were last sold on the last business day of the registrant's most recently completed second fiscal quarter.

As of April 8, 2024, there were 18,092,883 shares of the issuer's common stock outstanding.

THE OLB GROUP, INC.
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PART I

Item 1. Business.

Forward-Looking Statements

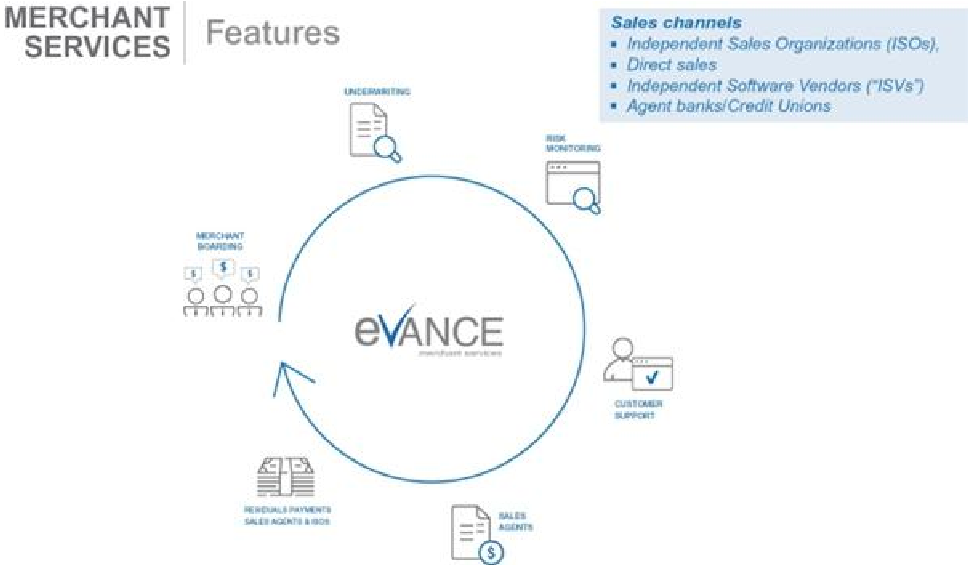
Unless the context indicates otherwise, as used in this Annual Report, the terms "OLB," "we," "us," "our," "our company" and "our business" refer, to The OLB Group, Inc., including its subsidiaries named herein. Certain statements, other than purely historical information, including estimates, projections, statements relating to our business plans, objectives, and expected operating results, and the assumptions upon which those statements are based, are "forward-looking statements." These forward-looking statements generally are identified by the words "believes," "project," "expects," "anticipates," "estimates," "intends," "strategy," "plan," "may," "will," "would," "will be," "will continue," "will likely result," and similar expressions. Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties which may cause actual results to differ materially from the forward-looking statements. Our ability to predict results or the actual effect of future plans or strategies is inherently uncertain. Factors which could have a material adverse effect on our operations and future prospects include, but are not limited to: changes in economic conditions, legislative/regulatory changes, availability of capital, interest rates, competition, and generally accepted accounting principles. These risks and uncertainties should also be considered in evaluating forward-looking statements and undue reliance should not be placed on such statements.

Overview

We are a FinTech company that focuses on a suite of products in the merchant services marketplace and seeks to provide integrated business solutions to merchants throughout the United States. We seek to provide merchants with a wide range of products and services through our various online platforms, including financial and transaction processing services. We also have products that provide support for crowdfunding and other capital raising initiatives. We supplement our online platforms with certain hardware solutions that are integrated with our online platforms. Our business functions primarily through three wholly-owned subsidiaries, eVance, Inc., a Delaware corporation ("eVance"), OmniSoft.io, Inc., a Delaware corporation ("OmniSoft"), and CrowdPay.Us, Inc., a New York corporation ("CrowdPay").

OmniSoft operates a cloud-based business management platform that provides turnkey solutions for merchants to enable them to build and manage their retail businesses, whether online or at a "brick and mortar" location. The OmniSoft platform, which can be accessed by merchants through any mobile and computing device, allows merchants to, among other features, manage and track inventory, track sales and process customer transactions and can provide interactive data analysis concerning sales of products and need for additional inventory. Merchants generally utilize the platform by uploading to the platform information about their inventory (description of units, number of units, price per unit, and related information). Once such information has been uploaded, merchants, either with their own device or with hardware that we sell directly to them, are able to utilize the platform to monitor inventory and process and track sales of their products (including coordinating shipping of their products with third party logistics companies). We manage and maintain the OmniSoft platform through a variety of domain names or a merchant can integrate our platform with their own domain name. Using the OmniSoft platform, merchants can "check-out" their customers at their "brick and mortar" stores or can sell products to customers online, in both cases accepting payment via a simple credit card or debit card transaction (either swiping the credit card or entering the credit card number), a cash payment, or by use of a QR code or loyalty and reward points, and then print or email receipts to the customer. For more information regarding our OmniSoft platform, see "Description of our OmniSoft Business."

eVance provides competitive payment processing solutions to merchants which enable merchants to process credit and debit card-based internet payments for sales of their products at competitive prices (whether such sales occur online or at a "brick and mortar" location). eVance is an independent sales organization (an "ISO") that signs up new merchants on behalf of acquiring banks and processors that provides financial and transaction processing solutions to merchants throughout the United States. eVance differentiates itself from other ISOs by focusing on both obtaining and maintaining new merchant contracts for its own account (including, but not limited to, merchants that utilize the OmniSoft platform) and also obtaining and maintaining merchant contracts obtained by third-party ISOs (for which we negotiate a shared fee arrangement) and utilizing our own software and technology to provide merchants and other ISOs differentiating products and software. In particular, we (i) own our own payments gateway, (ii) have proprietary omni-commerce software platform, (iii) have in-house underwriting and customer service, (iv) have in-house sub-ISO management system which offers sub-ISOs and agents tools for online boarding, account management, residual reports among other tools, and (v) offer a suite of products in the financial markets (through CrowdPay). Leveraging our relationship with three of the top five merchant processors in the United States (representing a majority of the merchant processing market) and with the use of our proprietary software, our payment gateway (which we call "SecurePay") enables merchants to reduce the cost of transacting with their customers by removing the need for a third-party payment gateway solution. eVance operates as both a wholesale ISO and a retail ISO depending on the risk profile of the merchant and the applicable merchant processor and acquiring bank. As a wholesale ISO, eVance underwrites the processing transactions for merchants, establishing a direct relationship with the merchant and generating individual merchant processing contracts in exchange for future residual payments. As a retail ISO, eVance primarily gathers the documents and information that our partners (acquiring banks and acquiring processors) need to underwrite merchants' transactions and as a result receives only residual income as commission for merchants it places with our partners. For more information regarding the electronic payment industry, see "Business — Description of our eVance Business — Our Industry."



SecurePay

SecurePay is a payment gateway and virtual terminal with proprietary business management tools that is in compliance with the Payment Card Industry (PCI).

SecurePay has been certified by Visa and MasterCard (certified Level II and Level III) and finalized implementation of "3D Secure" in 2019 (a feature that is unique to what we offer in order to provide for more secure environment for E-commerce and mobile payments in-store and online).

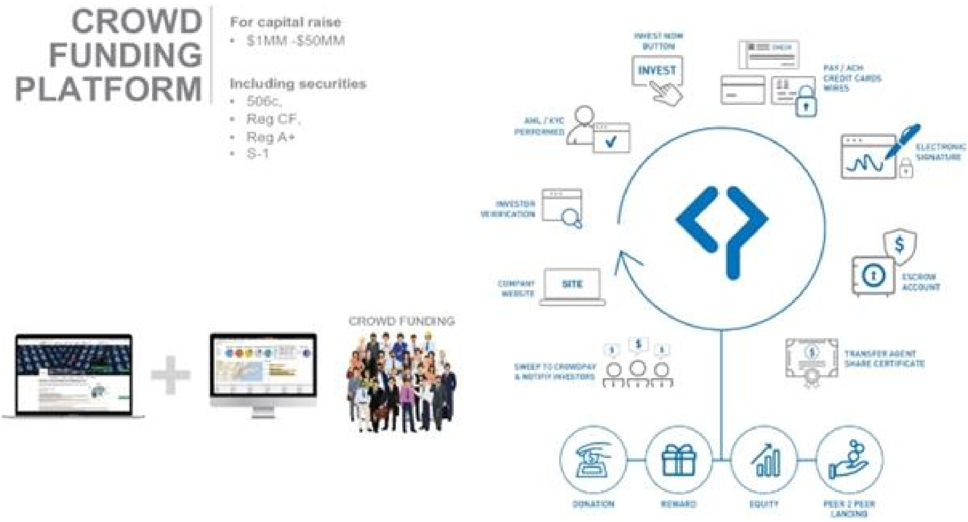
On June 15, 2023, the Company entered into a Membership Interest Purchase Agreement (the “Agreement”) with SDI Black 001, LLC (“Seller”) whereby it acquired 80.01% of the membership interests of Cuentas SDI, LLC, a Florida limited liability company (the “LLC”). The LLC’s owns the platform of Black011.com and the network serving over 31,000 convenience stores (“Bodegas”) in and around New York and New Jersey.

Crowdpay

CrowdPay.us™ operates a white label capital raising platform that targets small and midsized businesses seeking to raise capital and registered broker-dealers seeking to host capital raising campaigns for such businesses by integrating the platform onto such company’s or broker-dealer’s website. Our CrowdPay platform is tailored for companies seeking to raise money through a crowdfunding offering of between $1 million and $50 million pursuant to Regulation CF under Title III of the Jumpstart Our Business Startups (the “JOBS Act”), offerings pursuant to Rule 506(b) and Rule 506(c) under Regulation D of the Securities Act of 1933, as amended (the “Securities Act”), and offerings pursuant to Regulation A+ of the Securities Act. Our platform, which can be used for multiple offerings at once, provides companies and broker-dealers with an easy-to-use, turnkey solution to support company offerings, allowing companies and broker-dealers to easily present online to potential investors relevant marketing and offering materials and by aiding in the accreditation and background check processes to ensure investors meets the applicable requirements under the rules and regulations of the Securities Exchange Commission (the “SEC”). CrowdPay charges a fee to each company and broker-dealer for the use of its platform under a fee structure that is agreed to between CrowdPay and the Company and/or broker-dealer prior to the initiation of the offering. CrowdPay also generates revenues by providing ancillary services to the companies and broker-dealers utilizing our platform, including running background checks and providing anti-money laundering and know-your-customer compliance. CrowdPay is not a registered funding portal or a registered broker-dealer.

On January 3, 2022, the Company entered into a share exchange agreement with all of the shareholders of Crowd Ignition, Inc. (“Crowd Ignition”) whereby the Company would purchase 100% of the equity of Crowd Ignition in exchange for 1,318,408 shares of the common stock, par value $0.0001 of the Company (the “CI Issued Shares”). The value of the CI Issued Shares was, for purposes of the Agreement, based on the closing trading price of the Company on October 1, 2021 (the date on which a third-party fairness opinion was issued), resulting in an aggregate purchase price for Crowd Ignition of $5.3 million.

Crowd Ignition is a web-based crowdfunding software system. Ronny Yakov, Chairman and CEO of the Company and John Herzog, a significant shareholder of the Company, own 100% of the equity of Crowd Ignition. The software provides broker-dealer, merchant banks and law firms a platform to market crowdfunding offerings, collect payments and issue securities. The software has been developed in response to, and to comply with, recent changes in investment regulations including Regulation D 506(b) and 506(v), Regulation A+ and Title III of the Jobs Act (Regulation CF), including raising the crowdfunding limit from $1.07 million to $5.0 million. Crowd Ignition is one of only about 50 companies registered with the SEC to provide the services permitted under Regulation CF.



OLBit and DMINT

On May 14, 2021, the Company formed OLBit, Inc., a wholly owned subsidiary (“OLBit”). The purpose of OLBit is to hold the Company’s assets and operate its business related to its emerging money transmission and transactional business. OLBit had been in the process of applying for money transmission licenses in all 50 states along with New York Bitlicense. Around June 2023, it was decided to delay the process of applying for licenses in order to have a greater focus of financial and management resources on the Company’s payment processing business and DMINT’s Bitcoin mining business.

On July 23, 2021, we formed DMINT, Inc., a wholly owned subsidiary (“DMINT”) to operate in the Bitcoin mining industry. DMINT initiated the first phase of the Bitcoin mining operation by establishing data centers and ASIC-based Antminer S19J Pro mining computers specifically configured to mine Bitcoin in Bradford, Pennsylvania. As of December 31, 2023, DMINT had 400 computers online and mining for Bitcoin. It has six data centers located in Tennessee. In February 2023, DMINT redeployed its mining computers from its Pennsylvania location and focus the mining efforts at the Selmer, TN location because of the lower cost of operations in the location.

On August 16, 2022, DMINT Real Estate Holdings, Inc. (“DREH”), a wholly owned subsidiary of purchased 4.73 acres of land and a building located at 565 Industrial Park Drive, Selmer, McNairy County, Tennessee for a purchase price of $408,000.00. DMINT established a Bitcoin mining data center powered on the local power grid. The location is expected to have capacity for up to 5,000 mining machines. The Company plans to complete the buildout of the building to be fully operational with 5,000 machines in 2024 following a spin-off of DMINT into a standalone entity which is currently in process.

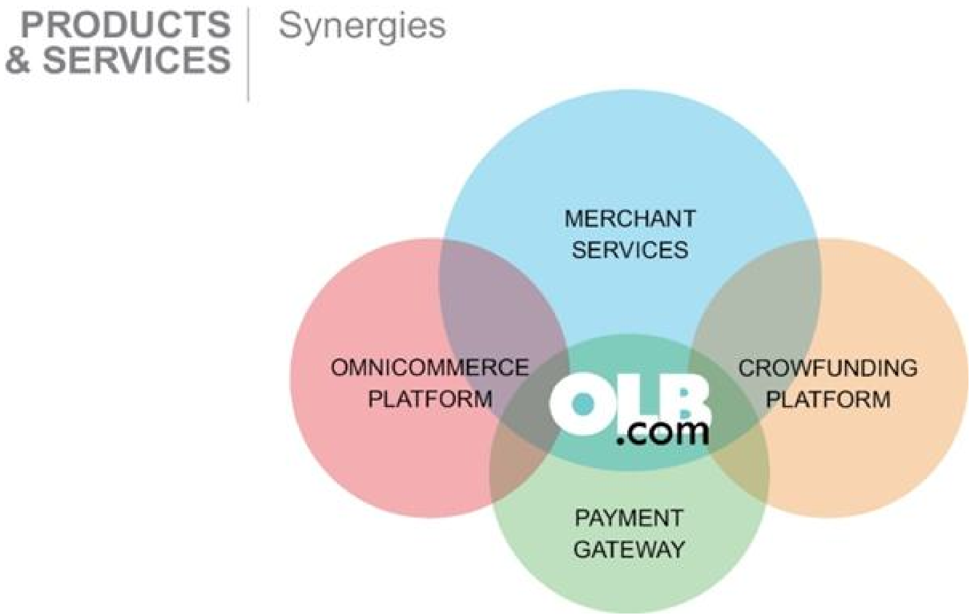
Synergies between the subsidiaries

The success of our business model is dependent on the synergies between the business segments operated by our subsidiaries. We have created and developed products that we believe, form an ecosystem of e-commerce to provide a variety of clients, from online equity financing companies or merchants selling online or in brick and mortar stores, with multiple product offerings and ancillary services from underwriting with the banks and merchant billing from the cloud software. We expect that these synergies will create additional revenue by charging transaction fees on each service provided to clients by our partnerships with Merchant Acquiring Banks and PCI Compliance.

We believe that our wholly-owned subsidiaries combine to create an ecosystem where each subsidiary benefits the other. Starting with the services provided by eVance, we enable each of our products and platforms to communicate with each other and create an ecosystem among our products and, potentially, third-party products. These services are provided to other subsidiaries such as Black011, the bodega distribution subsidiary.

The product environment created with a new registered merchant or issuer enables all merchant information to be stored in a single, centralized location but utilized by all subsidiaries. For example, merchant services utilizing eVance provide electronic payment processing services that can be utilized for payments on the Crowdfunding platform. The platform is used by merchant services to allow mobile and online processing to merchants.

The Omni commerce platform will be offered to all of the merchant services clients. The offered Merchant Services products we provide will enable all processing needs for the OmniCommerce system. The gateway will allow merchants that are using the platform to accept online eCommerce transactions.



Competitive Advantages

We believe that our platform of services will provide the following key advantages.

- Time to Market — we can create a customized website for retailers within days and have it fully operational in less than 2 weeks. During 2022 and 2023, we did not develop any new retailer websites but continue to offer the service.

- Cost — we believe that we are the only content service provider that does not charge a setup fee.

- Flexibility — our platform has the flexibility to provide customized solutions for partners.

- Pricing — we provide partners with a price comparison feature which they can utilize if they wish to set prices for products or run promotions.

- Payment processing — we can provide financial service companies with the ability to have their customers' accounts directly debited for payment.

- We can assist existing "brick & mortar" businesses that have inventory and fulfilment capability but do not wish to create and maintain an e-commerce website and infrastructure to sell their products.

- We can provide a platform for early-stage companies looking for an effective and less costly way to raise capital.

Risks Associated with our Business

Our business and ability to execute our business strategy are subject to a number of risks of which you should be aware before you decide to buy our securities. In particular, you should consider the following risks, which are discussed more fully in the section entitled "Risk Factors" in this Annual Report:

- We operate in a regulatory environment that is evolving and uncertain and any changes to regulations could have a material impact on our business and financial condition;

- We rely on a combination of confidentiality clauses, assignment agreements and license agreements with employees and third parties, trade secrets, copyrights and trademarks to protect our intellectual property and competitive advantage, all of which offer only limited protection meaning that we may be unable to maintain and protect our intellectual property rights and proprietary information or prevent third-parties from making unauthorized use of our technology;

- Our growth may not be sustainable and depends on our ability to attract new merchants, retain existing merchants and increase sales to both new and existing merchants;

- While we believe that we have sufficient capital to continue operations for a period of at least twelve months from the date of this Annual Report, if there are unanticipated expenses, insufficient cash from operations, we may require additional capital to continue our operations that may not be available or, if available, may not be available on reasonable terms;

- We are substantially dependent on our eVance business for revenue. If we are unable to maintain our eVance business for any reason (including the various reasons described in the risk factors herein) or for no reason, it will have a material adverse effect on our company;

- Our ability to anticipate and respond to changing industry trends and the needs and preferences of our merchants and consumers may adversely affect our competitiveness or the demand for our products and services;

- The properties included in our mining network may experience damages;

- Regulatory changes or actions may alter the nature of an investment in us or restrict the use of cryptocurrencies in a manner that adversely affects our business, prospects or operations;

- Banks and financial institutions may not provide banking services, or may cut off services, to businesses that provide cryptocurrency-related services or that accept cryptocurrencies as payment, including financial institutions of investors in our securities;

- It may be illegal in the future, to acquire, own, hold, sell or use Bitcoin or other cryptocurrencies, participate in the blockchain or utilize similar digital assets in one or more countries, the ruling of which would adversely affect us.

- Acquisitions create certain risks and may adversely affect our business, financial condition or results of operations; and

- If we fail to improve and enhance the functionality, performance, reliability, design, security and scalability of our platform in a manner that responds to our merchants' evolving needs, our business may be adversely affected.

Regulations

Various aspects of our service areas are subject to U.S. federal, state, and local regulation. Certain of our services also are subject to rules promulgated by various card networks and banking and other authorities as more fully described below.

The Dodd-Frank Act

In July 2010, the Dodd-Frank Act was signed into law in the United States. The Dodd-Frank Act has resulted in significant structural and other changes to the regulation of the financial services industry. Among other things, Title X of the Dodd-Frank Act established a new, independent regulatory agency known as the Consumer Financial Protection Bureau (the "CFPB") to regulate consumer financial products and services (including some offered by our customers). The CFPB may also have authority over us as a provider of services to regulated financial institutions in connection with consumer financial products. Separately, under the Dodd-Frank Act, debit interchange transaction fees that a card issuer receives and are established by a payment card network for an electronic debit transaction are now regulated by the Federal Reserve and must be "reasonable and proportional" to the cost incurred by the card issuer in authorizing, clearing, and settling the transaction. Effective October 1, 2011, the Federal Reserve capped debit interchange rates for card issuers operating in the United States with assets of $10 billion or more at the sum of $0.21 per transaction and an ad valorem component of 5 basis points to reflect a portion of the issuer's fraud losses plus, for qualifying issuers, an additional $0.01 per transaction in debit interchange for fraud prevention costs. In addition, the new regulations contain non-exclusivity provisions that ban debit card networks from prohibiting an issuer from contracting with any other card network that may process an electronic debit transaction involving an issuer's debit cards and prohibit card issuers and card networks from inhibiting the ability of merchants to direct the routing of debit card transactions over any network that can process the transaction. Beginning April 1, 2012, all debit card issuers in the United States were required to participate in at least two unaffiliated debit card networks. On April 1, 2013, the ban on network exclusivity arrangements became effective for prepaid card and healthcare debit card issuers, with certain exceptions for prepaid cards issued before that date.

Effective July 22, 2010, merchants were allowed to set minimum dollar amounts (not to exceed $10) for the acceptance of a credit card (while federal governmental entities and institutions of higher education may set maximum amounts for the acceptance of credit cards). They were also allowed to provide discounts or incentives to entice consumers to pay with an alternative payment method, such as cash, checks or debit cards.

Association and network rules

We are subject to the rules of credit card associations and other credit and debit networks. In order to provide processing services, a number of our subsidiaries are registered with Visa or Mastercard as service providers for member institutions. Various subsidiaries of ours are also processor level members of numerous debit and electronic benefits transaction networks or are otherwise subject to various network rules in connection with processing services and other services we provide. As such, we are subject to applicable network rules. Card networks and their member financial institutions regularly update and generally expand security expectations and requirements related to the security of cardholder data and environments. We are also subject to network operating rules promulgated by the National Automated Clearing House Association relating to payment transactions processed by us using the Automated Clearing House Network and to various state federal and foreign laws regarding such operations, including laws pertaining to electronic benefits transactions.

Privacy and information security regulations

We provide services that may be subject to various state, federal, and foreign privacy laws and regulations, including, among others, the Financial Services Modernization Act of 1999 (the "Gramm-Leach-Bliley Act"). These laws and their implementing regulations restrict certain collection, processing, storage, use, and disclosure of personal information, require notice to individuals of privacy practices, and provide individuals with certain rights to prevent use and disclosure of protected information. These laws also impose requirements for the safeguarding and proper destruction of personal information through the issuance of data security standards or guidelines. Certain federal, state and foreign laws and regulations impose similar privacy obligations and, in certain circumstances, obligations to notify affected individuals, state officers or other governmental authorities, the media, and consumer reporting agencies, as well as businesses and governmental agencies, of security breaches affecting personal information. In addition, there are state and foreign laws restricting the ability to collect and utilize certain types of information such as Social Security and driver's license numbers.

Unfair trade practice regulations

We and our clients are subject to various federal and state laws prohibiting unfair or deceptive trade practices, such as Section 5 of the Federal Trade Commission Act. Various regulatory agencies, including the Federal Trade Commission, the Consumer Financial Protection Bureau, and state attorneys general, have authority to take action against parties that engage in unfair or deceptive trade practices or violate other laws, rules, and regulations, and to the extent we are processing payments for a client that may be in violation of laws, rules, and regulations, we may be subject to enforcement actions and incur losses and liabilities that may impact our business.

Anti-money laundering, anti-bribery, sanctions, and counter-terrorist regulations

We are subject to anti-money laundering laws and regulations, including certain sections of the USA PATRIOT Act of 2001. We are also subject to anti-corruption laws and regulations, including the U.S. Foreign Corrupt Practices Act (the "FCPA") and other laws, that prohibit the making or offering of improper payments to foreign government officials and political figures and includes anti-bribery provisions enforced by the Department of Justice and accounting provisions enforced by the SEC. The FCPA has a broad reach and requires maintenance of appropriate records and adequate internal controls to prevent and detect possible FCPA violations. Many other jurisdictions where we conduct business also have similar anticorruption laws and regulations. We have policies, procedures, systems, and controls designed to identify and address potentially impermissible transactions under such laws and regulations.

We are also subject to certain economic and trade sanctions programs that are administered by the Office of Foreign Assets Control ("OFAC") which prohibit or restrict transactions to or from or dealings with specified countries, their governments, and in certain circumstances, their nationals, and with individuals and entities that are specially-designated nationals of those countries, narcotics traffickers, and terrorists or terrorist organizations. Other group entities may be subject to additional local sanctions requirements in other relevant jurisdictions.

Securities Act

Since the JOBS Act was passed, Crowdfunding, Regulation D offerings and Regulation A and A+ offerings rapidly became a familiar concept among investment firms, venture capitalists, real estate developers and small to medium sized businesses as a way to facilitate and democratize financing. We believe it has created, and continues to create, a profound shift in the world of investments. Below is a brief overview of the rules that permit the offer and sale of securities through such platforms. This overview is in no way intended to be a comprehensive review of all the rules and regulations associated with the above mentioned offerings and should not be relied upon by anyone.

Regulation D under the Securities Act is the most common regulatory exemption used small businesses to raise capital through equity financing. It exempts private placement offerings under Rule 506(b) and 506(c) when sold to accredited investors, as defined under Rule 501 of Regulation D. Companies relying on the Rule 506 exemptions can raise an unlimited amount of money, so long as they comply with the rule's requirements. Regulation A and Regulation A+ are more similar to a public offerings, and require filing Form 1-A with the SEC. Regulation A and Regulation A+ offer two tiers of offerings; the first tier is for offerings of up to $20 million within any 12 month period and the second tier is for offerings of up to $50 million, within any 12 month period. Regulation CF allows a company to raise up to $1.07 million from non-accredited investors.

Intellectual property

Our products and services utilize a combination of proprietary software and hardware that we own and license from third parties. Over the last few years, we have developed a payment gateway, merchant boarding system, E-commerce platform, recurring billings and a crowdfunding platform. We generally control access to and use of our proprietary software and other confidential information through the use of internal and external controls, including entering into non-disclosure and confidentiality agreements with both our employees and third parties. As of the date of this report, we have a patent pending on transferable QR codes on Omni Commerce devices.

Employees

As of December 31, 2023, we had six key employees as part of our overall staff of 26 full-time employees. Our risk, compliance, underwriting and analyst's accounting and customer service functions are primarily located in Georgia. In addition, we have operations in India where we retain 35 developers at any given time depending on our requirements and scope of projects. None of our employees are represented by a labor union or covered by a collective bargaining agreement. We consider our relationship with our employees to be good.

Corporate Information

We were incorporated in the State of Delaware on November 18, 2004, for the purpose of merging with OLB.com, Inc., a New York corporation incorporated in 1993 ("OLB.com"). The merger was done for the purpose of changing our state of incorporation from New York to Delaware. In April 2018, we completed an acquisition of substantially all of the assets of Excel Corporation and its subsidiaries Payprotec Oregon, LLC, Excel Business Solutions, Inc. and eVance Processing, Inc. (such assets are the foundation of our eVance business). In connection with the Asset Acquisition, in May 2018, we entered into share exchange agreements with CrowdPay and OmniSoft, affiliate companies owned by Mr. Yakov and John Herzog, an affiliate of our company, pursuant to which each of CrowdPay and OmniSoft became wholly owned subsidiaries of our company.

Our Company's headquarters is located at 1120 Avenue of the Americas, 4th Floor, New York, NY 10036. Our telephone number is (212) 278-0900.

Implications of Being an Emerging Growth Company

We qualify as an "emerging growth company" as defined under the Securities Act. As a result, we are permitted to, and intend to, rely on exemptions from certain disclosure requirements that are otherwise applicable to public companies. These provisions include, but are not limited to:

- not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, as amended (or the Sarbanes-Oxley Act);

- reduced disclosure obligations regarding executive compensation in our periodic reports, proxy statements and registration statements; and
- exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

In addition, an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards. This provision allows an emerging growth company to delay the adoption of some accounting standards until those standards would otherwise apply to private companies. We have elected to avail ourselves of this extended transition period. We will remain an emerging growth company until the earliest to occur of: (i) our reporting $1.07 billion or more in annual gross revenues; (ii) the end of fiscal year 2024; (iii) our issuance, in a three year period, of more than $1 billion in non-convertible debt; and (iv) the end of the fiscal year in which the market value of our common stock held by non-affiliates exceeded $700 million on the last business day of our second fiscal quarter.

Item 1A. Risk Factors

Investing in our common stock involves a high degree of risk. You should consider carefully the risks and uncertainties described below, together with all of the other information contained in this annual report, before deciding to invest in our common stock. If any of the following risks materialize, our business, financial condition, results of operation and prospects will likely be materially and adversely affected. In that event, the market price of our common stock could decline and you could lose all or part of your investment.

Risks Related to Our Company

The substantial and continuing losses, and significant operating expenses incurred in the past few years may cause us to be unable to pursue all of our operational objectives if sufficient financing and/or additional cash from revenues is not realized.

We have limited cash resources and operating losses throughout our history. As of December 31, 2023 we had a working capital deficit of $5,413,927 and a net loss of $23,273,939. Our cash flow provided by operating activities for the year ended December 31, 2023 was $2,046,922. Notwithstanding the foregoing, management has concluded that it has sufficient liquidity to continue operations for a period of at least twelve months from the date of this Annual Report, which conclusion would not have been possible without close monitoring of the Company's projected cash flow and operating expenses for a period of at least the next twelve months.

We have historically relied on related parties and affiliates to finance our operations, but there is no guarantee that these parties will continue to finance our operations in the future.

While we will be able to fund future liquidity and capital requirements through cash flows generated from our operating activities alone for a period of twelve months, we previously have financed our operations from short-term loans from Ronny Yakov, our Chief Executive Officer and John Herzog, a significant shareholder of the Company. It is not assured that Mr. Yakov or Mr. Herzog would continue to provide such assistance if the Company were to require it in the future.

We may be subject to liabilities arising prior to the Asset Acquisition under certain "successor liability" theories.

We acquired our business by means of a foreclosure of the relevant secured lender's security interest in the assets in the Asset Acquisition through an auction under Article 9 of the Uniform Commercial Code. Although the general rule in the context of transactions such as the Asset Acquisition is that a purchaser of assets does not assume the seller's liabilities, various courts have established exceptions to this general rule, including where the purchaser is a 'mere continuation' of the seller and there is a 'continuity of enterprise.' To date, we have had one lawsuit whereby we have been found to have successor liability. However, we are currently appealing the decision. This is a highly fact specific inquiry, and there can be no assurance that any interested creditor, the United States (through the Internal Revenue Service) or state or local taxing agencies will not seek to hold us responsible for any existing liabilities at the time of the Asset Acquisition under one or more of these successor liability theories, for which we have no indemnification protection under the agreements relating to the Asset Acquisition.

We operate in a complex regulatory environment, and failure to comply with applicable laws and regulations could adversely affect our business.

Our operations are subject to a broad range of complex and evolving laws and regulations. As a result, we must perform our services in compliance with the legal and regulatory requirements of multiple jurisdictions. Some of these laws and regulations may be difficult to ascertain or interpret and may change from time to time. Violation of such laws and regulations could subject us to fines and penalties, damage our reputation, constitute a breach of our client agreements, impair our ability to obtain and renew required licenses, and decrease our profitability or competitiveness. If any of these effects were to occur, our operating results and financial condition could be adversely affected.

We may not be able to integrate new technologies and provide new services in a cost-efficient manner.

The online E-commerce industry is subject to rapid and significant changes in technology, frequent new service introductions and evolving industry standards. We cannot predict the effect of these changes on our competitive position, our profitability or the industry generally. Technological developments may reduce the competitiveness of our networks and our software solutions and require additional capital expenditures or the procurement of additional products that could be expensive and time consuming. In addition, new products and services arising out of technological developments may reduce the attractiveness of our services. If we fail to adapt successfully to technological advances or fail to obtain access to new technologies, we could lose customers and be limited in our ability to attract new customers and/or sell new services to our existing customers. In addition, delivery of new services in a cost-efficient manner depends upon many factors, and we may not generate anticipated revenue from such services.

Disruptions in our networks and infrastructure may result in customer dissatisfaction, customer loss or both, which could materially and adversely affect our reputation and business.

Our systems are an integral part of our customers' business operations. It is critical for our customers, that our systems provide a continued and uninterrupted performance. Customers may be dissatisfied by any system failure that interrupts our ability to provide services to them. Sustained or repeated system failures would reduce the attractiveness of our services significantly and could result in decreased demand for our services.

We face the following risks to our networks, infrastructure and software applications:

- our territory can have significant weather events which physically damage access lines;
- power surges and outages, computer viruses or hacking, earthquakes, terrorism attacks, vandalism and software or hardware defects which are beyond our control; and
- Unusual spikes in demand or capacity limitations in our or our suppliers' networks.

Disruptions may cause interruptions in service or reduced capacity for customers, either of which could cause us to lose customers and/or incur expenses, and thereby adversely affect our business, revenue and cash flow.

Our positioning in the marketplace as a smaller provider places a significant strain on our resources, and if not managed effectively, could result in operational inefficiencies and other difficulties.

Our positioning in the marketplace may place a significant strain on our management, operational and financial resources, and increase demand on our systems and controls. To manage this position effectively, we must continue to implement and improve our operational and financial systems and controls, invest in development and engineering, critical systems and network infrastructure to maintain or improve our service quality levels, purchase and utilize other systems and solutions, and train and manage our employee base. As we proceed with our development, operational difficulties could arise from additional demand placed on customer provisioning and support, billing and management information systems, product delivery and fulfilment, sales and marketing and administrative resources.

For instance, we may encounter delays or cost overruns or suffer other adverse consequences in implementing new systems when required. In addition, our operating and financial control systems and infrastructure could be inadequate to ensure timely and accurate financial reporting.

We must attract and retain skilled personnel. If we are unable to hire and retain technical, technical sales and operational employees, our business could be harmed.

Our ability to integrate our acquired assets and to grow will be particularly dependent on our ability to hire, develop and retain an effective sales force and qualified technical and managerial personnel. We need software development specialists with in-depth knowledge of a blend of IT and telecommunications or with a blend of security and telecom. We intend to hire additional necessary employees, including software engineers, communication engineers, project managers, sales consultants, employees and operational employees, on a permanent basis. The competition for qualified technical sales, technical, and managerial personnel in the communications and software industry is intense in the markets where we operate, and we may not be able to hire and retain sufficient qualified personnel. In addition, we may not be able to maintain the quality of our operations, control our costs, maintain compliance with all applicable regulations, and expand our internal management, technical, information and accounting systems in order to support our desired growth, which could have an adverse impact on our operations. Volatility in the stock market and other factors could diminish our use, and the value, of our equity awards as incentives to employees, putting us at a competitive disadvantage or forcing us to use more cash compensation.

We are dependent on the continued services and performance of our senior management and other key employees, the loss of any of whom could adversely affect our business, operating results and financial condition.

Our future performance depends on the continued services and contributions of our senior management, including our Chief Executive Officer, Ronny Yakov, Vice President, Finance, Patrick Smith and other key employees to execute on our business plan and to identify and pursue new opportunities and product innovations. The loss of services of senior management or other key employees could significantly delay or prevent the achievement of our strategic objectives. In addition, some of the members of our current senior management team have only been working together for a short period of time, which could adversely impact our ability to achieve our goals. From time to time, there may be changes in our senior management team resulting from the hiring or departure of executives, which could disrupt our business. We do not maintain key person life insurance policies on any of our employees other than a policy providing limited coverage on the life of our Chief Executive Officer. The loss of the services of one or more of our senior management or other key employees for any reason could adversely affect our business, financial condition and operating results and require significant amounts of time, training and resources to find suitable replacements and integrate them within our business, and could affect our corporate culture.

Our Chief Financial Officer is currently employed on a part-time basis.

Given the size of the Company and our operational needs, we initially hired our Chief Financial Officer, Rachel Boulds, on a part-time basis. While we have discussed with Ms. Boulds the possibility of becoming our full-time Chief Financial Officer, it is anticipated that Ms. Boulds will continue to be employed on a part-time basis for the next twelve months. In addition to her role as Chief Financial Officer, Ms. Boulds is also operating her solo accounting practice providing services for clients unrelated to the Company. While we believe that Ms. Boulds currently devotes adequate time to the Company to perform the role and duties of our Chief Financial Officer, we cannot guarantee that she will be able to continue to do so until she is with the Company on a fulltime basis. If Ms. Boulds cannot devote adequate time to our Company to fulfil her role and duties as Chief Financial Officer or if any conflicts of interest arise during this time, it could have a material adverse impact on our Company.

Our success depends on our continued investment in research and development, the level and effectiveness of which could reduce our profitability.

We intend to continue to make investments in research and development and product development in seeking to sustain and improve our competitive position and meet our customers' needs. These investments currently include streamlining our suite of software functionalities, including modularization and improving scalability of our integrated solutions. To maintain our competitive position, we may need to increase our research and development investment, which could reduce our profitability and cash flows. In addition, we cannot assure you that we will achieve a return on these investments, nor can we assure you that these investments will improve our competitive position or meet our

We operate in a regulatory environment that is evolving and uncertain.

The regulations that govern the companies and broker-dealers that utilize our platform and the investors that find investment opportunities on our platform have been in existence for a very few years. Further, there are constant discussions among legislators and regulators with respect to changing this regulatory environment. New laws and regulations could be adopted in the United States and abroad. Further, existing laws and regulations may be interpreted in ways that would impact our platform, including our ability to communicate and work with investors, broker-dealers and the companies that use our platforms' services. For instance over the past year, there have been several attempts to modify the current regulatory regime. Some of those suggested reforms could make it easier for anyone to sell securities (without using our platform), or could increase our regulatory burden, including requiring us to register as a broker-dealer or funding portal before we choose to do so. Any such changes would have a negative impact on our business.

We may be liable for misstatements made by issuers on our platform.

Under the Securities Act and the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), issuers making offerings through our platform may be liable for including untrue statements of material facts or for omitting information that could make the statements made misleading. This liability may also extend in Regulation Crowdfunding offerings to funding portals. Even though we are not a registered funding portal, there can be no assurance that if we were sued we would prevail. Further, even if we do succeed, lawsuits are time consuming and expensive, and being a party to such actions may cause us reputational harm that would negatively impact our business.

Our compliance is focused on U.S. laws and we have not analyzed foreign laws regarding the participation of non-U.S. residents.

Some of the investment opportunities posted on our platform are open to non-U.S. residents. We have not researched all the applicable foreign laws and regulations, and therefore we have not set up our structure to be compliant with all those laws. It is possible that we may be deemed in violation of those laws, which could result in fines or penalties as well as reputational harm. This may limit our ability in the future to assist companies in accessing money from those investors, and compliance with those laws and regulation may limit our business operations and plans for future expansion.

The types of offerings that we expect to be posted on our platform are relatively new in an industry that is still quickly evolving .

The principal types of offerings that are posted on our platform are pursuant to Regulation A and Regulation Crowdfunding (CF) which have only been in effect in their current form since 2015 and 2016, respectively. Our ability to penetrate the market to host these types of offerings remains uncertain as potential issuer companies may choose to use different platforms or providers (including, in the case of Regulation A, using their own online platform), or determine alternative methods of financing. Investors may decide to invest their money elsewhere. Further, our potential market may not be as large, or our industry may not grow as rapidly, as anticipated. With a smaller market than expected, we may have fewer customers. Success will likely be a factor of investing in the development and implementation of marketing campaigns, subsequent adoption by issuer companies as well as investors, and favorable changes in the regulatory environment.

CrowdPay and its providers are vulnerable to hackers and cyber-attacks.

As an internet-based business, we may be vulnerable to hackers who may access the data of the investors and the issuer companies that utilize our platform. Further, any significant disruption in service on our platform or in our computer systems could reduce the attractiveness of the platform and result in a loss of investors and companies interested in using our platform. Further, we rely on a third-party technology provider to provide some of our back-up technology as well as act as our escrow agent. Any disruptions of services or cyber-attacks either on our technology provider or on our company could harm our reputation and materially negatively impact our financial condition and business.

CrowdPay currently relies on one escrow agent and technology service provider.

We currently rely on Microsoft Azure to serve as our technology provider and all escrow accounts are held at MVB Bank, Inc. Any change in these relationships will require us to find another technology service provider, escrow agent and escrow bank. This may cause us delays as well as additional costs in transitioning our technology.

We are dependent on general economic conditions.

Our business model is dependent on investors investing in the companies presented on our platform. Investment dollars are disposable income. Our business model is thus dependent on national and international economic conditions. Adverse national and international economic conditions may reduce the future availability of investment dollars, which would negatively impact revenues generated by CrowdPay and possibly our ability to continue operations at CrowdPay. It is not possible to accurately predict the potential adverse impacts on us, if any, of current economic conditions on its financial condition, operating results and cash flow.

We face significant market competition.

We facilitate online capital formation. Though this is a new market, we compete against a variety of entrants in the market as well likely new entrants into the market. Some of these follow a regulatory model that is different from ours and might provide them competitive advantages. New entrants could include those that may already have a foothold in the securities industry, including some established broker-dealers. Further, online capital formation is not the only way to address helping start-ups raise capital, and we have to compete with a number of other approaches, including traditional venture capital investments, loans and other traditional methods of raising funds and companies conducting crowdfunding raises on their own websites. Additionally, some competitors and future competitors may be better capitalized than us, which would give them a significant advantage in marketing and operations.

Our revenues and profits are subject to fluctuations.

It is difficult to accurately forecast our revenues and operating results, and these could fluctuate in the future due to a number of factors. These factors may include adverse changes in the number of investors and amount of investors' dollars that utilize our platform to make investments, the success of world securities markets, general economic conditions, our ability to market our platform to companies and investors, headcount and other operating costs, and general industry and regulatory conditions and requirements. Our operating results may fluctuate from year to year due to the factors listed above and others not listed. At times, these fluctuations may be significant and could impact our ability to operate our business.

EVANCE, INC.

We are substantially dependent on our eVance business for revenue. If we are unable to maintain our eVance business for any reason (including the various reasons described in the risk factors herein) or for no reason it will have a material adverse effect on our company.

Historically, substantially all of our revenue has been generated from our eVance business, though we did begin generating revenue from our OmniSoft business during the second half of 2019. In addition, the launch of our Bitcoin Mining business in 2021 has started to generate revenue in 2021 and 2022. While we expect to continue to build out our OmniSoft software business and to rely more heavily on individualized merchant services offerings and to generate revenue and to transition away from such significant reliance on our eVance business, there is no guarantee that we will be able to do so. Accordingly, if we are unable to maintain our eVance business it will have a material adverse effect on our company.

Our ability to anticipate and respond to changing industry trends and the needs and preferences of our merchants and consumers may adversely affect our competitiveness or the demand for our products and services.

The financial services and payments technology industries are subject to rapid technological advancements, resulting in new products and services, including mobile payment applications and customized integrated software payment solutions, and an evolving competitive landscape, as well as changing industry standards and merchant and consumer needs and preferences. We expect that new services and technologies applicable to the financial services and payment technology industries will continue to emerge. These changes may limit the competitiveness of and demand for our services. Also, our merchants and consumers continue to adopt new technology for business and personal uses. We must anticipate and respond to these changes in order to remain competitive within our relative markets. In addition, failure to develop value-added services that meet the needs and preferences of our merchants could adversely affect our ability to compete effectively in our industry. Furthermore, merchants' or consumers' potential negative reaction to our products and services can spread quickly through social media and damage our reputation before we have the opportunity to respond. If we are unable to anticipate or respond to technological or industry standard changes on a timely basis, our ability to remain competitive could be adversely affected.

Substantial and increasingly intense competition worldwide in the financial services and payment technology industries may adversely affect our overall business and operations.

The financial services and payment technology industries are highly competitive, and our payment services and solutions compete against all forms of financial services and payment systems, including cash and checks, and electronic, mobile, E-commerce and integrated payment platforms. If we are unable to differentiate ourselves from our competitors and drive value for our merchants, we may not be able to compete effectively. Our competitors may introduce their own value-added or other innovative services or solutions more effectively than we do, which could adversely impact our current competitive position and prospects for growth. They also may be able to offer and provide services that we do not offer. In addition, in certain of our markets in which we operate, we process "on-us" transactions whereby we receive fees as a merchant acquirer and for processing services for the issuing bank. As competition in these markets grows, the number of transactions in which we receive fees for both of these roles may decrease, which could reduce our revenue and margins in these jurisdictions. We also compete against new entrants that have developed alternative payment systems, E-commerce payment systems, payment systems for mobile devices and customized integrated software payment solutions. Failure to compete effectively against any of these competitive threats could adversely affect our business, financial condition or results of operations. In addition, some of our competitors are larger and have greater financial resources than us, enabling them to maintain a wider range of product offerings, mount extensive promotional campaigns and be more aggressive in offering products and services at lower rates, which may adversely affect our business, financial condition or results of operations.

Potential changes in the competitive landscape, including disintermediation from other participants in the payments chain, could harm our business.

We expect that the competitive landscape will continue to change, including:

- rapid and significant changes in technology, resulting in new and innovative payment methods and programs, that could place us at a competitive disadvantage and reduce the use of our products and services;

- competitors, merchants, governments and other industry participants may develop products and services that compete with or replace our value-added products and services, including products and services that enable card networks and banks to transact with consumers directly;

- participants in the financial services and payment technology industries may merge, create joint ventures, or form other business combinations that may strengthen their existing business services or create new payment services that compete with our services; and

- new services and technologies that we develop may be impacted by industry-wide solutions and standards, including chip technology, tokenization, Blockchain and other safety and security technologies.

Failure to compete effectively against any of these or other competitive threats could adversely affect our business, financial condition or results of operations.

Global economic, political and other conditions may adversely affect trends in consumer, business and government spending, which may adversely impact the demand for our services and our revenue and profitability.

The financial services and payment technology industries in which we operate depend heavily upon the overall level of consumer, business and government spending. A sustained deterioration in general economic conditions (including distress in financial markets, turmoil in specific economies around the world, public health crises, and additional government intervention), particularly in the United States, or increases in interest rates in key countries in which we operate, may adversely affect our financial performance by reducing the number or average purchase amount of transactions we process. If our customers make fewer sales of products and services using electronic payments, or consumers spend less money through electronic payments, we will have fewer transactions to process at lower dollar amounts, resulting in lower revenue.

Adverse economic trends will and may continue to accelerate the timing, or increase the impact of, risks to our financial performance. These trends could include:

- declining economies, foreign currency fluctuations and the pace of economic recovery can change consumer spending behaviors, such as cross-border travel patterns, on which the majority of our revenue is dependent;

- low levels of consumer and business confidence typically associated with recessionary environments, and those markets experiencing relatively high unemployment, may result in decreased spending by cardholders;

- budgetary concerns in the United States and other countries around the world could affect the United States and other specific sovereign credit ratings, impact consumer confidence and spending, and increase the risks of operating in those countries;
- emerging market economies tend to be more volatile than the more established markets we serve in North America and Europe, and adverse economic trends may be more pronounced in those emerging markets where we conduct business;
- financial institutions may restrict credit lines to cardholders or limit the issuance of new cards to mitigate cardholder credit concerns;
- uncertainty and volatility in the performance of our merchants' businesses may make estimates of our revenues and financial performance less predictable;
- cardholders may decrease spending for value-added services we market and sell;
- government intervention, including the effect of laws, regulations and government investments in our merchants, may have potential negative effects on our business and our relationships with our merchants or otherwise alter their strategic direction away from our products and services.

We are subject to U.S. governmental regulation and other legal obligations, particularly related to privacy, data protection and information security, and consumer protection laws across different markets where we conduct our business. Our actual or perceived failure to comply with such obligations could harm our business.

In the United States, we are subject to various consumer protection laws (including laws on disputed transactions) and related regulations. If we are found to have breached any consumer protection laws or regulations in any such market, we may be subject to enforcement actions that require us to change our business practices in a manner which may negatively impact revenue, as well as litigation, fines, penalties and adverse publicity that could cause our customers to lose trust in us, which could have an adverse effect on our reputation and business in a manner that harms our financial position.

We collect personally identifiable information and other data from our consumers and merchants. Laws and regulations in several countries restrict certain collection, processing, storage, use, disclosure and security of personal information, require notice to individuals of privacy practices, and provide individuals with certain rights to prevent use and disclosure of protected information.

Future restrictions on the collection, use, sharing or disclosure of personally identifiable information or additional requirements and liability for security and data integrity could require us to modify our solutions and features, possibly in a material manner, and could limit our ability to develop new services and features. If our privacy or data security measures fail to comply with applicable current or future laws and regulations, we may be subject to litigation, regulatory investigations, enforcement notices requiring us to change the way we use personal data or our marketing practices, fines or other liabilities, as well as negative publicity and a potential loss of business.

Our inability to protect our systems and data from continually evolving cybersecurity risks or other technological risks could affect our reputation among our merchants and consumers and may expose us to liability.

In conducting our business, we process, transmit and store sensitive business information and personal information about our merchants, consumers, sales and financial institution partners, vendors, and other parties. This information may include account access credentials, credit and debit card numbers, bank account numbers, social security numbers, driver's license numbers, names and addresses and other types of sensitive business or personal information. Some of this information is also processed and stored by our merchants, sales and financial institution partners, third-party service providers to whom we outsource certain functions and other agents, which we refer to collectively as our associated third parties. We have certain responsibilities to card networks and their member financial institutions for any failure, including the failure of our associated third parties, to protect this information.

We are a regular target of malicious third-party attempts to identify and exploit system vulnerabilities, and/or penetrate or bypass our security measures, in order to gain unauthorized access to our networks and systems or those of our associated third parties. Such access could lead to the compromise of sensitive, business, personal or confidential information. As a result, we proactively employ multiple methods at different layers of our systems to defend our systems against intrusion and attack and to protect the data we collect. However, we cannot be certain that these measures will be successful and will be sufficient to counter all current and emerging technology threats that are designed to breach our systems in order to gain access to confidential information.

Our computer systems and our associated third parties' computer systems could be in the future, subject to breach, and our data protection measures may not prevent unauthorized access. The techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently and are often difficult to detect. Threats to our systems and our associated third parties' systems can derive from human error, fraud or malice on the part of employees or third parties, or may result from accidental technological failure. Computer viruses and other malware can be distributed and could infiltrate our systems or those of our associated third parties. In addition, denial of service or other attacks could be launched against us for a variety of purposes, including to interfere with our services or create a diversion for other malicious activities. Our defensive measures may not prevent downtime, unauthorized access or use of sensitive data. While we maintain cyber errors and omissions insurance coverage that may cover certain aspects of cyber risks, our insurance coverage may be insufficient to cover all losses. Further, while we select our associated third parties carefully, we do not control their actions. Any problems experienced by these third parties, including those resulting from breakdowns or other disruptions in the services provided by such parties or cyber-attacks and security breaches, could adversely affect our ability to service our merchant customers or otherwise conduct our business.

We could also be subject to liability for claims relating to misuse of personal information, such as unauthorized marketing purposes and violation of data privacy laws. We cannot provide assurance that the contractual requirements related to security and privacy that we impose on our service providers who have access to customer and consumer data will be followed or will be adequate to prevent the unauthorized use or disclosure of data. In addition, we have agreed in certain agreements to take certain protective measures to ensure the confidentiality of merchant and consumer data. The costs of systems and procedures associated with such protective measures may increase and could adversely affect our ability to compete effectively. Any failure to adequately enforce or provide these protective measures could result in liability, protracted and costly litigation, governmental and card network intervention and fines and, with respect to misuse of personal information of our merchants and consumers, lost revenue and reputational harm.

Any type of security breach, attack or misuse of data described above or otherwise, whether experienced by us or an associated third party, could harm our reputation and deter existing and prospective merchants from using our services or from making electronic payments generally, increase our operating expenses in order to contain and remediate the incident, expose us to unbudgeted or uninsured liability, disrupt our operations (including potential service interruptions), distract our management, increase our risk of regulatory scrutiny, result in the imposition of penalties and fines under state, federal and foreign laws or by card networks and adversely affect our continued card network registration and financial institution sponsorship. If we were to be removed from networks' lists of PCI DSS compliant service providers, our existing merchants, sales and financial institution partners or other third parties may cease using or referring our services. Also, prospective merchants, sales partners, financial institution partners or other third parties may choose to terminate their relationship with us, or delay or choose not to consider us for their processing needs. In addition, card networks could refuse to allow us to process through their networks.

We may experience failures in our processing systems due to software defects, computer viruses and development delays, which could damage customer relations and expose us to liability.

Our core business depends heavily on the reliability of our processing systems. A system outage or other failure could adversely affect our business, financial condition or results of operations, including by damaging our reputation or exposing us to third-party liability. Card network rules and certain governmental regulations allow for possible penalties if our systems do not meet certain operating standards. To successfully operate our business, we must be able to protect our processing and other systems from interruption, including from events that may be beyond our control. Events that could cause system interruptions include fire, natural disaster, unauthorized entry, power loss, telecommunications failure, computer viruses, terrorist acts and war. Although we have taken steps to protect against data loss and system failures, there is still risk that we may lose critical data or experience system failures. To help protect against these events, we perform a significant portion of disaster recovery operations ourselves, as well as utilize select third parties for certain operations, particularly outside of the United States. To the extent we outsource any disaster recovery functions, we are at risk of the vendor's unresponsiveness or other failures in the event of breakdowns in our systems. In addition, our property and business interruption insurance may not be adequate to compensate us for all losses or failures that may occur.

Our products and services are based on sophisticated software and computing systems that are constantly evolving. We often encounter delays and cost overruns in developing changes implemented to our systems. In addition, the underlying software may contain undetected errors, viruses or defects. Defects in our software products and errors or delays in our processing of electronic transactions could result in additional development costs, diversion of technical and other resources from our other development efforts, loss of credibility with current or potential merchants, harm to our reputation or exposure to liability claims. In addition, we rely on technologies supplied to us by third parties that may also contain undetected errors, viruses or defects that could adversely affect our business, financial condition or results of operations. Although we attempt to limit our potential liability for warranty claims through disclaimers in our software documentation and limitation of liability provisions in our licenses and other agreements with our merchants and partners, we cannot assure that these measures will be successful in limiting our liability. Additionally, we and our merchants and partners are subject to card network rules. If we do not comply with card network requirements or standards, we may be subject fines or sanctions, including suspension or termination of our registrations and licenses necessary to conduct business.

Degradation of the quality of the products and services we offer, including support services, could adversely impact our ability to attract and retain merchants and partners.

Our merchants and partners expect a consistent level of quality in the provision of our products and services. The support services we provide are a key element of the value proposition to our merchants and partners. If the reliability or functionality of our products and services is compromised or the quality of those products or services is otherwise degraded, or if we fail to continue to provide a high level of support, we could lose existing merchants and partners and find it harder to attract new merchants and partners. If we are unable to scale our support functions to address the growth of our merchant and partner network, the quality of our support may decrease, which could adversely affect our ability to attract and retain merchants and partners.

Continued consolidation in the banking industry could adversely affect our growth.

The banking industry remains subject to consolidation regardless of overall economic conditions. In addition, in times of economic distress, various regulators in the markets we serve have acquired and in the future may acquire financial institutions, including banks with which we partner. If a current financial institution referral partner of ours is acquired by another bank, the acquiring bank may seek to terminate our agreement and impose its own merchant services program on the acquired bank. If a financial institution referral partner acquires another bank, our financial institution referral partner may take the opportunity to conduct a competitive bidding process to determine whether to maintain our merchant acquiring services or switch to another provider. In either situation, we may be unable to retain the relationship post-acquisition, or may have to offer financial concessions to do so, which could adversely affect our results of operations or growth. If a current financial institution referral partner of ours is acquired by a regulator, the regulator may seek to alter the terms or terminate our existing agreement with the acquired financial institution.

Increased customer, referral partner or sales partner attrition could cause our financial results to decline.

We experience attrition in merchant credit and debit card processing volume resulting from several factors, including business closures, transfers of merchants' accounts to our competitors, unsuccessful contract renewal negotiations and account closures that we initiate for various reasons, such as heightened credit risks or contract breaches by merchants. In addition, if an existing sales partner switches to another payment processor, terminates our services, internalizes payment processing functions that we perform, merges with or is acquired by one of our competitors, or shuts down or becomes insolvent, we may no longer receive new customer referrals from the sales partner, and we risk losing existing merchants that were originally enrolled by the sales partner. We cannot predict the level of attrition in the future and it could increase. Our referral partners are a significant source of new business. Higher than expected attrition could adversely affect our business, financial condition or results of operations. In addition, in certain of the markets in which we conduct business, a substantial portion of our revenue is derived from long-term contracts. If we are unable to renew our referral partner and our merchant contracts on favorable terms, or at all, our business, financial condition or results of operations could be adversely affected.

We incur chargeback liability when our merchants refuse to or cannot reimburse chargebacks resolved in favor of their customers. Any increase in chargebacks not paid by our merchants may adversely affect our business, financial condition or results of operations.

In the event a dispute between a cardholder and a merchant is not resolved in favor of the merchant, the transaction is normally charged back to the merchant and the purchase price is credited or otherwise refunded to the cardholder. If we are unable to collect such amounts from the merchant's account or reserve account (if applicable), or if the merchant refuses or is unable, due to closure, bankruptcy or other reasons, to reimburse us for a chargeback, we are responsible for the amount of the refund paid to the cardholder. The risk of chargebacks is typically greater with those merchants that promise future delivery of goods and services rather than delivering goods or rendering services at the time of payment, as well as "card not present" transactions in which consumers do not physically present cards to merchants in connection with the purchase of goods and services, such as E-commerce, telephonic and mobile transactions. We may experience significant losses from chargebacks in the future. Any increase in chargebacks not paid by our merchants could have a material adverse effect on our business, financial condition or results of operations. We have policies and procedures to monitor and manage merchant-related credit risks and often mitigate such risks by requiring collateral (such as cash reserves) and monitoring transaction activity. Notwithstanding our policies and procedures for managing credit risk, it is possible that a default on such obligations by one or more of our merchants could adversely affect our business, financial condition or results of operations.

Failure to maintain or collect reimbursements from our financial institution referral partners could adversely affect our business.

Certain of our long-term referral arrangements with our financial institution partners permit our bank partners to offer their merchant customers lower rates for processing services than we typically provide to the general market. If a bank partner elects to offer these lower rates, under our contract the partner is required to reimburse us for the full amount of the discount provided to its merchant customers. Notwithstanding such contractual commitments, there can be no assurance that these contractual provisions will fully protect us from potential losses should a bank partner default on its obligations to reimburse us or seek to discontinue such reimbursement obligations in the future. If we are unable to collect the full amount of any such reimbursements for any reason, we may incur losses. In addition, any discount provided by our financial institution partner may cause merchants in these markets to demand lower rates for our services in the future, which could further reduce our margins or cause us to lose merchants, either of which could adversely affect our business, financial condition or results of operations.

Fraud by merchants or others could adversely affect our business, financial condition or results of operations.

We may be liable for certain fraudulent transactions and credits initiated by merchants or others. Examples of merchant fraud include merchants or other parties knowingly using a stolen or counterfeit credit or debit card, card number, or other credentials to record a false sales or credit transaction, processing an invalid card or intentionally failing to deliver the merchandise or services sold in an otherwise valid transaction. Criminals are using increasingly sophisticated methods to engage in illegal activities such as counterfeiting and fraud. Failure to effectively manage risk and prevent fraud could increase our chargeback liability or cause us to incur other liabilities. It is possible that incidents of fraud could increase in the future. Increases in chargebacks or other liabilities could adversely affect our business, financial condition or results of operations.

Because we rely on third-party vendors to provide products and services, we could be adversely impacted if they fail to fulfill their obligations.

We depend on third-party vendors and partners to provide us with certain products and services, including components of our computer systems, software, data centers, “know-your-customer” background checks and telecommunications networks, to conduct our business. For example, we rely on third parties for services such as organizing and accumulating certain daily transaction data on a merchant-by-merchant and card issuer-by-card issuer basis and forwarding the accumulated data to the relevant card network. We also rely on third parties for specific software and hardware used in providing our products and services. Some of these organizations and service providers are our competitors or provide similar services and technology to our competitors, and we do not have long-term or exclusive contracts with them.

Our systems and operations or those of our third-party vendors and partners could be exposed to damage or interruption from, among other things, fire, natural disaster, power loss, telecommunications failure, unauthorized entry, computer viruses, denial-of-service attacks, acts of terrorism, human error, vandalism or sabotage, financial insolvency, bankruptcy and similar events (including events that are the result of the COVID-19 pandemic). In addition, we may be unable to renew our existing contracts with our most significant vendors and partners or our vendors and partners may stop providing or otherwise supporting the products and services we obtain from them, and we may not be able to obtain these or similar products or services on the same or similar terms as our existing arrangements, if at all. The failure of our vendors and partners to perform their obligations and provide the products and services we obtain from them in a timely manner for any reason could adversely affect our operations and profitability due to, among other consequences:

- loss of revenues;
- loss of merchants and partners;
- loss of merchant and cardholder data;
- fines imposed by card networks;
- harm to our business or reputation resulting from negative publicity;
- exposure to fraud losses or other liabilities;

- additional operating and development costs; or
- diversion of management, technical and other resources.

Our risk management policies and procedures may not be fully effective in mitigating our risk exposure in all market environments or against all types of risk.

We operate in a rapidly changing industry. Accordingly, our risk management policies and procedures may not be fully effective to identify, monitor and manage all risks our business encounters. If our policies and procedures are not fully effective or we are not successful in identifying and mitigating all risks to which we are or may be exposed, we may suffer uninsured liability, harm to our reputation or be subject to litigation or regulatory actions that could adversely affect our business, financial condition or results of operations.

A significant number of our merchants are small- and medium-sized businesses and small affiliates of large companies, which can be more difficult and costly to retain than larger enterprises and may increase the impact of economic fluctuations on us.

We market and sell our products and services to, among others, small and midsized businesses (“SMBs”) and small affiliates of large companies. To continue to grow our revenue, we must add merchants, sell additional services to existing merchants and encourage existing merchants to continue doing business with us. However, retaining SMBs can be more difficult than retaining large enterprises as SMB merchants:

- often have higher rates of business failures and more limited resources;
- are typically less sophisticated in their ability to make technology-related decisions based on factors other than price;
- may have decisions related to the choice of payment processor dictated by their affiliated parent entity; and

- are more able to change their payment processors than larger organizations dependent on our services.

SMBs are typically more susceptible to the adverse effects of economic fluctuations (including as a result of epidemics and pandemics). Adverse changes in the economic environment or business failures of our SMB merchants may have a greater impact on us than on our competitors who do not focus on SMBs to the extent that we do. As a result, we may need to attract and retain new merchants at an accelerated rate or decrease our expenses to reduce negative impacts on our business, financial condition and results of operations.

Our business depends on a strong and trusted brand, and damage to our reputation, or the reputation of our partners, could adversely affect our business, financial condition or results of operations.

We market our products and services under our brand or the brand of our partners, or both, and we must protect and grow the value of our brand to continue to be successful in the future. If an incident were to occur that damages our reputation, or the reputation of our partners, in any of our major markets, the value of our brand could be adversely affected and our business could be damaged.

Our ability to recruit, retain and develop qualified personnel is critical to our success and growth.

All of our businesses function at the intersection of rapidly changing technological, social, economic and regulatory environments that require a wide range of expertise and intellectual capital. For us to successfully compete and grow, we must recruit, retain and develop personnel who can provide the necessary expertise across a broad spectrum of intellectual capital needs. In addition, we must develop, maintain and, as necessary, implement appropriate succession plans to assure we have the necessary human resources capable of maintaining continuity in our business. The market for qualified personnel is competitive and we may not succeed in recruiting additional personnel or may fail to effectively replace current personnel who depart with qualified or effective successors. Our effort to retain and develop personnel may also result in significant additional expenses, which could adversely affect our profitability. We cannot assure that key personnel, including our executive officers, will continue to be employed or that we will be able to attract and retain qualified personnel in the future. Failure to recruit, retain or develop qualified personnel could adversely affect our business, financial condition or results of operations.

There may be a decline in the use of cards as a payment mechanism for consumers or adverse developments with respect to the card industry in general.

If consumers do not continue to use credit or debit cards as a payment mechanism for their transactions or if there is a change in the mix of payments between cash, credit cards and debit cards or newly emerging alternatives such as Apple Pay, Google Pay and cryptocurrency, our business could be adversely affected. Consumer credit risk may make it more difficult or expensive for consumers to gain access to credit facilities such as credit cards. Regulatory changes may result in financial institutions seeking to charge their customers additional fees for use of credit or debit cards. Such fees may result in decreased use of credit or debit cards by cardholders. Additionally, if market conditions lead to consumers spending less generally, for example, during an epidemic or pandemic, there will be a decline in the use of credit or debit cards. We believe future growth in the use of credit and debit cards and other electronic payments will be driven by the cost, ease-of-use and quality of services offered to consumers and businesses. In order to consistently increase and maintain our profitability, consumers and businesses must continue to use electronic payment methods that we process, including credit and debit cards.

Increases in card network fees and other changes to fee arrangements may result in the loss of merchants or a reduction in our earnings.

From time to time, card networks, including Visa and MasterCard, increase the fees that they charge processors. We typically will attempt to pass these increases along to our merchants, but this strategy might result in the loss of merchants to our competitors who do not pass along the increases. If competitive practices prevent us from passing along the higher fees to our merchants in the future, we may have to absorb all or a portion of such increases, which may increase our operating costs and reduce our earnings.

In addition, in certain of our markets, card issuers pay merchant acquirers, such as us, fees based on debit card usage in an effort to encourage debit card use. If these card issuers discontinue this practice, our revenue and margins in these jurisdictions could be adversely affected.

If we fail to comply with the applicable requirements of card networks, they could seek to fine us, suspend us or terminate our registrations. If our merchants or sales partners incur fines or penalties that we cannot collect from them, we may have to bear the cost of such fines or penalties.

In order to provide our transaction processing services, several of our subsidiaries are registered with Visa and MasterCard and other card networks as members or service providers for member institutions. Visa, MasterCard, and other card networks, set the rules and standards with which we must comply. The termination of our member registration or our status as a certified service provider, or any changes in network rules or standards, including interpretation and implementation of the rules or standards, that increase the cost of doing business or limit our ability to provide transaction processing services to or through our merchants or partners, could adversely affect our business, financial condition or results of operations.

As such, we and our merchants are subject to card network rules that could subject us or our merchants to a variety of fines or penalties that may be levied by card networks for certain acts or omissions by us. The rules of card networks are set by their boards, which may be influenced by card issuers, and some of those issuers are our competitors with respect to these processing services. Many banks directly or indirectly sell processing services to merchants in direct competition with us. These banks could attempt, by virtue of their influence on the networks, to alter the networks' rules or policies to the detriment of non-members including certain of our businesses. The termination of our registrations or our status as a service provider or a merchant processor, or any changes in network rules or standards, including interpretation and implementation of the rules or standards, that increase the cost of doing business or limit our ability to provide transaction processing services to our merchants, could adversely affect our business, financial condition or results of operations. If a merchant or sales partner fails to comply with the applicable requirements of card networks, it could be subject to a variety of fines or penalties that may be levied by card networks. If we cannot collect the amounts from the applicable merchant or sales partner, we may have to bear the cost of the fines or penalties, resulting in lower earnings for us. The termination of our registration, or any changes in card network rules that would impair our registration, could require us to stop providing payment processing services relating to the affected card network, which would adversely affect our ability to conduct our business.

Our growth may not be sustainable and depends on our ability to attract new merchants, retain existing merchants and increase sales to both new and existing merchants.

Our OmniSoft subsidiary principally generates revenues through the sale of subscriptions to our platform and the sale of additional solutions to our merchants. Our subscription plans typically have a one-month term, although a small percentage of our merchants have annual or multi-year subscription terms. Our merchants have no obligation to renew their subscriptions after their subscription term expires. As a result, even though the number of merchants using our platform has grown rapidly in recent years, there can be no assurance that we will be able to retain these merchants. We have historically experienced merchant turnover as a result of many of our merchants being small- and medium-sized businesses, or SMBs, that are more susceptible than larger businesses to general economic conditions and other risks affecting their businesses. Many of these SMBs are in the entrepreneurial stage of their development and there is no guarantee that their businesses will succeed. Our costs associated with subscription renewals are substantially lower than costs associated with generating revenue from new merchants or costs associated with generating sales of additional solutions to existing merchants. Therefore, if we are unable to retain merchants or if we are unable to increase revenues from existing merchants, even if such losses are offset by an increase in new merchants or an increase in other revenues, our operating results could be adversely impacted.

We may also fail to attract new merchants, retain existing merchants or increase sales to both new and existing merchants as a result of a number of other factors, including: reductions in our current or potential merchants' spending levels; competitive factors affecting the software as a service, or SaaS, business software applications market, including the introduction of competing platforms, discount pricing and other strategies that may be implemented by our competitors; our ability to execute on our growth strategy and operating plans; a decline in our merchants' level of satisfaction with our platform and merchants' usage of our platform; the difficulty and cost to switch to a competitor may not be significant for many of our merchants; changes in our relationships with third parties, including our partners, app developers, theme designers, referral sources and payment processors; the timeliness and success of new products and services we may offer in the future; the frequency and severity of any system outages; technological change; and our focus on long-term value over short-term results, meaning that we may make strategic decisions that may not maximize our short-term revenue or profitability if we believe that the decisions are consistent with our mission and will improve our financial performance over the long-term.

Additionally, we anticipate that our growth rate will decline over time to the extent that the number of merchants using our platform increases and we achieve higher market penetration rates. To the extent our growth rate slows, our business performance will become increasingly dependent on our ability to retain existing merchants and increase sales to existing merchants.

If we fail to improve and enhance the functionality, performance, reliability, design, security and scalability of our platform in a manner that responds to our merchants' evolving needs, our business may be adversely affected.

The markets in which we compete are characterized by constant change and innovation and we expect them to continue to evolve rapidly. Our success has been based on our ability to identify and anticipate the needs of our merchants and design a platform that provides them with the tools they need to operate their businesses. Our ability to attract new merchants, retain existing merchants and increase sales to both new and existing merchants will depend in large part on our ability to continue to improve and enhance the functionality, performance, reliability, design, security and scalability of our platform.

We may experience difficulties with software development that could delay or prevent the development, introduction or implementation of new solutions and enhancements. Software development involves a significant amount of time for our research and development team, as it can take our developers months to update, code and test new and upgraded solutions and integrate them into our platform. We must also continually update, test and enhance our software platform. For example, our design team spends a significant amount of time and resources incorporating various design enhancements, such as customized colors, fonts, content and other features, into our platform. The continual improvement and enhancement of our platform requires significant investment and we may not have the resources to make such investment. Our improvements and enhancements may not result in our ability to recoup our investments in a timely manner, or at all. To the extent we are not able to improve and enhance the functionality, performance, reliability, design, security and scalability of our platform in a manner that responds to our merchants' evolving needs, our business, operating results and financial condition will be adversely affected.

We store personally identifiable information of our merchants and their customers. If the security of this information is compromised or otherwise subjected to unauthorized access, our reputation may be harmed and we may be exposed to liability.

We store personally identifiable information, credit card information and other confidential information of our merchants and their customers. The third-party apps sold on our platform may also store personally identifiable information, credit card information and other confidential information of our merchants and their customers. We do not regularly monitor or review the content that our merchants upload and store and, therefore, do not control the substance of the content on our servers, which may include personal information. We may experience successful attempts by third parties to obtain unauthorized access to the personally identifiable information of our merchants and their customers. This information could also be otherwise exposed through human error, malfeasance or otherwise. The unauthorized access or compromise of this personally identifiable information could have a material adverse effect on our business, financial condition and results of operations. Even if such a data breach were to affect one or more of our competitors, the resulting consumer concern could negatively affect our merchants and our business.

We are also subject to federal, state, provincial and foreign laws regarding privacy and protection of data. Some jurisdictions have enacted laws requiring companies to notify individuals of data security breaches involving certain types of personal data and our agreements with certain merchants require us to notify them in the event of a security incident. We post on our website our privacy policy and terms of service, which describe our practices concerning the use, transmission and disclosure of merchant data and data relating to their customers. In addition, the interpretation of data protection laws in the United States, and elsewhere, and their application to the internet, is unclear and in a state of flux. There is a risk that these laws may be interpreted and applied in conflicting ways from jurisdiction to jurisdiction, and in a manner that is not consistent with our current data protection practices. Changes to such data protection laws may impose more stringent requirements for compliance and impose significant penalties for non-compliance. Any such new laws or regulations, or changing interpretations of existing laws and regulations, may cause us to incur significant costs and expend significant effort to ensure compliance. Because our services are accessible worldwide, certain foreign jurisdictions may claim that we are required to comply with their laws, including in jurisdictions where we have no local entity, employees or infrastructure.

Our failure to comply with federal, state, provincial and foreign laws regarding privacy and protection of data could lead to significant fines and penalties imposed by regulators, as well as claims by our merchants or their customers. These proceedings or violations could force us to spend money in defense or settlement of these proceedings, result in the imposition of monetary liability, diversion of management's time and attention, increase our costs of doing business, and materially adversely affect our reputation and the demand for our solutions. In addition, if our security measures fail to protect credit card information adequately, we could be liable to both our merchants and their customers for their losses, as well as our payments processing partners under our agreements with them. As a result, we could be subject to fines and higher transaction fees, we could face regulatory action, and our merchants could end their relationships with us. There can be no assurance that the limitations of liability in our contracts would be enforceable or adequate or would otherwise protect us from any such liabilities or damages with respect to any particular claim. We also cannot be sure that our existing insurance coverage and coverage for errors and omissions will continue to be available on acceptable terms or will be available in sufficient amounts to cover one or more large claims, or that our insurers will not deny coverage as to any future claim. The successful assertion of one or more large claims against us that exceeds our available insurance coverage, or changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could have an adverse effect on our business, financial condition and results of operations.

If our software contains serious errors or defects, we may lose revenue and market acceptance and may incur costs to defend or settle claims with our merchants.

Software such as ours often contains errors, defects, security vulnerabilities or software bugs that are difficult to detect and correct, particularly when first introduced or when new versions or enhancements are released. Despite internal testing, our platform may contain serious errors or defects, security vulnerabilities or software bugs that we may be unable to successfully correct in a timely manner or at all, which could result in lost revenue, significant expenditures of capital, a delay or loss in market acceptance and damage to our reputation and brand, any of which could have an adverse effect on our business, financial condition and results of operations. Furthermore, our platform is a multi-tenant cloud based system that allows us to deploy new versions and enhancements to all of our merchants simultaneously. To the extent we deploy new versions or enhancements that contain errors, defects, security vulnerabilities or software bugs to all of our merchants simultaneously, the consequences would be more severe than if such versions or enhancements were only deployed to a smaller number of our merchants.

Since our merchants use our services for processes that are critical to their businesses, errors, defects, security vulnerabilities, service interruptions or software bugs in our platform could result in losses to our merchants. Our merchants may seek significant compensation from us for any losses they suffer or cease conducting business with us altogether. Further, a merchant could share information about bad experiences on social media, which could result in damage to our reputation and loss of future sales. There can be no assurance that provisions typically included in our agreements with our merchants that attempt to limit our exposure to claims would be enforceable or adequate or would otherwise protect us from liabilities or damages with respect to any particular claim. Even if not successful, a claim brought against us by any of our merchants would likely be time-consuming and costly to defend and could seriously damage our reputation and brand, making it harder for us to sell our solutions.

We may be unable to achieve or maintain data transmission capacity.

Our merchants often draw significant numbers of consumers to their shops over short periods of time, including from events such as new product releases, holiday shopping seasons and flash sales, which significantly increases the traffic on our servers and the volume of transactions processed on our platform. Our servers may be unable to achieve or maintain data transmission capacity high enough to handle increased traffic or process orders in a timely manner. Our failure to achieve or maintain high data transmission capacity could significantly reduce demand for our solutions. In the future, we may be required to allocate resources, including spending substantial amounts of money, to build, purchase or lease additional data centers and equipment and upgrade our technology and network infrastructure in order to handle the increased load. Our ability to deliver our solutions also depends on the development and maintenance of internet infrastructure by third-parties, including the maintenance of reliable networks with the necessary speed, data capacity and bandwidth. If one of these third-parties suffers from capacity constraints, our business may be adversely affected. In addition, because we and our merchants generate a disproportionate amount of revenue in the fourth quarter, any disruption in our merchants’ ability to process and fulfill customer orders in the fourth quarter could have a disproportionately negative effect on our operating results.

Our growth depends in part on the success of our strategic relationships with third parties.

We anticipate that the growth of our business will continue to depend on third-party relationships, including relationships with our app developers, theme designers, referral sources, resellers, payment processors and other partners. In addition to growing our third-party partner ecosystem, we intend to pursue additional relationships with other third-parties, such as technology and content providers and implementation consultants. Identifying, negotiating and documenting relationships with third parties requires significant time and resources as does integrating third-party content and technology. Some of the third parties that sell our services have the direct contractual relationships with the merchants, and therefore we risk the loss of such merchants if the third parties fail to perform their obligations. Our agreements with providers of cloud hosting, technology, content and consulting services are typically non-exclusive and do not prohibit such service providers from working with our competitors or from offering competing services. These third-party providers may choose to terminate their relationship with us or to make material changes to their businesses, products or services. Our competitors may be effective in providing incentives to third parties to favor their products or services or to prevent or reduce subscriptions to our platform. In addition, these providers may not perform as expected under our agreements or under their agreements with our merchants, and we or our merchants may in the future have disagreements or disputes with such providers. If we lose access to products or services from a particular supplier, or experience a significant disruption in the supply of products or services from a current supplier, especially a single-source supplier, it could have an adverse effect on our business and operating results.

If we fail to maintain a consistently high level of customer service, our brand, business and financial results may be harmed.

We believe our focus on customer service and support is critical to onboarding new merchants and retaining our existing merchants and growing our business. As a result, we have invested heavily in the quality and training of our support team along with the tools they use to provide this service. If we are unable to maintain a consistently high level of customer service, we may lose existing merchants. In addition, our ability to attract new merchants is highly dependent on our reputation and on positive recommendations from our existing merchants. Any failure to maintain a consistently high level of customer service, or a market perception that we do not maintain high-quality customer service, could adversely affect our reputation and the number of positive merchant referrals that we receive.

We use a limited number of data centers to deliver our services. Any disruption of service at these facilities could harm our business.

We currently manage our services and serve all of our merchants from two third-party data center facilities. While we own the hardware on which our platform runs and deploy this hardware to the data center facilities, we do not control the operation of these facilities. We have experienced, and may in the future experience, failures at the third-party data centers where our hardware is deployed from time to time. Data centers are vulnerable to damage or interruption from human error, intentional bad acts, earthquakes, hurricanes, floods, fires, war, terrorist attacks, power losses, hardware failures, systems failures, telecommunications failures and similar events. Any of these events could result in lengthy interruptions in our services. Changes in law or regulations applicable to data centers in various jurisdictions could also cause a disruption in service. Interruptions in our services would reduce our revenue, subject us to potential liability and adversely affect our ability to retain our merchants or attract new merchants. The performance, reliability and availability of our platform is critical to our reputation and our ability to attract and retain merchants. Merchants could share information about bad experiences on social media, which could result in damage to our reputation and loss of future sales. The property and business interruption insurance coverage we carry may not be adequate to compensate us fully for losses that may occur.

Mobile devices are increasingly being used to conduct commerce, and if our solutions do not operate as effectively when accessed through these devices, our merchants and their customers may not be satisfied with our services, which could harm our business.

We are dependent on the interoperability of our platform with third-party mobile devices and mobile operating systems as well as web browsers that we do not control. Any changes in such devices, systems or web browsers that degrade the functionality of our platform or give preferential treatment to competitive services could adversely affect usage of our platform. Effective mobile functionality is integral to our long-term development and growth strategy. In the event that our merchants and their customers have difficulty accessing and using our platform on mobile devices, our business and operating results could be adversely affected.

Our business and prospects would be harmed if changes to technologies used in our platform or new versions or upgrades of operating systems and internet browsers adversely impact the process by which merchants and consumers interface with our platform.

We believe the simple and straightforward interface for our platform has helped us to expand and offer our solutions to merchants with limited technical expertise. In the future, providers of internet browsers could introduce new features that would make it difficult for merchants to use our platform. In addition, internet browsers for desktop or mobile devices could introduce new features, change existing browser specifications such that they would be incompatible with our platform, or prevent consumers from accessing our merchants' shops. Any changes to technologies used in our platform, to existing features that we rely on, or to operating systems or internet browsers that make it difficult for merchants to access our platform or consumers to access our merchants' shops, may make it more difficult for us to maintain or increase our revenues and could adversely impact our business and prospects.

or

We may be unable to obtain, maintain and protect our intellectual property rights and proprietary information or prevent third-parties from making unauthorized use of our technology.

Our trade secrets, trademarks, trade dress, domain names, copyrights, trade secrets and other intellectual property rights are important to our business. We rely on a combination of confidentiality clauses, assignment agreements and license agreements with employees and third parties, trade secrets, copyrights and trademarks to protect our intellectual property and competitive advantage, all of which offer only limited protection. The steps we take to protect our intellectual property require significant resources and may be inadequate. We will not be able to protect our intellectual property if we are unable to enforce our rights or if we do not detect unauthorized use of our intellectual property. We may be required to use significant resources to monitor and protect these rights. Despite our precautions, it may be possible for unauthorized third parties to copy our platform and use information that we regard as proprietary to create services that compete with ours. Some license provisions protecting against unauthorized use, copying, transfer and disclosure of our proprietary information may be unenforceable under the laws of certain jurisdictions and foreign countries. Further, we hold no issued patents and thus would not be entitled to exclude or prevent our competitors from using our proprietary technology, methods and processes to the extent independently developed by our competitors.

We enter into confidentiality and invention assignment agreements with our employees and consultants and enter into confidentiality agreements with the parties with whom we have strategic relationships and business alliances. No assurance can be given that these agreements will be effective in controlling access to our proprietary information and trade secrets. The confidentiality agreements on which we rely to protect certain technologies may be breached, may not be adequate to protect our confidential information, trade secrets and proprietary technologies and may not provide an adequate remedy in the event of unauthorized use or disclosure of our confidential information, trade secrets or proprietary technology. Further, these agreements do not prevent our competitors or others from independently developing software that is substantially equivalent or superior to our software. In addition, others may independently discover our trade secrets and confidential information, and in such cases, we likely would not be able to assert any trade secret rights against such parties. Additionally, we may from time to time be subject to opposition or similar proceedings with respect to applications for registrations of our intellectual property, including our trademarks. While we aim to acquire adequate protection of our brand through trademark registrations in key markets, occasionally third parties may have already registered or otherwise acquired rights to identical or similar marks for services that also address our market. We rely on our brand and trademarks to identify our platform and to differentiate our platform and services from those of our competitors, and if we are unable to adequately protect our trademarks third parties may use our brand names or trademarks similar to ours in a manner that may cause confusion in the market, which could decrease the value of our brand and adversely affect our business and competitive advantages.

Policing unauthorized use of our intellectual property and misappropriation of our technology and trade secrets is difficult and we may not always be aware of such unauthorized use or misappropriation. Despite our efforts to protect our intellectual property rights, unauthorized third-parties may attempt to use, copy or otherwise obtain and market or distribute our intellectual property rights or technology or otherwise develop services with the same or similar functionality as our platform. If our competitors infringe, misappropriate or otherwise misuse our intellectual property rights and we are not adequately protected, or if our competitors are able to develop a platform with the same or similar functionality as ours without infringing our intellectual property, our competitive advantage and results of operations could be harmed. Litigation brought to protect and enforce our intellectual property rights could be costly, time consuming and distracting to management and could result in the impairment or loss of portions of our intellectual property. As a result, we may be aware of infringement by our competitors but may choose not to bring litigation to enforce our intellectual property rights due to the cost, time and distraction of bringing such litigation. Furthermore, if we do decide to bring litigation, our efforts to enforce our intellectual property rights may be met with defenses, counterclaims and countersuits challenging or opposing our right to use and otherwise exploit particular intellectual property, services and technology or the enforceability of our intellectual property rights. Our inability to protect our proprietary technology against unauthorized copying or use, as well as any costly litigation or diversion of our management's attention and resources, could delay further sales or the implementation of our solutions, impair the functionality of our platform, prevent or delay introductions of new or enhanced solutions, result in our substituting inferior or more costly technologies into our platform or injure our reputation. Furthermore, many of our current and potential competitors have the ability to dedicate substantially greater resources to developing and protecting their technology or intellectual property rights than we do.

Our use of "open source" software could negatively affect our ability to sell our solutions and subject us to possible litigation.

Our solutions incorporate and are dependent to a significant extent on the use and development of "open source" software and we intend to continue our use and development of open source software in the future. Such open source software is generally licensed by its authors or other third-parties under open source licenses and is typically freely accessible, usable and modifiable. Pursuant to such open source licenses, we may be subject to certain conditions, including requirements that we offer our proprietary software that incorporates the open source software for no cost, that we make available source code for modifications or derivative works we create based upon, incorporating or using the open source software and that we license such modifications or derivative works under the terms of the particular open source license. If an author or other third party that uses or distributes such open source software were to allege that we had not complied with the conditions of one or more of these licenses, we could be required to incur significant legal expenses defending against such allegations and could be subject to significant damages, enjoined from the sale of our solutions that contained or are dependent upon the open source software and required to comply with the foregoing conditions, which could disrupt the distribution and sale of some of our solutions. Litigation could be costly for us to defend, have a negative effect on our operating results and financial condition or require us to devote additional research and development resources to change our platform. The terms of many open source licenses to which we are subject have not been interpreted by U.S. or foreign courts. As there is little or no legal precedent governing the interpretation of many of the terms of certain of these licenses, the potential impact of these terms on our business is uncertain and may result in unanticipated obligations regarding our solutions and technologies. It is our view that we do not distribute our software, since no installation of our software is necessary and our platform is accessible solely through the “cloud.” Nevertheless, this position could be challenged. Any requirement to disclose our proprietary source code, termination of open source license rights or payments of damages for breach of contract could be harmful to our business, results of operations or financial condition, and could help our competitors develop products and services that are similar to or better than ours.

In addition to risks related to license requirements, usage of open source software can lead to greater risks than the use of third-party commercial software, as open source licensors generally do not provide warranties, controls on the origin or development of the software, or remedies against the licensors. Many of the risks associated with usage of open source software cannot be eliminated and could adversely affect our business.

Although we believe that we have complied with our obligations under the various applicable licenses for open source software, it is possible that we may not be aware of all instances where open source software has been incorporated into our proprietary software or used in connection with our solutions or our corresponding obligations under open source licenses. We do not have robust open source software usage policies or monitoring procedures in place. We rely on multiple software programmers to design our proprietary software and we cannot be certain that our programmers have not incorporated open source software into our proprietary software that we intend to maintain as confidential or that they will not do so in the future. To the extent that we are required to disclose the source code of certain of our proprietary software developments to third-parties, including our competitors, in order to comply with applicable open source license terms, such disclosure could harm our intellectual property position, competitive advantage, results of operations and financial condition. In addition, to the extent that we have failed to comply with our obligations under particular licenses for open source software, we may lose the right to continue to use and exploit such open source software in connection with our operations and solutions, which could disrupt and adversely affect our business.

We rely on search engines and social networking sites to attract a meaningful portion of our merchants. If we are not able to generate traffic to our website through search engines and social networking sites, our ability to attract new merchants may be impaired. In addition, if our merchants are not able to generate traffic to their shops through search engines and social networking sites, their ability to attract consumers may be impaired.

Many of our merchants locate our website through internet search engines, such as Google, and advertisements on social networking sites, such as Facebook. The prominence of our website in response to internet searches is a critical factor in attracting potential merchants to our platform. If we are listed less prominently or fail to appear in search results for any reason, visits to our website could decline significantly, and we may not be able to replace this traffic.

Similarly, many consumers locate our merchants’ shops through internet search engines and advertisements on social networking sites. If our merchants’ shops are listed less prominently or fail to appear in search results for any reason, visits to our merchants’ shops could decline significantly. As a result, our merchants’ businesses may suffer, which would affect the ability of such merchants to pay for our solutions.

Search engines revise their algorithms from time to time in an attempt to optimize their search results. If search engines modify their algorithms, our website and our merchants’ shops may appear less prominently or not at all in search results, which could result in reduced traffic to our website and to our merchants’ shops.

Additionally, if the price of marketing our solutions over search engines or social networking sites increases, we may incur additional marketing expenses or may be required to allocate a larger portion of our marketing spend to search engine marketing and our business and operating results could be adversely affected. Furthermore, competitors may in the future bid on the search terms that we use to drive traffic to our website. Such actions could increase our marketing costs and result in decreased traffic to our website. In addition, search engines or social networking sites may change their advertising policies from time to time. If any change to these policies delays or prevents us from advertising through these channels, it could result in reduced traffic to our website and sales of our solutions. As well, new search engines or social networking sites may develop, particularly in specific jurisdictions that reduce traffic on existing search engines and social networking sites. And if we are not able to achieve awareness through advertising or otherwise, we may not achieve significant traffic to our website through these new platforms. If we are unable to continue to successfully promote and maintain our websites, or if we incur excessive expenses to do so, our business and operating results could be adversely affected.

Activities of merchants or the content of their shops could damage our brand, subject us to liability and harm our business and financial results.

Our terms of service prohibit our merchants from using our platform to engage in illegal activities and our terms of service permit us to take down a merchant’s shop if we become aware of such illegal use. Merchants may nonetheless engage in prohibited or illegal activities or upload store content in violation of applicable laws, which could subject us to liability. Furthermore, our brand may be negatively impacted by the actions of merchants that are deemed to be hostile, offensive, inappropriate or illegal. We do not proactively monitor or review the appropriateness of the content of our merchants’ shops and we do not have control over merchant activities. The safeguards we have in place may not be sufficient for us to avoid liability or avoid harm to our brand, especially if such hostile, offensive, inappropriate or illegal use is high profile, which could adversely affect our business and financial results.

If third-party apps and themes change such that we do not or cannot maintain the compatibility of our platform with these apps and themes, or if we fail to provide third-party apps and themes that our merchants desire to add to their shops, demand for our platform could decline.

The success of our platform depends, in part, on our ability to integrate third-party apps, themes and other offerings into our third-party ecosystem. Third-party developers may change the features of their offerings or alter the terms governing the use of their offerings in a manner that is adverse to us. If we are unable to maintain technical interoperation, our merchants may not be able to effectively integrate our platform with other systems and services they use. We may also be unable to maintain our relationships with certain third-party vendors if we are unable to integrate our platform with their offerings. Further, third-party developers may refuse to partner with us or limit or restrict our access to their offerings. Such changes could functionally limit or terminate our ability to use these third-party offerings with our platform, which could negatively impact our solution offerings and harm our business. If we fail to integrate our platform with new third-party offerings that our merchants need for their shops, or to adapt to the data transfer requirements of such third-party offerings, we may not be able to offer the functionality that our merchants and their customers expect, which would negatively impact our offerings and, as a result, harm our business.

State tax authorities may seek to assess state and local business taxes and sales and use taxes. If we are required to collect sales and use taxes in additional jurisdictions, we might be subject to tax liability for past sales.

There is a risk that U.S. states could assert that we are liable for U.S. state and local business activity taxes, which are levied upon income or gross receipts, or for the collection of U.S. local sales and use taxes. This risk exists regardless of whether we are subject to U.S. federal income tax. States are becoming increasingly active in asserting nexus for business activity tax purposes and imposing sales and use taxes on products and services provided over the internet. We may be subject to U.S. state and local business activity taxes if a state tax authority asserts that our activities or the activities of our non-U.S. subsidiaries are sufficient to establish nexus. We could also be liable for the collection of U.S. state and local sales and use taxes if a state tax authority asserts that distribution of our solutions over the internet is subject to sales and use taxes. Each state has different rules and regulations governing sales and use taxes, and these rules and regulations are subject to varying interpretations that change over time. We review these rules and regulations periodically and, when we believe we are subject to sales and use taxes in a particular state, voluntarily engage state tax authorities in order to determine how to comply with their rules and regulations. If a state tax authority asserts that distribution of our solutions is subject to such sales and use taxes, the additional cost may decrease the likelihood that such merchants would purchase our solutions or continue to renew their subscriptions.

A successful assertion by one or more states requiring us to collect sales or other taxes on subscription service revenue could result in substantial tax liabilities for past transactions and otherwise harm our business. We cannot assure you that we will not be subject to sales and use taxes or related penalties for past sales in states where we currently believe no such taxes are required. New obligations to collect or pay taxes of any kind could increase our cost of doing business.

Risks Related to Laws and Regulations

Failure to comply with the U.S. Foreign Corrupt Practices Act, or the FCPA, anti-money laundering, economic and trade sanctions regulations, and similar laws could subject us to penalties and other adverse consequences.

We currently operate our business only in the United States. We are subject to anti-corruption laws and regulations, including the FCPA, and other laws that prohibit the making or offering of improper payments to foreign government officials and political figures, including anti-bribery provisions enforced by the Department of Justice and accounting provisions enforced by the SEC. These laws prohibit improper payments or offers of payments to foreign governments and their officials and political parties by the U.S. and other business entities for the purpose of obtaining or retaining business. We have implemented policies, procedures, systems, and controls designed to identify and address potentially impermissible transactions under such laws and regulations; however, there can be no assurance that all of our employees, consultants and agents, including those that may be based in or from countries where practices that violate U.S. or other laws may be customary, will not take actions in violation of our policies, for which we may be ultimately responsible.

In addition, we are subject to anti-money laundering laws and regulations, including the Bank Secrecy Act, as amended by the USA PATRIOT Act of 2001, or the BSA. Among other things, the BSA requires money services businesses (such as money transmitters and providers of prepaid access) to develop and implement risk-based anti-money laundering programs, report large cash transactions and suspicious activity, and maintain transaction records.

We are also subject to certain economic and trade sanctions programs that are administered by the Department of Treasury's Office of Foreign Assets Control, or OFAC, which prohibit or restrict transactions to or from or dealings with specified countries, their governments, and in certain circumstances, their nationals, and with individuals and entities that are specially-designated nationals of those countries, narcotics traffickers, and terrorists or terrorist organizations. Other group entities may be subject to additional foreign or local sanctions requirements in other relevant jurisdictions.

Similar anti-money laundering and counter terrorist financing and proceeds of crime laws apply to movements of currency and payments through electronic transactions and to dealings with persons specified in lists maintained by the country equivalents to OFAC lists in several other countries and require specific data retention obligations to be observed by intermediaries in the payment process. Our businesses in those jurisdictions are subject to those data retention obligations.

Failure to comply with any of these laws and regulations or changes in this regulatory environment, including changing interpretations and the implementation of new or varying regulatory requirements by the government, may result in significant financial penalties, reputational harm or change the manner in which we currently conduct some aspects of our business, which could adversely affect our business, financial condition or results of operations.

Failure to comply with, or changes in, laws, regulations and enforcement activities may adversely affect the products, services and markets in which we operate.

We and our merchants are subject to laws and regulations that affect the electronic payments industry in the many countries in which our services are used. In particular, our merchants are subject to numerous laws and regulations applicable to banks, financial institutions, and card issuers in the United States and abroad, and, consequently, we are at times affected by these foreign, federal, state, and local laws and regulations. The U.S. government has increased its scrutiny of a number of credit card practices, from which some of our merchants derive significant revenue. Regulation of the payments industry, including regulations applicable to us and our merchants, has increased significantly in recent years. Failure to comply with laws and regulations applicable to our business may result in the suspension or revocation of licenses or registrations, the limitation, suspension or termination of services or the imposition of consent orders or civil and criminal penalties, including fines which could adversely affect our business, financial condition or results of operations.

We are also subject to U.S. financial services regulations, a myriad of consumer protection laws, including economic sanctions, laws and regulations, anticorruption laws, escheat regulations and privacy and information security regulations. Changes to legal rules and regulations, or interpretation or enforcement of them, could have a negative financial effect on us. Any lack of legal certainty exposes our operations to increased risks, including increased difficulty in enforcing our agreements in those jurisdictions and increased risks of adverse actions by local government authorities, such as expropriations. In addition, certain of our alliance partners are subject to regulation by federal and state authority and, as a result, could pass through some of those compliance obligations to us, which could adversely affect our business, financial condition or results of operations.

In particular, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act"), recently significantly changed the U.S. financial regulatory system. Among other things, Title X of the Dodd-Frank Act established a new, independent regulatory agency known as the Consumer Financial Protection Bureau, or CFPB, to regulate consumer financial products and services (including some offered by our merchants). The CFPB rules, examinations and enforcement actions may require us to adjust our activities and may increase our compliance costs.

Separately, under the Dodd-Frank Act, debit interchange transaction fees that a card issuer receives and are established by a payment card network for an electronic debit transaction are now regulated by the Board of Governors of the Federal Reserve System, or the Federal Reserve, and must be "reasonable and proportional" to the cost incurred by the card issuer in authorizing, clearing, and settling the transaction. Effective October 1, 2011, the

Federal Reserve capped debit interchange rates for card issuers operating in the United States with assets of $10 billion or more at the sum of $0.21 per transaction and an *ad valorem* component of 5 basis points to reflect a portion of the card issuer's fraud losses plus, for qualifying card issuers, an additional $0.01 per transaction in debit interchange for fraud prevention costs. Regulations such as these could result in the need for us to make capital investments to modify our services to facilitate our existing merchants' and potential merchants' compliance and reduce the fees we are able to charge our merchants. These regulations also could result in greater pricing transparency and increased price-based competition leading to lower margins and higher rates of merchant attrition. Furthermore, the requirements of the regulations and the timing of their effective dates could result in changes in our merchants' business practices, which could change the demand for our services and alter the type or volume of transactions that we process on behalf of our merchants.

DMINT and OLBit

Bitcoin Mining Risks

We have an evolving business model.

Cryptocurrencies and blockchain technologies are relatively new and highly speculative. Bitcoin and blockchain technologies have limited history, and their risks cannot be fully known at this time. As Bitcoin assets and blockchain technologies become more widely available, we expect the services and products associated with them to evolve. In order to stay current with the industry, our business model may need to evolve as well. From time to time, we may modify aspects of our business model relating to our product mix and service offerings. We cannot offer any assurance that these or any other modifications will be successful or will not result in harm to our business. We may not be able to manage growth effectively, which could damage our reputation, limit our growth and negatively affect our operating results. Such circumstances could have a material adverse effect on our ability to continue as a going concern or to pursue our new strategy at all, which could have a material adverse effect on our business, prospects or operations.

We may not be able to compete with other companies, some of which have greater resources and experience.

We may not be able to compete successfully against present or future competitors. We do not have the resources to compete with larger providers of similar services at this time. The Bitcoin mining industry has attracted various high-profile and well-established operators, some of which have substantially greater liquidity and financial resources than we do. With the limited resources we have available, we may experience great difficulties in building our network of computers and creating an exchange. Competition from existing and future competitors could result in our inability to secure acquisitions and partnerships that we may need to expand our business. This competition from other entities with greater resources, experience and reputations may result in our failure to maintain or expand our business, as we may never be able to successfully execute our business plan.

The properties included in our mining network may experience damages.

Our Bitcoin mining operation in Tennessee is, and any future mining farms we establish will be, subject to a variety of risks relating to physical condition and operation, including:

- the presence of construction or repair defects or other structural or building damage;
- any noncompliance with or liabilities under applicable environmental, health or safety regulations or requirements or building permit requirements;
- any damage resulting from natural disasters, such as hurricanes, earthquakes, fires, floods and windstorms; and
- claims by employees and others for injuries sustained at our properties.

For example, a mine could be rendered inoperable, temporarily or permanently, as a result of a fire or other natural disaster or by a terrorist or other attack on the mine. The security and other measures we take to protect against these risks may not be sufficient. Additionally, our mines could be materially adversely affected by a power outage or loss of access to the electrical grid or loss by the grid of cost-effective sources of electrical power generating capacity. Given the power requirement, it would not be feasible to run miners on back-up power generators in the event of a power outage or damage to our primary generators.

Cryptocurrency exchanges and other trading venues are relatively new and, in most cases, largely unregulated and may therefore be the subject of fraud and failures.

When cryptocurrency exchanges or other trading venues are involved in fraud or experience security failures or other operational issues, such events could result in a reduction in cryptocurrency prices or confidence and impact our success and have a material adverse effect on our ability to continue as a going concern or to pursue this segment at all, which would have a material adverse effect on our business, prospects and operations.

Cryptocurrency market prices depend, directly or indirectly, on the prices set on exchanges and other trading venues, which are new and, in most cases, largely unregulated as compared to established, regulated exchanges for securities, commodities or currencies. For example, during the past several years, a number of Bitcoin exchanges have closed due to fraud, business failure or security breaches. In many of these instances, the customers of the closed exchanges were not compensated or made whole for partial or complete losses of their account balances. While smaller exchanges are less likely to have the infrastructure and capitalization that may provide larger exchanges with some stability, larger exchanges may be more likely to be appealing targets for hackers and "malware" (i.e., software used or programmed by attackers to disrupt computer operation, gather sensitive information or gain access to private computer systems) and may be more likely to be targets of regulatory enforcement action. We do not maintain any insurance to protect from such risks, and do not expect any insurance for customer accounts to be available (such as federal deposit insurance) at any time in the future, putting customer accounts at risk if any such events occur. In the event we experience fraud, security failures, operational issues or similar events such factors would have a material adverse effect on our ability to continue as a going concern or to pursue this segment at all, which would have a material adverse effect on our business, prospects and operations.

Regulatory changes or actions may alter the nature of an investment in us or restrict the use of cryptocurrencies in a manner that adversely affects our business, prospects or operations.

As cryptocurrencies have grown in both popularity and market size, governments around the world have reacted differently to cryptocurrencies, with certain governments deeming them illegal while others have allowed their use and trade.

Governments may in the future curtail or outlaw the mining, acquisition, use, trading or redemption of cryptocurrencies. Ownership of, holding or trading in cryptocurrencies may then be considered illegal and subject to sanction. Governments may also take regulatory action that may increase the cost and/or subject Bitcoin mining companies to additional regulation. The effect of any future regulatory change on our business or any Bitcoin mining operation that may impact our business is impossible to predict, but such change could be substantial and may have a material adverse effect on our business, prospects and operations.

The development and acceptance of cryptographic and algorithmic protocols governing the issuance of and transactions in cryptocurrencies is subject to a variety of factors that are difficult to evaluate.

The use of cryptocurrencies to, among other things, buy and sell goods and services and complete transactions, is part of a new and rapidly evolving industry that employs digital assets based upon a computer-generated mathematical and/or cryptographic protocol. Cryptocurrencies are not recognized as legal tender by any U.S. or foreign governmental authority, and they are not backed by the full faith and credit of, or endorsed by, any government. The value of cryptocurrency in respect of any specific transaction is based on the agreement of the parties thereto, and the value of such cryptocurrency more broadly is based on the agreement of market participants. Currently, a significant portion of cryptocurrency demand is generated by speculators seeking to profit from short- or long-term price fluctuations. It is doubtful that any given cryptocurrency has any intrinsic value.

The growth of this industry in general, and the use of cryptocurrencies in particular, is subject to a high degree of uncertainty, and the slowing or stopping of the development or acceptance of developing protocols may occur and is unpredictable. The factors include, but are not limited to:

- Continued worldwide growth in the adoption and use of cryptocurrencies;
- Governmental and quasi-governmental regulation of cryptocurrencies and their use, or restrictions on or regulation of access to and operation of the network or similar cryptocurrency systems;
- Changes in consumer demographics and public tastes and preferences;
- Our ability to hire and retain employees or engage third-parties with experience in the cryptocurrency industry;
- The maintenance and development of the open-source software protocol of the network;
- The availability and popularity of other forms or methods of buying and selling goods and services, including new means of using fiat currencies;
- General economic conditions and the regulatory environment relating to digital assets; and
- Negative consumer sentiment and perception of Bitcoin specifically and cryptocurrencies generally.

If any of those events occur, it may have a material adverse effect on our ability to pursue this business segment, which would have a material adverse effect on our business, prospects or operations and potentially the value of any cryptocurrencies we hold or expect to acquire for our own account and harm investors in our securities.

Banks and financial institutions may not provide banking services, or may cut off services, to businesses that provide cryptocurrency-related services or that accept cryptocurrencies as payment, including financial institutions of investors in our securities.

A number of companies that provide Bitcoin and/or other cryptocurrency-related services have been unable to find banks or financial institutions that are willing to provide them with bank accounts and other services. Similarly, a number of companies and individuals or businesses associated with cryptocurrencies have had and may continue to have their existing bank accounts closed or services discontinued with financial institutions. We also may be unable to obtain or maintain these services for our business. The difficulty that many businesses that provide Bitcoin and/or other cryptocurrency-related services have and may continue to have in finding banks and financial institutions willing to provide them services may be decreasing the usefulness of cryptocurrencies as a payment system and harming public perception of cryptocurrencies and could decrease its usefulness and harm its public perception in the future. Similarly, the usefulness of cryptocurrencies as a payment system and the public perception of cryptocurrencies could be damaged if banks or financial institutions were to close the accounts of businesses providing Bitcoin and/or other cryptocurrency-related services. This could occur as a result of compliance risk, cost, government regulation or public pressure. The risk applies to securities firms, clearance and settlement firms, national stock and commodities exchanges, the over the counter market and the Depository Trust Company, which, if any of such entities adopts or implements similar policies, rules or regulations, could result in the inability of our investors to open or maintain stock or commodities accounts, including the ability to deposit, maintain or trade our securities. Such factors would have a material adverse effect on our ability to continue as a going concern or to pursue this segment at all, which would have a material adverse effect on our business, prospects or operations and harm investors.

The impact of geopolitical events on the supply and demand for cryptocurrencies is uncertain.

Crises may motivate large-scale purchases of cryptocurrencies which could increase the price of cryptocurrencies rapidly. This may increase the likelihood of a subsequent price decrease as crisis-driven purchasing behavior wanes, adversely affecting the value of any cryptocurrencies we hold or expect to acquire for our own account. Such risks are similar to the risks of purchasing commodities in general uncertain times, such as the risk of purchasing, holding or selling gold.

As an alternative to gold or fiat currencies that are backed by central governments, cryptocurrencies, which are relatively new, are subject to supply and demand forces. How such supply and demand will be impacted by geopolitical events is uncertain but could be harmful to us and investors in our securities. Nevertheless, political or economic crises may motivate large-scale acquisitions or sales of cryptocurrencies either globally or locally. Such events would have a material adverse effect on our ability to continue as a going concern or to pursue this segment at all, which would have a material adverse effect on our business, prospects or operations and potentially the value of any cryptocurrencies we hold or expect to acquire for our own account.

Acceptance and/or widespread use of Bitcoin is uncertain.

Currently, there is a relatively small use of Bitcoin and/or other cryptocurrencies in the retail and commercial marketplace for goods or services. In comparison there is relatively large use by speculators, which contributes to price volatility.

The relative lack of acceptance of Bitcoin in the retail and commercial marketplace limits the ability of end-users to use them to pay for goods and services. Such lack of acceptance or decline in acceptances would have a material adverse effect on our ability to pursue this business segment at all, which would have a material adverse effect on our business, prospects or operations and potentially the value of any Bitcoin we hold or expect to acquire for our own account.

Transactional fees may decrease demand for Bitcoin and prevent expansion.

As the number of Bitcoin awarded for solving a block in a blockchain decreases, the incentive for miners to continue to contribute to the Bitcoin network will transition from a set reward to transaction fees. Either the requirement from miners of higher transaction fees in exchange for recording transactions in a blockchain or a software upgrade that automatically charges fees for all transactions may decrease demand for Bitcoin and prevent the expansion of the Bitcoin network to retail merchants and commercial businesses, resulting in a reduction in the price of Bitcoin that could adversely impact an investment in our securities.

In order to incentivize miners to continue to contribute to the Bitcoin network, the Bitcoin network may either formally or informally transition from a set reward to transaction fees earned upon solving a block. This transition could be accomplished by miners independently electing to record in the blocks they solve only those transactions that include payment of a transaction fee. If transaction fees paid for bitcoin transactions become too high, the marketplace may be reluctant to accept Bitcoin as a means of payment and existing users may be motivated to switch from Bitcoin to another cryptocurrency or to fiat currency. Decreased use and demand for Bitcoin may adversely affect its value and result in a reduction in the price of Bitcoin and the value of our securities.

Bitcoin inventory, including that maintained by or for us, may be exposed to cybersecurity threats and hacks.

As with any computer code generally, flaws in Bitcoin codes may be exposed by malicious actors. Bitcoin are held in software wallets, which may be subject to cyberattacks. Several errors and defects have been found previously, including those that disabled some functionality for users and exposed users' information. Exploitations of flaws in the source code that allow malicious actors to take or create money have previously occurred. If a malicious actor or botnet (a volunteer or hacked collection of computers controlled by networked software coordinating the actions of the computers) obtains control of more than 50% of the processing power on a distributed ledger network, such actor or botnet could manipulate the network to adversely affect the associated cryptocurrency and its users. If a malicious actor or botnet obtains a majority of the processing power dedicated to mining of Bitcoin, it may be able to alter the distributed ledger network on which transactions of Bitcoin reside and rely by constructing fraudulent blocks or preventing certain transactions from completing in a timely manner, or at all.

Despite our efforts and processes to prevent breaches, our devices, as well as our servers, computer systems and those of third parties that we use in our operations, are vulnerable to cyber security risks, including cyber-attacks such as viruses and worms, phishing attacks, denial-of-service attacks, physical or electronic break-ins, employee theft or misuse, and similar disruptions from unauthorized tampering with our servers and computer systems or those of third parties that we use in our operations. Such events could have a material adverse effect on our ability to continue as a going concern or to pursue our new strategy at all, which could have a material adverse effect on our business, prospects or operations and potentially the value of any Bitcoin or other cryptocurrencies we mine or otherwise acquire or hold for our own account.

It may be illegal now, or in the future, to acquire, own, hold, sell or use Bitcoin or other cryptocurrencies, participate in the blockchain or utilize similar digital assets in one or more countries, the ruling of which would adversely affect us.

Although currently Bitcoin and other cryptocurrencies, the blockchain and digital assets generally are not regulated or are lightly regulated in most countries, including the United States, one or more countries may take regulatory actions in the future that could severely restrict the right to acquire, own, hold, sell or use these digital assets or to exchange for fiat currency. Such restrictions may adversely affect us. Such circumstances would have a material adverse effect on our ability to continue as a going concern or to pursue this segment at all, which would have a material adverse effect on our business, prospects or operations and potentially the value of any cryptocurrencies we hold or expect to acquire for our own account and harm investors.

If regulatory changes or interpretations require the regulation of Bitcoin or other digital assets under the securities laws of the United States or elsewhere, including the Securities Act, the Securities Exchange Act of 1934, as amended (the "Exchange Act") and the Investment Company Act of 1940, as amended, or similar laws of other jurisdictions and interpretations by the SEC, the Commodity Futures Trading Commission ("CFTC"), the Internal Revenue Service ("IRS"), Department of Treasury or other agencies or authorities, we may be required to register and comply with such regulations, including at a state or local level. To the extent that we decide to continue operations, the required registrations and regulatory compliance steps may result in extraordinary expense or burdens to us. We may also decide to cease certain operations. Any disruption of our operations in response to the changed regulatory circumstances may be at a time that is disadvantageous to us.

Current and future legislation and SEC and CFTC rulemaking and other regulatory developments, including interpretations released by a regulatory authority, may impact the manner in which Bitcoin or other cryptocurrencies are viewed or treated for classification and clearing purposes. In particular, Bitcoin and other cryptocurrencies may not be excluded from the definition of "security" by SEC rulemaking or interpretation requiring registration of all transactions, unless another exemption is available, including transacting in Bitcoin amongst owners and require registration of trading platforms as "exchanges". We cannot be certain as to how future regulatory developments will impact the treatment of Bitcoin and other cryptocurrencies under the law. If we determine not to comply with such additional regulatory and registration requirements, we may seek to cease certain of our operations in this business segment or be subjected to fines, penalties and other governmental action. Any such action may adversely affect an investment in us. Such circumstances would have a material adverse effect on our ability to continue as a going concern or to pursue this segment at all, which would have a material adverse effect on our business, prospects or operations and potentially the value of any cryptocurrencies we hold or expect to acquire for our own account and harm investors.

Lack of liquid markets, and possible manipulation of blockchain/Bitcoin-based assets may adversely affect us.

Digital assets that are represented and trade on a ledger-based platform may not necessarily benefit from viable trading markets. Stock exchanges have listing requirements and vet issuers, requiring them to be subjected to rigorous listing standards and rules and monitoring investors transacting on such platform for fraud and other improprieties. These conditions may not necessarily be replicated on a distributed ledger platform, depending on the platform's controls and other policies. The more lax a distributed ledger platform is about vetting issuers of digital assets or users that transact on the platform, the higher the potential risk for fraud or the manipulation of digital assets. These factors may decrease liquidity or volume, or increase volatility of digital securities or other assets trading on a ledger-based system. Such circumstances may have a material adverse effect on our ability to continue as a going concern or to pursue this segment at all, which would have a material adverse effect on our business, prospects or operations and potentially the value of any cryptocurrencies we hold or expect to acquire for our own account and harm investors.

If federal or state legislatures or agencies initiate or release tax determinations that change the classification of Bitcoin as property for tax purposes (in the context of when such Bitcoin are held as an investment), such determination could have a negative tax consequence on our Company or our shareholders.

Current IRS guidance indicates that digital assets such as Bitcoin should be treated and taxed as property, and that transactions involving the payment of Bitcoin for goods and services should be treated as barter transactions. While such treatment would create a potential tax reporting requirement for any circumstance where the ownership of Bitcoin passes from one person to another, usually by means of Bitcoin transactions (including off-blockchain transactions), it preserves the right to apply capital gains treatment to those transactions. Any change to such tax treatment may adversely affect an investment in our Company.

Our dependence on third-party software and personnel may leave us vulnerable to price fluctuations and rapidly changing technology.

Competitive conditions within the Bitcoin mining industry require that we use sophisticated technology in the operation of our future Bitcoin mining business segment. We plan to utilize third-party software applications in our mining operations. Further, some of our operations may be conducted through collaboration with software providers. The industry for blockchain technology is characterized by rapid technological changes, new product introductions, enhancements and evolving industry standards. New technologies, techniques or products could emerge that might offer better performance than the software and other technologies we plan to utilize, and we may have to manage transitions to these new technologies to remain competitive. We may not be successful, generally or relative to our competitors in the Bitcoin mining industry, in timely implementing new technology into our systems, or doing so in a cost-effective manner. During the course of implementing any such new technology into our operations, we may experience the system interruptions and failures discussed above. Furthermore, there can be no assurances that we will recognize, in a timely manner or at all, the benefits that we may expect as a result of our implementing new technology into our operations.

Risks Related to Our Capital Stock

There is a very limited existing market for our common stock and we do not know if a more liquid market for our common stock will develop to provide you with adequate liquidity.

There has been a very limited public market for our common stock. We cannot assure you that an active trading market for our common stock will develop, or if it does develop, that will be maintained. You may not be able to sell your securities quickly or at the market price if trading in our securities is not active. In the absence of a public trading market:

- you may not be able to liquidate your investment in our securities; and
- the market price of our common stock may experience more price volatility.

The market price of our common stock may be highly volatile, and you could lose all or part of your investment.

The trading price of our common stock is likely to be volatile. This volatility may prevent you from being able to sell your shares at or above the price you paid for your shares. Our stock price could be subject to wide fluctuations in response to a variety of factors, which include:

- whether we achieve our anticipated corporate objectives;
- actual or anticipated fluctuations in our quarterly or annual operating results;
- changes in financial or operational estimates or projections;
- changes in the economic performance or market valuations of companies similar to ours; and
- general economic or political conditions in the United States or elsewhere.

In addition, the stock market in general, and the stock of companies that are competitive to us in particular, have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of these companies. Broad market and industry factors may negatively affect the market price of our common stock, regardless of our actual operating performance.

If our shares become subject to the penny stock rules, it would become more difficult to trade our shares.

The SEC has adopted rules that regulate broker-dealer practices in connection with transactions in penny stocks. Penny stocks are generally equity securities with a price of less than $5.00, other than securities registered on certain national securities exchanges or authorized for quotation on certain automated quotation systems, provided that current price and volume information with respect to transactions in such securities is provided by the exchange or system. If we do not retain a listing on a national securities exchange and if the price of our common stock is less than $5.00, our common stock will be deemed a penny stock. The penny stock rules require a broker-dealer, before a transaction in a penny stock not otherwise exempt from those rules, to deliver a standardized risk disclosure document containing specified information. In addition, the penny stock rules require that before effecting any transaction in a penny stock not otherwise exempt from those rules, a broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive (i) the purchaser's written acknowledgment of the receipt of a risk disclosure statement; (ii) a written agreement to transactions involving penny stocks; and (iii) a signed and dated copy of a written suitability statement. These disclosure requirements may have the effect of reducing the trading activity in the secondary market for our common stock, and therefore stockholders may have difficulty selling their shares.

As a "thinly-traded" stock, large sales can place downward pressure on our stock price.

Our stock experiences periods when it could be considered "thinly traded". Financing transactions resulting in a large number of newly issued shares that become readily tradable, or other events that cause current stockholders to sell shares, could place further downward pressure on the trading price of our stock. In addition, the lack of a robust resale market may require a stockholder who desires to sell a large number of shares to sell the shares in increments over time to mitigate any adverse impact of the sales on the market price of our stock.

We could issue additional common stock, which might dilute the book value of our capital stock.

The Company may issue all or a part of its authorized but unissued shares of common stock. Any such stock issuance could be made at a price that reflects a discount or a premium to the then-current trading price of our common stock. In addition, in order to raise future capital, we may need to issue securities that are convertible into or exchangeable for a significant amount of our common stock. These issuances, if any, would dilute your percentage ownership interest in the Company, thereby having the effect of reducing your influence on matters on which stockholders vote. You may incur additional dilution if holders of stock options or warrants, whether currently outstanding or subsequently granted, exercise their options, or if warrant holders exercise their warrants to purchase shares of our common stock. As a result, any such issuances or exercises would dilute your interest in the Company and the per share book value of the common stock that you owned, either of which could negatively affect the trading price of our common stock and the value of your investment.

Shares eligible for future sale may adversely affect the market for our common stock.

As of April 8, 2024, there are 8,563,127 warrants to purchase shares of our common stock outstanding (with a weighted average exercise price of $5.02) and 2,362,321 outstanding options to purchase shares of common stock (with a weighted average exercise price of $0.0064). If and when these securities are exercised into shares of our common stock, the number of our shares of common stock outstanding will increase. Such increase in our outstanding shares, and any sales of such shares, could have a material adverse effect on the market for our common stock and the market price of our common stock.

In addition, from time to time, all of our current stockholders are eligible to sell all or some of their shares of common stock by means of ordinary brokerage transactions in the open market pursuant to Rule 144, promulgated under the Securities Act, subject to certain limitations. In general, pursuant to Rule 144, after satisfying a six month holding period: (i) affiliated stockholders (or stockholders whose shares are aggregated) may, under certain circumstances, sell within any three month period a number of securities which does not exceed the greater of 1% of the then outstanding shares of common stock or the average weekly trading volume of the class during the four calendar weeks prior to such sale and (ii) non-affiliated stockholders may sell without such limitations, provided that we are current in our public reporting obligations. Rule 144 also permits the sale of securities by non-affiliates that have satisfied a one year holding period without any limitation or restriction. Any substantial sale of our common stock pursuant to Rule 144 or pursuant to any resale prospectus may have a material adverse effect on the market price of our securities.

Because certain principal stockholders own a large percentage of our voting stock, other stockholders' voting power may be limited.

As of April 8, 2024, Ronny Yakov, our chief executive officer, owned or controlled approximately 32.65% of our outstanding voting stock. Accordingly, Mr. Yakov has the ability to have a substantial influence on matters submitted to our stockholders for approval, including the election and removal of directors and the approval of any merger, consolidation or sale of all or substantially all of our assets. As a result, our other stockholders may have little influence over matters submitted for stockholder approval. In addition, the ownership of Mr. Yakov could preclude any unsolicited acquisition of us, and consequently, adversely affect the price of our common stock. Further, he may make decisions that are adverse to your interests.

As an "emerging growth company" under applicable law, we will be subject to lessened disclosure requirements, which could leave our stockholders without information or rights available to stockholders of more mature companies.

For as long as we remain an "emerging growth company", we have elected to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not "emerging growth companies" including, but not limited to:

- not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act;
- taking advantage of an extension of time to comply with new or revised financial accounting standards;
- reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements; and
- exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

We expect to take advantage of these reporting exemptions until we are no longer an "emerging growth company." Because of these lessened regulatory requirements, our stockholders would be left without information or rights available to stockholders of more mature companies.

Because we have elected to use the extended transition period for complying with new or revised accounting standards for an "emerging growth company" our financial statements may not be comparable to companies that comply with public company effective dates.

We have elected to use the extended transition period for complying with new or revised accounting standards for an emerging growth company. This election allows us to delay the adoption of new or revised accounting standards that have different effective dates for public and private companies until those standards apply to private companies. As a result of this election, our financial statements may not be comparable to companies that comply with public company effective dates, and thus investors may have difficulty evaluating or comparing our business, performance or prospects in comparison to other public companies, which may have a negative impact on the value and liquidity of our common stock.

Anti-takeover provisions in our charter documents and Delaware law could discourage, delay or prevent a change in control of our company and may affect the trading price of our common stock.

The anti-takeover provisions of the Delaware General Corporation Law may discourage, delay or prevent a change in control by prohibiting us from engaging in a business combination with an interested stockholder for a period of three years after the person becomes an interested stockholder, even if a change in control would be beneficial to our existing stockholders. In addition, our certificate of incorporation, as amended (which we refer to as the certificate of incorporation), and bylaws, as amended (which we refer to as the bylaws), may discourage, delay or prevent a change in our management or control over us that stockholders may consider favorable. Our certificate of incorporation and bylaws:

- provide that vacancies on our board of directors, including newly created directorships, may be filled only by a majority vote of directors then in office;
- provide that special meetings of stockholders may be called by a majority vote of our board of directors or at least 25% of shares held by our stockholders;
- not provide stockholders with the ability to cumulate their votes; and
- provide that a majority of our stockholders (over 50%) and a vote by the majority of our board may amend our bylaws.

We do not expect to pay dividends for the foreseeable future.

We do not expect to pay dividends on our common stock offered in this transaction for the foreseeable future. Accordingly, any potential investor who anticipates the need for current dividends should not purchase our securities.

Risks Related to Public Companies

Our failure to meet the continued listing requirements of Nasdaq could result in a delisting of our securities.

If we fail to satisfy the continued listing requirements of Nasdaq such as the corporate governance requirements or the minimum stock price requirement, Nasdaq may take steps to delist our securities. Such a delisting would likely have a negative effect on the price of our securities and would impair your ability to sell or purchase our securities when you wish to do so. In the event of a delisting, we can provide no assurance that any action taken by us to restore compliance with listing requirements would allow our securities to become listed again, stabilize the market price or improve the liquidity of our securities, prevent our securities from dropping below the Nasdaq minimum stock price requirement or prevent future non-compliance with Nasdaq's listing requirements. Additionally, if our securities are not listed on, or become delisted from, Nasdaq for any reason, and are quoted on the OTC Bulletin Board, an inter-dealer automated quotation system for equity securities that is not a national securities exchange, the liquidity and price of our securities may be more limited than if we were quoted or listed on Nasdaq or another national securities exchange. You may be unable to sell your securities unless a market can be established or sustained.

On May 16, 2023, we received written notice from the Listing Qualifications Department of Nasdaq notifying us that, for a period of 30 consecutive business days, we failed to maintain a minimum closing bid price of $1.00 as required for continued listing on the Nasdaq Capital Market pursuant to Nasdaq Listing Rule 5550(a)(2). In accordance with Nasdaq Listing Rule 5810(c)(3)(A), we had 180 calendar days, or until November 13, 2023, to regain compliance. On November 14, 2023, the Company received a letter (the "Extension Notice") from Nasdaq notifying the Company that it had been granted an additional 180-day period, or until May 13, 2024, to regain compliance with Nasdaq Listing Rule 5550(b)(1).

On March 20, 2024, the board of directors approved a reverse stock split in the amount of 1 for 10 shares and recommended that the shareholders approve the reverse stock split in the same amount at a meeting of the shareholders to be held on April 26, 2024. The purpose of the reverse stock split is to have the shares of common stock trade in excess of $1.00 per share so that the company will be in compliance with the NASDAQ minimum share price requirement. There can be no assurance that the stock price, after the reverse stock split, if approved by the shareholders, will continue to trade above $1.00 per share. Furthermore, there can be no assurances that the stock price after the one for 10 reverse stock split will not trade below the amount equal to 10 times these stock price per share on the date of the reverse stock split.

We incur substantial costs as a result of being a public company and our management expects to devote substantial time to public company compliance programs.

As a public company, we incur significant legal, insurance, accounting and other expenses, including costs associated with public company reporting. We intend to invest resources to comply with evolving laws, regulations and standards, and this investment will result in increased general and administrative expenses and may divert management's time and attention from product development and commercialization activities. If our efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to practice, regulatory authorities may initiate legal proceedings against us, and our business may be harmed. These laws and regulations could make it more difficult and costlier for us to obtain director and officer liability insurance for our directors and officers, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These factors could also make it more difficult for us to attract and retain qualified executive officers and qualified members of our board of directors, particularly to serve on our audit and compensation committees. In addition, if we are unable to continue to meet the legal, regulatory and other requirements related to being a public company, we may not be able to maintain the listing of our common stock on The NASDAQ Capital Market, which would likely have a material adverse effect on the trading price of our common stock.

Securities analysts may not continue to provide coverage of our common stock or may issue negative reports, which may have a negative impact on the market price of our common stock.

Since completing our public offering of shares of our common stock in August 2020, a limited number of securities analysts have been providing research coverage of our common stock. If securities analysts do not continue to cover our common stock, the lack of research coverage may cause the market price of our common stock to decline. The trading market for our common stock may be affected in part by the research and reports that industry or financial analysts publish about our business. If one or more of the analysts who elect to cover us downgrade our stock, our stock price could decline rapidly. If one or more of these analysts cease coverage of us, we could lose visibility in the market, which in turn could cause our stock price to decline. In addition, under the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, and a global settlement among the Securities and Exchange Commission, or the SEC, other regulatory agencies and a number of investment banks, which was reached in 2003, many investment banking firms are required to contract with independent financial analysts for their stock research. It may be difficult for a company such as ours, with a smaller market capitalization, to attract independent financial analysts that will cover our common stock. This could have a negative effect on the market price of our stock.

Item 1B. Unresolved Staff Comments

Not applicable.

Item 1C. Cybersecurity

We have processes for assessing, identifying, and managing material risks from cybersecurity threats. These processes are integrated into our overall risk management systems, as overseen by our Board, primarily through its Audit Committee. These processes also include overseeing and identifying risks from cybersecurity threats associated with the use of third-party service providers. We conduct risk assessments of certain third-party providers before engagement and have established monitoring procedures in an effort to assess and mitigate potential data security exposures originating from third parties. We from time to time engages third-party consultants, legal advisors, and audit firms in evaluating and testing our risk management systems and assessing and remediating certain potential cybersecurity incidents as appropriate.

Governance

Board of Directors

The Audit Committee of our Board oversees, among other things, the adequacy and effectiveness of our internal controls, including internal controls designed to assess, identify, and manage material risks from cybersecurity threats. The Audit Committee is informed of material risks from cybersecurity threats pursuant to the escalation criteria as set forth in our disclosure controls and procedures. Further, our management team reports on cybersecurity matters, including material risks and threats, to the Audit Committee. Our management team also provides updates annually or more frequently as appropriate to the full Board.

Management

Under the oversight of the Audit Committee, and as directed by our Chief Executive Officer, the Company's Systems Application Manager, is primarily responsible for the assessment and management of material cybersecurity risks and the Company's annual security audits to meet the payment industry expectations. Our management team holds a regular cybersecurity and business continuity reviews to evaluate data security exposures, control effectiveness and necessary remediation actions. The Systems Application Manager is also supported by a third-party information technology consulting services provider who helps oversee our information technology systems and provides cross-functional support for cybersecurity risk management and facilitates the response to any cybersecurity incidents.

Our Systems Application Manager oversees our cybersecurity incident response plan and related processes that are designed to assess and manage material risks from cybersecurity threats. Our Systems Application Manager also coordinates with our legal counsel and third parties, such as consultants and legal advisors, to assess and manage material risks from cybersecurity threats. Our management team is informed about the effectiveness of the prevention, detection, mitigation, and remediation of cybersecurity incidents pursuant to criteria set forth in our incident response plan and related processes.

Our Audit Committee is responsible for overseeing the establishment and effectiveness of controls and other procedures, including controls and procedures related to the public disclosure of material cybersecurity matters. Our Systems Application Manager, or a delegate, informs the Chief Executive Officer of certain cybersecurity incidents that may potentially be determined to be material pursuant to escalation criteria set forth in our incident response plan and related processes. The CEO also notifies the audit committee chair of any material cybersecurity incidents.

As of the date of this Report, we are not aware of any cybersecurity incidents that have materially affected or are reasonably likely to materially affect the Company, including its business strategy, results of operations, or financial condition and that are required to be reported in this Report. For further discussion of the risks associated with cybersecurity incidents, see the cybersecurity risk factor included in the section entitled "Item 1A. Risk Factors" in this Report.

Item 2. Property

For our corporate headquarters we currently rent shared office space at 1120 Avenue of the Americas, 4th Floor, New York, New York which can be 150 square feet. The monthly services fee is $2,765.00 with a communications fee of $100 per month. Per the terms of the Agreement, the fees for the first and 13thmonth of the term (if extended beyond the initial term) shall be waived. The initial term of the Agreement is for one year, commenced on September 1, 2022 and on August 31, 2023 the term automatically extended on a month-to-month basis and will continue to automatically extend monthly if the Company does not provide at least 60 days prior notice.

On August 16, 2022, DMINT Real Estate Holdings, Inc. ("DREH"), a wholly owned subsidiary of purchased 4.73 acres of land and a building located at 565 Industrial Park Drive, Selmer, McNairy County, Tennessee for a purchase price of $408,000.00. DMINT established a Bitcoin mining data center powered on the local power grid. The location is expected to have capacity for up to 5,000 mining machines.

eVance, Inc. rents approximately 4,277 square feet of property located at 960 Northpoint Parkway, Alpharetta, Georgia, Suite 400. The term of the Lease is for thirty-nine (39) months commencing September 1, 2020. The monthly base rent is $8,019 for the first twelve (12) months increasing thereafter to $8,768. The total rent for the entire lease term is $315,044 and $8,768 is payable as a security deposit. The first three months of rent was abated.

Item 3. Legal Proceedings

The Company is engaged ongoing litigation with FFS relating to a breach of contract in connection with the Acquired Merchant Portfolio whereby the Company is making a claim to recover the purchase price of the Acquired Merchant Portfolio and FFS is claiming to be paid the full purchase price of the Acquired Merchant Portfolio,. In addition, in connection with the litigation with FFS, the Company has also made a claim against Clear Fork Bank (the "Bank"), the payment processing bank for the Acquired Merchant Portfolio, for damages the Company suffered as a result of it having to cease processing transactions for the merchants underlying the Acquired Merchant Portfolio. The Bank has filed a counterclaim for fees incurred by it in connection with the transactions processed since the acquisition of the Acquired Merchant Portfolio by the Company. However, the damages claimed have been materially reduced over time due to account balancing which was not completed at the time of the counterclaim.

Other than discussed above, there are no material claims, actions, suits, proceedings, or investigations that are currently pending or, to the Company's knowledge, threatened by or against the Company or respecting its operations or assets, or by or against any of the Company's officers, directors, or affiliates.

Item 4. Mine Safety Disclosures

Not applicable.

PART II.

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

After August 11, 2020, our common stock was trading under the symbol "OLB" on the NASDAQ Capital Market ("NASDAQ"). Prior to August 11, 2020, our common stock was quoted under the symbol “OLBG” on the Pink Open Market (f/k/a OTC Pink) published by OTC Markets Group, Inc. (“OTC Pink”), where an established public trading market for our common stock did not exist.

At April [*], 2024 there were approximately 365 holders of record of our common stock, although we believe that there are other persons who are beneficial owners of our common stock held in street name. The transfer agent and registrar for our common stock is Transfer Online, Inc., 317 SW Alder Street, 2nd Floor Portland, OR 97204. Their telephone number is (503) 227-2950.

Dividend Policy

We have never paid any cash dividends and intend, for the foreseeable future, to retain any future earnings for the development of our business. Our Board of Directors will determine our future dividend policy on the basis of various factors, including our results of operations, financial condition, capital requirements and investment opportunities.

Recent Issuance of Unregistered Securities

None.

Securities Authorized for Issuance Under Equity Compensation Plans

None.

Item 6. [Reserved]

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operation

The following discussion and analysis of our consolidated financial condition and results of operations for years ended December 31, 2023 and 2023 should be read in conjunction with the consolidated financial statements and notes related thereto included elsewhere in this report.

Overview

We are a FinTech company that focuses on a suite of products in the merchant services marketplace that seeks to provide integrated business solutions to merchants throughout the United States. We seek to accomplish this by providing merchants with a wide range of products and services through our various online platforms, including financial and transaction processing services. We also have products that provide support for crowdfunding and other capital raising initiatives. We supplement our online platforms with certain hardware solutions that are integrated with our online platforms. Our business functions primarily through three wholly-owned subsidiaries, eVance, OmniSoft, and CrowdPay, though substantially all of our revenue has been generated from our eVance business (we began generating revenue from our OmniSoft and CrowdPay businesses in the second half of 2019). We expect to build out our OmniSoft software business and to rely more on individualized merchant services offerings for revenue so that we are not dependent on our revenue from our eVance business but there is no guarantee that we will be able to do so.

With respect to our eVance business, our merchants are currently processing over $100,000,000 in gross transactions monthly and average approximately 1,400,000 transactions a month. These transactions come from a variety of sources including direct accounts and ISO channels. The accounts consist of businesses across the United States with no concentration of industries or merchants.

We have integrated all the applications for OmniSoft and the ShopFast Omnicommerce solution with the eVance mobile payment gateway, SecurePay.comTM. SecurePay.comTM, is currently used by approximately 3,000 merchants processing over 32,000 transactions and approximately $9,000,000 of monthly gross transactions (though our revenue from these transactions is limited). In July 2019, we launched a new merchant and ISO boarding system that will be able to onboard merchants instantly. This provides the merchant with an automated approval and ISOs will have the ability to see all their merchants and their residuals as they load to the system.

On May 22, 2020, the Company purchased certain assets from POSaBIT Inc. (“POSaBIT”), including its contracts and arrangements with the Doublebeam merchant payment processing platform (the “POSaBIT Asset Acquisition”). The assets included, but were not limited to, software source codes, customer lists, customer contracts, hardware and website domains.

On May 14, 2021, the Company formed OLBit, Inc., a wholly owned subsidiary (“OLBit”). The purpose of OLBit is to hold the Company’s assets and operate its business related to its emerging money transmission and transactional business.

On July 23, 2021, we formed DMINT, Inc., a wholly owned subsidiary (“DMINT”) to operate in the Bitcoin mining industry, specifically the mining of Bitcoin. DMINT initiated the first phase of the Bitcoin mining operation by placing data centers and ASIC-based Antminer S19J Pro mining computers specifically configured to mine Bitcoin in Pennsylvania. As of December 31, 2022, DMINT has purchased 1,000 computers. In February 2023, it re-deployed all of the computers to its Selmer, Tennessee location. At December 31, 2023, DMINT had mined 31.06 Bitcoin.

On January 3, 2022, the Company entered into a share exchange agreement with all of the shareholders of Crowd Ignition, Inc. (“Crowd Ignition”) whereby the Company would purchase 100% of the equity of Crowd Ignition in exchange for 1,318,408 shares of the common stock, par value $0.0001 of the Company (the “CI Issued Shares”). The value of the CI Issued Shares was, for purposes of the Agreement, based on the closing trading price of the Company on October 1, 2021 (the date on which a third-party fairness opinion was issued), resulting in an aggregate purchase price for Crowd Ignition of $5.3 million.

Crowd Ignition is a web-based crowdfunding software system. Ronny Yakov, Chairman and CEO of the Company and John Herzog, a significant shareholder of the Company, own 100% of the equity of Crowd Ignition. The software provides broker-dealer, merchant banks and law firms a platform to market crowdfunding offerings, collect payments and issue securities. The software has been developed in response to, and to comply with, recent changes in investment regulations including Regulation D 506(b) and 506(v), Regulation A+ and Title III of the Jobs Act (Regulation CF), including raising the crowdfunding limit from $1.07 million to $5.0 million. Crowd Ignition is one of only about 50 companies registered with the SEC to provide the services permitted under Regulation CF.

Results of Operations

Year Ended December 31, 2023 Compared to the Year Ended December 31, 2022

For the year ended December 31, 2023, we had total revenue of $30,571,637 compared to $30,368,979 of revenue for the year ended December 31, 2022, an increase of $202,658 or 0.1%. We earned $27,096,245 in transaction and processing fees, $89,532 in merchant equipment sales, $312,565 in revenue from monthly recurring subscriptions, $538,718 of revenue from the Bitcoin Mining segment, and $2,534,577 of digital product revenue;

compared to $28,950,785 in transaction and processing fees, $64,900 in merchant equipment sales, $627,1115 in revenue from monthly recurring subscriptions and $726,179 of revenue from the Bitcoin Mining Segment. We had a decrease of revenue for our transaction and processing fees of $1,854,540, a decrease of $187,461 of bitcoin mining revenue and a decrease of $314,550 from the monthly recurring subscriptions. These decreases were offset with an increase in our digital product revenue of $2,534,577. Transaction and processing revenue decreased due to a decrease in the in merchants and volume processed. Bitcoin revenue decreased due to the price of bitcoin dropping in 2023 compared to 2022. Monthly recurring subscription revenue decreased due to less subscriptions.

For the year ended December 31, 2023, we had processing and servicing costs of $21,181,499 compared to $23,152,397 of processing and servicing costs for the year ended December 31, 2022, a decrease of $1,970,898 or 8.5%. Processing and servicing costs decreased in conjunction with the decreased revenue.

Amortization and depreciation expense for the year ended December 31, 2023 was $4,172,117 compared to $3,664,488 for the year ended December 31, 2022, an increase of $507,629 or 13.9%. We record amortization expense on our merchant portfolio, trademarks and natural gas purchase rights. Our amortization expense for the year ended December 31, 2023, was higher due to a onetime adjustment.

Depreciation expense for our Bitcoin Mining Segment was $2,560,015 for the year ended December 31, 2023 compared to $3,193,683 for the year ended December 31, 2022, a decrease of $633,668 or 19.8%. The majority of the decrease was due to reclassing items to construction in process and not deprecating miners until the construction on the Selmer, TN building is completed.

Salary and wage expense for the year ended December 31, 2023 was $3,817,508 compared to $3,073,598 for the year ended December 31, 2022, an increase of $743,910 or 24.2%. The increase is due to an increase in staff from the Cuentas SDI acquisition and also accrued bonus expense.

Professional fees for the year ended December 31, 2023 were $2,336,785 compared to $964,541 for the year ended December 31, 2022, an increase of $1,372,244 or 142%. Professional fees consist mainly of audit and legal fees. The increase in the current period is due to an increase in legal fees of approximately $1,333,600 and auditor expenses of approximately $45,800. Our increase in legal fees can be attributed to the ongoing litigation relating to the FFS Acquired Merchant Portfolio. Our increase in audit fees is primarily due to the stand-alone audit of our DMINT subsidiary in connection with the planned spin-off of the entity.

General and Administrative ("G&A") expense for the year ended December 31, 2023, was $7,078,947 compared to $4,490,731 for the year ended December 31, 2022, an increase of $2,588,216 or 57.6%. Some of our larger G&A expenses include insurance policy expense of $404,400 from $319,500 in the prior year. Insurance expense has increased as a result of the cost to insure the Bitcoin mining machines and the increase in the size of the Company's business. We had credit card processing and bank fees of $1,137,000 from $39,000 in the prior year, contracted services of $913,000 from $656,000 in the prior year, utilities of $679,500 from $565,000 in the prior year and computer and internet expense of $933,700 from $730,000 in the prior year. We also had an increase in stock-based compensation of $104,000 for stock option expense.

For the year ended December 31, 2023, we had total impairment expense of $12,902,787. $12,642,857 was for the write down of the Acquired Merchant Portfolio. There was also an impairment of $259,931 related to the Bitcoin miners owned by DMINT.

For the year ended December 31, 2023, we recognized a realized gain from the sale of bitcoin of $288,584 and an unrealized gain on investment of $23,662. We also had other income of $40,320 and interest expense of $148,483. In the prior year we had other income of $383,190.

Our net loss for year ended December 31, 2023, was $23,273,939 compared to $7,787,269 for year ended December 31, 2022. We had an increase in our net loss of $15,486,670 for the reasons discussed above.

Liquidity and Capital Resources

Changes in Cash Flows

For the year ended December 31, 2023, we received $2,046,922 of cash in operating activities, which included our net loss offset by $6,732,132 for amortization and depreciation expense, $727,758 for stock-based compensation, impairment expense of $12,902,788, a realized gain of $288,584 from the sale of bitcoin of $288,584 and an unrealized gain on investment of $23,662 and net changes in operating assets and liabilities of $5,274,238.

For the year ended December 31, 2022, we used $1,921,318 of cash in operating activities, which included our net loss offset by $6,858,171 for amortization and depreciation expense, $624,683 for stock-based compensation, stock to be issued for services of $164,999 and net changes in operating assets and liabilities of ($1,781,965).

For the year ended December 31, 2023, we used $2,080,113 of cash used for investing activities. We used $1,225,148 for property and equipment, $4,965 for purchase of intangible assets and $850,000 the purchase of an 80.01% interest in Cuentas SDI, LLC.

For the year ended December 31, 2022, we used $1,562,361 of cash used for investing activities to acquire property and equipment.

For the year ended December 31, 2023, we used net cash of $221,829 in financing activities as a result of a cash overdraft obtained in an acquisition of $8,050 and payments on a note payable of $226,457 along with $12,678 in advances from related parties.

For the year ended December 31, 2022, we received net cash of $447,429 from financing activities. We received a loan payable of $875,000, of which we repaid $317,571 and used $110,000 in cash for the acquisition of treasury stock

Liquidity and Capital Resources

At December 31, 2023, the Company had cash of $179,006 and negative working capital of $5,413,927.

On August 11, 2020, the Company closed an offering of its securities (the "Offering") for gross proceeds of $6.45 million. The Company sold 700,000 units consisting of (a) one share of our common stock; (b) two Series A Warrants, and (c) one-half of one Series B warrant. In addition, the underwriter fully exercised its option to purchase 210,000 Series A warrants and 52,500 Series B warrants. While 20% of the net proceeds of $5.5 million was used to repay a portion of our outstanding Term Loan, immediately following the Offering, the Company had cash of $5.6 million on hand. As such, the Company believes it will be able fund future liquidity and capital requirements through cash flows generated from its operating activities for a period of at least twelve months from the date its condensed consolidated financial statements are issued.

On March 2, 2021, the Company, utilizing a portion of funds received from the exercise of outstanding warrants, paid approximately $7.7 million to the pay off the entire outstanding amount of the Term Loan. In connection with the extinguishment of the obligations under the Term Loan, 40,000 warrants to purchase Common Stock were cancelled.

In addition, the Company has received a Paycheck Protection Program loan under the CARES Act for approximately $236,000 (the "PPP Loan"). On October 11, 2021, the Company obtained forgiveness of all amounts due under the PPP Loan.

On November 2, 2021, the Company entered into a series of securities purchase agreements with certain institutional accredited investors pursuant to which the Company issued and sold, in a private placement (i) 1,969,091 shares (the "Shares") of the Company's Common Stock (ii) pre-funded warrants exercisable for a total of 2,576,364 shares of Common Stock (the "Prefunded Warrant Shares") with an exercise price of $0.0001 per Prefunded Warrant Share, and (iii) warrants exercisable for a total of 4,545,455 shares of Common Stock (the "Common Warrant Shares" and together with the Prefunded Warrant Shares, the "Warrant Shares") with an exercise price of $6.50 per Common Warrant Share. The offering closed on November 5, 2021 and the Company received net proceeds of approximately $22.9 million, after deducting placement agent fees and other offering expenses. The Company intends to use the net proceeds from the offering to invest in or acquire companies or technologies that are synergistic with or complimentary to its business, to expand and market its current products and for working capital and general corporate purposes.

The Company has reviewed its cash flow activity during 2023 and projected cash flow forecast for 2024 and performed an overall analysis of market trends to determine whether or not it has sufficient liquidity to continue as a going concern for a period of at least twelve months from the date of this Annual Report. As a result of (a) the improved transaction volume trends the Company experienced during 2022 and 2023, (b) the increase in the number of merchants after the acquisitions of several portfolios during 2021 and 2023, and (c) the funds received from the capital raises and PPP Loan, as discussed above, the Company believes it has sufficient liquidity in order to sustain operations for at least the twelve months following the filing of this Annual Report.

Significant Accounting Policies

Refer to Note 2 of our financial statements contained elsewhere in this Form 10-K for a summary of our significant accounting policies and recently adopting and issued accounting standards.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide the information under this item.

Item 8. Financial Statements and Supplementary Data

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Report of Independent Registered Public Accounting Firm

Board of Directors and Shareholders
The OLB Group, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of The OLB Group, Inc. as of December 31, 2023, and the related consolidated statements of operations, changes in stockholders' equity, and cash flows for the years then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of The OLB Group, Inc. as of December 31, 2023, and the results of its operations and its cash flows for the year then ended in conformity accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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

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

Critical Audit Matters

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

Stock Based Compensation (Note 9)

During the year ended December 31, 2023, the Company was to grant stock options to their CEO, Ronny Yakov, to purchase 200,000 shares of common stock pursuant to the terms of his employment agreement, however, there were delays that resulted in the options being issued and then exercised subsequent to December 31, 2023. As a result of the delay, the Company failed to initially capture the option grant in their books. Upon discovery of this oversight the Company used the Black Scholes Merton option pricing model to calculate the grant date fair value of the aware which required a number of inputs based on management's estimates.

In order to audit the grant date fair value for Mr. Yakov's option grant we had to review the specific terms of the award and had to review the Company's calculation of fair value and determine the reasonableness of each input into the calculation, which included a determination of the grant date, along with estimates of expected life and volatility.

Also during our audit we had to test the reasonableness of the stock-based compensation recorded by the Company and noted that in addition to the value captured for Mr. Yakov's options it included amounts the Company had to capture related to options granted in prior years due to compensation expense being recognized over service periods and/or based on the expected timing of a performance, market, or service condition being met. To audit this amount we had to obtain support for options issued as far back as 2018 and review the terms and valuations of all grants.

Accordingly, testing the Company's stock-based compensation was challenging, time consuming, and there was subjectivity involved with complex auditor judgment due to the estimates that had to be tested, all of which resulted in significant audit effort. As a result of our audit procedures adjustments were recorded to ensure recorded equity and expense amounts were reasonable.

Business Combination (Note 7)

During the year ended December 31, 2023, the Company entered into a Membership Interest Purchase Agreement that was accounted as a business combination under ASC 805 which required the Company to determine the fair market value of assets acquired, liabilities assumed, and the non-controlling interest.

As this disclosure was considered material to the financial statements, we identified a risk of material misstatement related to this transaction. In order to audit the Company's business combination, we reviewed managements analysis of the transaction, obtained an understanding of all aspects of the transaction, and completed our own detailed analysis of the accounting literature governing business combinations to ensure the accounting treatment was reasonable. We also reviewed the reasonableness of the fair value estimates for all recorded amounts.

Due to the extensive analysis of the transaction as well as the judgment and subjectivity that was involved in applying audit procedures there was significant audit effort required to ensure the transaction was properly accounted for.

Bitcoin Mining Transactions (Note 2)

The Company's operations and activities include bitcoin mining and the exchange of bitcoin for U.S. dollars and such transactions have inherent audit complexities associated with them. The Company has entered into a third-party subscription agreement to monitor their bitcoin activity and has entered into a digital asset mining pool contract with a third-party to provide computing power in exchange for earning bitcoin. The Company has used significant judgment to determine its accounting for its bitcoin mining revenue and it took significant time, effort, and subjectivity during our audit to ensure revenue and exchange transactions were properly stated.

In order to test the Company's recognition of revenue we obtained a detailed understanding of the Company's operations and its third party-contracts and arrangements. We evaluated the Company's compliance with accounting standards and we completed detailed testing to ensure we could rely on third party reports. We corroborated recorded transactions with data recorded on public blockchain networks and we independently calculated the value of bitcoin received to ensure recorded revenue amounts were reasonable. We also independently calculated the gain/loss on all exchanges of bitcoin for U.S. dollars to ensure amounts were accurately recorded in accordance with the Company's policies and procedures. We ensured all bitcoin transactions were reasonably recorded and ensured the Company's disclosures in their financial statements regarding such were adequate.

Intangible Assets and Goodwill Impairment (Note 2 and Note 4)

The Company evaluates for impairment of intangible assets by first evaluating for impairment indicators, which requires significant judgment, and then by completing a recoverability test to compare the carrying value of each asset with the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the assets, which can depend on estimates and assumptions. If the carrying amount is in excess of the undiscounted cash flows the Company calculates a fair value for the asset, which can also be based on subjectivity, estimates, and judgments, and ensures the carrying amount is not in excess of its fair value.

The Company evaluates goodwill for impairment at least annually at the reporting unit level and compares the carrying amount of goodwill to its fair value. Accordingly, the Company has to use significant judgment, assumptions, and subjectivity to determine it reporting units and the fair value of their goodwill. As of December 31, 2023 the Company engaged a valuation specialist to assist with the fair value calculations.

During our audit we identified potential impairment as a risk of material misstatement, as the intangible assets and goodwill values had balances and disclosures that were material to the financial statements. In order to test the Company's intangible asset for impairment, we had to analyze each material intangible asset and use significant auditor judgment and subjectivity to review impairment indicators based on Company operations and the nature of the intangible assets, review undiscounted cash flow amounts where we noted no significant amounts that were necessary to test, and had to test fair value amounts by obtaining third party market data, which required significant audit effort.

In order to test the Company's goodwill impairment, we had to use significant auditor judgement to gain comfort in the Company's reporting unit(s) by completing an overall analysis of the Company's business and operations. We also had to gain comfort with the expertise and experience of the third-party valuation expert and review the techniques and valuation approach used by the expert for reasonableness. Lastly, we reviewed all inputs and/or underlying data used by the valuation expert to ensure the fair value associated with the goodwill was reasonable.

Property and Equipment (Note 5)

During the year ended December 31, 2023 the Company incurred significant costs related to the build out of their bitcoin mining warehouse and an audit risk was identified related to the value and recoverability of their assets. Significant audit effort was required to ensure the property and equipment was recorded properly, that depreciation expense was reasonable, and that asset values were recoverable.

During our audit we had to obtain sufficient corroborating evidence regarding the timing of asset receipt and the assets existence at the reporting date. We also had to recalculate all depreciation amounts and complete a detailed impairment analysis which required auditor subjectivity. We ensured the Company's property and equipment was reasonably stated at its recoverable value and ensured the disclosures for such were accurate.

/s/ Mac Accounting Group & CPAs, LLP

We have served as The OLB Group Inc.'s auditor since 2023.

Midvale, Utah

April 12, 2024

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders
The OLB Group, Inc.
New York, New York

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of The OLB Group, Inc. (the "Company") at December 31, 2022, and the related consolidated statements operations, stockholders' equity and cash flows for the year ended December 31, 2022, and the related notes (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2022, and the results of its operations and its cash flows for the year ended December 31, 2022, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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

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

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the audit of the December 31, 2022 financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matter does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing separate opinions on the critical audit matter or on the accounts or disclosures to which they relate.

Intangible Assets Impairment Assessments

As described in Notes 2 and 4 to the consolidated financial statements, the Company has goodwill and intangible assets of $27.2 million at December 31, 2022. In most cases, no directly observable market inputs are available to measure the fair value to determine if the asset is impaired. Therefore, an estimate is derived indirectly and is based on net present value techniques utilizing post-tax cash flows and discount rates. The estimates that management used in calculating the net present values depend on assumptions specific to the nature of the management service activities with regard to the amount and timing of projected future cash flows; long-term forecasts; actions of competitors (competing services), future tax and discount rates.

The principal considerations for our determination that performing procedures relating to the intangible assets impairment assessment is a critical audit matter are the significant judgment by management when developing the net present value of the intangible assets. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating management's significant assumptions related to the amount and timing of projected future cash flows and the discount rate. In addition, the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing management's process for developing the fair value estimate; evaluating the appropriateness of the net present value techniques; testing the completeness and accuracy of underlying data used in the model; and evaluating the significant assumptions used by management, including the amount and timing of projected future cash flows and the discount rate. Evaluating management's assumptions related to the amount and timing of projected future cash flows and the discount rate involved evaluating whether the assumptions used by management were reasonable considering the current and past performance of the intangible assets, the consistency with external market and industry data, and whether these assumptions were consistent with evidence obtained in other areas of the audit.

/s/ Daszkal Bolton LLP

Daszkal Bolton LLP
Boca Raton, Florida
March 29, 2023

We served as the Company's auditor from 2020 to March 2023

The OLB Group, Inc. and Subsidiaries
Consolidated Balance Sheets

	December 31, 2023	December 31, 2022
ASSETS		
Current Assets:		
Cash	$ 179,006	$ 434,026
Accounts receivable, net	466,890	1,083,169
Prepaid expenses	184,913	590,893
Other receivables	403,999	-
Investment in equity securities	273,662	250,000
Other current assets	312,103	1,030,183
Total Current Assets	1,820,573	3,388,271
Other Assets:		
Property and equipment, net	5,871,751	7,325,212
Intangible assets, net	3,500,246	20,310,255
Goodwill	8,139,889	6,858,216
Operating lease right-of-use assets	—	268,948
Other long-term assets	395,952	502,917
Total Other Assets	17,907,838	35,265,548
TOTAL ASSETS	$ 19,728,411	$ 38,653,819
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 3,526,689	$ 513,266
Accrued expenses	1,017,708	378,206
Preferred dividend payable (related parties)	418,606	294,384
Merchant portfolio purchase installment obligation	2,000,000	2,000,000
Related party payable	12,678	
Operating lease liability – current portion	—	134,318
Note payable – current portion	258,819	298,053
Total Current Liabilities	7,234,500	3,618,227
Long Term Liabilities:		
Notes payable, net of current portion	149,039	259,376
Operating lease liability – net of current portion	—	138,439
Total Liabilities	7,383,539	4,016,042
Commitments and contingencies (Note 10)		
Stockholders' Equity:		
Preferred stock, $ 0.01 par value, 1,000,000 shares authorized, no shares issued and outstanding	—	—
Series A Preferred stock, $ 0.01 par value, 10,000 shares authorized, 1,021 shares issued and outstanding at December 31, 2023 and 2022	10	10
Common stock, $ 0.0001 par value, 50,000,000 shares authorized, 15,344,077 and 15,207,714 shares issued, 15,217,905 and 15,081,542 shares outstanding at December 31, 2023 and 2022, respectively	1,521	1,508
Treasury stock, at cost, 126,172 shares at December 31, 2023 and 2022	(109,988)	(109,988)
Additional paid-in capital	68,909,001	68,140,480
Accumulated deficit	(56,574,896)	(33,394,233)
Total stockholders' equity of The OLB Group and Subsidiaries	12,225,648	34,637,777
Noncontrolling interest	119,224	—
Total Stockholders' Equity	12,344,872	34,637,777
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 19,728,411	$ 38,653,819

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

The OLB Group, Inc. and Subsidiaries
Consolidated Statements of Operations

	For the Years Ended December 31, 2023	For the Years Ended December 31, 2022
Revenue:		
Transaction and processing fees	$ 27,096,245	$ 28,950,785
Merchant equipment rental and sales	89,532	64,900
Revenue, net - bitcoin mining	538,718	726,179
Other revenue from monthly recurring subscriptions	312,565	627,115
Digital product revenue	2,534,577	—
Total revenue	30,571,637	30,368,979
Operating expenses:		
Processing and servicing costs, excluding merchant portfolio amortization	21,181,499	23,152,397
Amortization expense	4,172,117	3,664,488
Depreciation expense	2,560,015	3,193,683
Salaries and wages	3,817,508	3,073,598
Professional fees	2,336,785	964,541
General and administrative expenses	7,078,947	4,490,731
Impairment expense	12,902,788	—
Total operating expenses	54,049,659	38,539,438
Loss from operations	(23,478,022)	(8,170,459)
Other income (expense):		
Realized gain on sale of bitcoin	288,584	—
Unrealized gain on investment	23,662	—
Interest expense	(148,483)	—
Other income	40,320	383,190
Total other income	204,083	383,190
Net loss before income taxes	(23,273,939)	(7,787,269)
Income tax expense	—	—
Net loss	(23,273,939)	(7,787,269)
Net loss attributed to noncontrolling interest	93,276	—
Net loss attributed to The OLB Group and Subsidiaries	(23,180,663)	(7,787,269)
Preferred dividends (related parties)	(124,222)	(401,903)
Net Loss Applicable to Common Shareholders	$ (23,304,885)	$ (8,189,172)
Net loss per common share, basic and diluted	$ (0.65)	$ (0.56)
Weighted average shares outstanding, basic and diluted	15,203,708	14,678,990

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

The OLB Group, Inc. and Subsidiaries
Consolidated Statements of Changes in Stockholders' Equity
For the Years Ended December 31, 2023 and 2022

	Preferred Stock		Common Stock		Additional Paid In Capital	Treasury Stock	Accumulated Deficit	Non-Controlling Interest	Total
	Shares	Amount	Shares	Amount					
Balance at December 31, 2021	4,633	$ 46	11,984,396	$ 1,198	$66,986,248	$ —	$(25,606,964)	$ —	$41,380,528
Common stock issued for common control acquisitions	—	—	1,318,408	132	(132)	—	—	—	—
Common stock issued for exercise of warrants	—	—	1,400,000	140	(140)	—	—	—	—
Repurchase of shares	—	—	(126,172)	(13)	—	(109,988)	—	—	(110,001)
Conversion of preferred shares – related party	(3,612)	(36)	504,910	51	931,724	—	—	—	931,739
Preferred stock dividends (related party)	—	—	—	—	(401,903)	—	—	—	(401,903)
Stock-based compensation	—	—	—	—	624,683	—	—	—	624,683

Net loss	—	—	—	—	—	—	(7,787,269)	—	(7,787,269)
Balance at December 31, 2022	1,021	10	15,081,542	1,508	68,140,480	(109,988)	(33,394,233)	—	34,637,777
Common stock issued for accrued liabilities-related party	—	—	136,363	13	164,985	—	—	—	164,998
Preferred stock dividends-related party	—	—	—	—	(124,222)	—	—	—	(124,222)
Recognition of noncontrolling interest in acquisition	—	—	—	—	—	—	—	212,500	212,500
Stock-based compensation	—	—	—	—	727,758	—		—	727,758
Net loss	—	—	—	—	—	—	(23,180,663)	(93,276)	(23,273,939)
Balance at December 31, 2023	1,021	$ 10	15,217,905	$ 1,521	$68,909,001	$ (109,988)	$ (56,574,896)	$ 119,224	$12,344,872

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

The OLB Group, Inc. and Subsidiaries
Consolidated Statements of Cash Flows

	For the Years Ended December 31,	
	2023	**2022**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (23,273,939)	$ (7,787,269)
Adjustments to reconcile net loss to net cash provided by and used in operations:		
Non-cash mining revenue	—	(726,179)
Depreciation and amortization	6,732,132	6,858,171
Impairment expense	12,902,788	—
Stock based compensation	727,758	624,683
Common stock to be issued for services to Directors	—	164,999
Operating lease expense, net of repayment	(3,809)	—
Unrealized gain on investment	(23,662)	—
Realized gain on sale of bitcoin	(288,584)	—
Changes in assets and liabilities:		
Accounts receivable	570,473	35,796
Prepaid expenses and other current assets	1,008,645	(848,625)
Other long-term assets	106,965	(51,032)
Accounts payable	2,729,797	11,504
Accrued expenses	858,358	(203,429)
Net cash provided by (used in) operating activities	2,046,922	(1,921,381)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(1,225,148)	(1,562,361)
Purchase of intangible assets	(4,965)	—
Purchase of 80.01 % interest in Cuentas SDI, LLC	(850,000)	—
Net cash used in investing activities	(2,080,113)	(1,562,361)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Cash overdraft acquired in acquisition	(8,050)	—
Advances from related party	12,678	
Proceeds from note payable	—	875,000
Repayments on note payable	(226,457)	(317,571)
Cash used for acquisition of treasury stock		(110,000)
Net cash (used) provided by financing activities	(221,829)	447,429
Net change in cash	(255,020)	(3,036,313)
Cash – beginning of year	434,026	3,470,339
Cash – end of year	$ 179,006	$ 434,026
Cash paid for:		
Interest	$ —	$ —
Income taxes	$ —	$ —
Non-cash investing and financing transactions:		
Common stock issued for accrued liabilities	$ 164,998	$ —
Preferred stock dividends	$ 124,222	$ 420,059
Cancellation of operating leases	$ 174,090	$ —

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

NOTE 1 – BACKGROUND

Background

The OLB Group, Inc. ("OLB" the "Company") was incorporated in the State of Delaware on November 18, 2004 and provides services through its wholly-owned subsidiaries and business segments. The Company generates its revenue through two business segments its Fintech Services and Bitcoin Mining Business segments.

Fintech Services:

The Company provides integrated financial and transaction processing services ("Fintech Services") to businesses throughout the United States. Through its eVance, Inc. subsidiary ("eVance"), the Company provides an integrated suite of third-party merchant payment processing services and related proprietary software enabling products that deliver credit and debit card-based internet payment processing solutions primarily to small and mid-sized merchants operating in physical "brick and mortar" business environments, on the internet and in retail settings requiring both wired and wireless mobile payment solutions. eVance operates as an independent sales organization ("ISO") generating individual merchant processing contracts in exchange for future residual payments. As a wholesale ISO, eVance has a direct contractual relationship with the merchants and takes greater responsibility in the approval and monitoring of merchants than do retail ISOs and as a result, receives additional consideration for this service and risk. The Company's Securus365, Inc. ("Securus365") subsidiary operates as a retail ISO and receives residual income as commission for merchants it places with third party processors. The Company's eVance Capital, Inc subsidiary provides lending services to merchants processing with eVance, Inc.

CrowdPay.us, Inc. ("CrowdPay") is a Crowdfunding platform used to facilitate a capital raise anywhere from $ 1,000,000 -$ 50,000,000 of various types of securities under Regulation D, Regulation Crowdfunding, Regulation A and the Securities Act of 1933. To date, the activities of this subsidiary have been nominal.

OmniSoft, Inc. ("OmniSoft") operates a software platform for small merchants. The Omnicommerce applications work on an iPad, mobile device and the web and allow customers to sell a store's products in a physical, retail setting. To date, the activities of this subsidiary have been nominal when compared to the overall business.

On May 14, 2021, the Company formed OLBit, Inc., a wholly-owned subsidiary ("OLBit"). The purpose of OLBit is to hold the Company's assets and operate its business related to its emerging lending and transactional business leveraging the Company's Bitcoin Business and Fintech Services business. To date, the activities of this subsidiary have been nominal.

On June 15, 2023, the Company entered into a Membership Interest Purchase Agreement (the "Agreement") with SDI Black 001, LLC ("Seller") whereby it acquired 80.01 % of the membership interests of Cuentas SDI, LLC, a Florida limited liability company (the "LLC"). The LLC owns the platform of Black011.com and the network serving over 31,000 convenience stores ("Bodegas") in and around New York and New Jersey (see Note 7).

The Company also provides ecommerce development and consulting services on a project-by-project basis.

Bitcoin Mining Business:

On July 23, 2021, the Company formed DMINT, Inc., a wholly-owned subsidiary ("DMINT"). The purpose of DMINT is to operate its business related to Bitcoin mining ("Bitcoin Business").

On June 24, 2022 the Company formed DMINT Real Estate Holdings, Inc., a wholly-owned subsidiary of DMINT. The purpose of DMINT Real Estate Holdings, Inc is to buy and hold real estate related to DMINT. Currently, its only asset is the building and property located in Selmer, Tennessee where all of the mining computers are located.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Company's consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The Company's accounting estimates include the collectability of receivables, useful lives of long-lived assets and recoverability of those assets, impairment in fair value of goodwill, valuation allowances for income taxes and stock-based compensation.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, eVance Inc, eVance Capital Inc, Securus365, Inc., CrowdPay.us, Inc., OmniSoft, Inc., OLBit, Inc., DMINT, Inc., DMINT Real Estate Holdings. The Company owns 80.01 % of Cuentas SDI, LLC, which has been included in the consolidated financial statements and the Company has recorded a noncontrolling interest for the 19.99 % interest that they do not own.

All significant intercompany transactions and balances have been eliminated.

Reclassifications

Certain reclassifications have been made to the prior year financial information to conform to the presentation used in the financial statements for the year ended December 31, 2023.

Fair Value of Financial Instruments

The Company follows paragraph 825-10-50-10 of the FASB Accounting Standards Codification for disclosures about fair value of its financial instruments and paragraph 820-10-35-37 of the FASB Accounting Standards Codification ("Paragraph 820-10-35-37") to measure the fair value of its financial instruments. Paragraph 820-10-35-37 establishes a framework for measuring fair value in accounting principles generally accepted in the United States of America (U.S. GAAP) and expands disclosures about fair value measurements. To increase consistency and comparability in fair value measurements and related disclosures, Paragraph 820-10-35-37 establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value into three (3) broad levels. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three (3) levels of fair value hierarchy defined by Paragraph 820-10-35-37 are described below:

Level 1: Quoted market prices available in active markets for identical assets or liabilities as of the reporting date.

Level 2: Pricing inputs other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date.

Level 3: Pricing inputs that are generally unobservable inputs and not corroborated by market data.

The carrying amount of the Company's financial assets and liabilities, such as cash, accounts receivable, prepaid expenses, accounts payable and accrued expenses approximate their fair value because of the short maturity of those instruments. The Company's notes payable represents the fair value of such instruments as the notes bear interest rates that are consistent with current market rates.

Concentration of Credit Risk

Financial instruments that potentially expose the Company to concentration of credit risk consist primarily of cash and accounts receivable. The Company's cash is deposited with major financial institutions. At times, such deposits may be in excess of the Federal Deposit Insurance Corporation insurable amount ("FDIC"). As of December 31, 2023 and 2022, the Company had no cash in excess of the FDIC's $ 250,000 coverage limit.

Operating Segments

Operating segments are defined as components of an entity for which discrete financial information is available that is regularly reviewed by the Chief Operating Decision Maker ("CODM"), or decision maker group, in deciding how to allocate resources to an individual segment and in assessing performance. Our chief operating decision–making group is composed of the Chief Executive Officer and Vice President. The Company has two operating segments as of December 31, 2023 and 2022. (see Note 17).

Stock-based Compensation

We account for equity-based transactions with employees and non-employees under the provisions of *FASB ASC Topic 718, "Compensation – Stock Compensation" (*"Topic 718"*)*, which establishes that equity-based payments to employees and non-employees are recorded at the grant date the fair value of the equity instruments the entity is obligated to issue when the employees and non-employees have rendered the requisite service and satisfied any other conditions necessary to earn the right to benefit from the instruments. Topic 718 also states that observable market prices of identical or similar equity or liability instruments in active markets are the best evidence of fair value and, if available, should be used as the basis for the measurement for equity and liability instruments awarded in these share-based payment transactions. However, if observable market prices of identical or similar equity or liability instruments are not available, the fair value shall be estimated by using a valuation technique or model that complies with the measurement objective, as described in Topic 718.

Net Loss per Share

Basic net loss per share of common stock is computed by dividing net loss by the weighted average number of shares of common stock outstanding during the period. Diluted net loss per common share is computed by dividing net loss by the weighted average number of shares of common stock and dilutive potentially outstanding shares of common stock during the period. The weighted average number of common shares for the years ended December 31, 2023 and 2022 does not include warrants to acquire 8,563,127 shares of common stock because of their anti-dilutive effect. The weighted average number of common shares for years ended December 31, 2023 and 2022, does not include 1,254,683 and 2,362,321 options, respectively, to purchase common stock because of their anti-dilutive effect.

Investments in Equity Securities

The Company accounts for its investments under ASC 321, "Investments – Equity Securities," which requires that investments in equity securities be measured at fair value with changes in value recorded as unrealized gains and losses in current period operations.

Bitcoin

The Company obtains bitcoin through our mining activities, which is accounted for in connection with our revenue recognition policy. The bitcoin held is recorded as other assets in the Consolidated Balance Sheets and is accounted for as indefinite-lived intangible assets initially measured at cost, in accordance with ASC 350 – "Intangibles-Goodwill and Other" ("ASC 350"). The use of bitcoin is accounted for in accordance with the first in first out method of accounting. We do not amortize our bitcoin but assess the value for impairment as further discussed in our impairment policy.

At December 31, 2023 and 2022, the carrying value of the Company's bitcoin was $ 312,565 and $ 1,030,183 , respectively. As of December 31, 2023, the Company had 11.14 bitcoin on hand which had a fair value of $ 470,633 based on the price of bitcoin of approximately $ 42,265 . For the year ended December 31, 2023, we recorded a realized gain on our bitcoin transactions of $ 288,584 . We recorded no realized gains or losses on our bitcoin transactions for the year ended December 31, 2022.

Property and Equipment

Property and equipment is stated at cost and depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation is calculated once the asset has been received and is ready for its intended use, using half of the monthly depreciation in the first month and half of the monthly depreciation in the last month. Cost and accumulated depreciation applicable to items replaced or retired are eliminated from the related accounts with any gain or loss on the disposition included in the statement of operations. Expenditures for repairs and maintenance are expensed as incurred.

The Company capitalizes all capital assets utilizing the following criteria:

- All land acquisitions;.
- All buildings/facilities acquisitions and new construction;
- Facility renovation and improvement projects costing more than $ 100,000 ;
- Land improvement and infrastructure projects costing more than $ 100,000 ,
- Equipment costing more than $ 3,000 with a useful life beyond a single reporting period (generally one year);
- Computer equipment costing more than $ 5,000 ; and
- Construction in Progress (CIP) for capital projects with a budget in excess of $ 100,000

The estimated useful lives for all the Company's property and equipment are as follows:

Item	Useful Life
Computer equipment	3 years
Software	10 years
Office furniture	5 Years
Buildings and improvements	30 years

Intangible Assets

The Company accounts for its intangible assets in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Subtopic 350-30, *General Intangibles Other Than Goodwill* . ASC Subtopic 350-30, which requires assets to be measured based on the fair value of the consideration given or the fair value of the assets (or net assets) acquired, whichever is more clearly evident and, thus, more reliably measurable. Under ASC Subtopic 350-30 any intangible asset with a useful life is required to be amortized over that life and the useful life is to be evaluated every reporting period to determine whether events or circumstances warrant a revision to the remaining period of amortization. If the estimate of useful life is changed the remaining carrying amount of the intangible asset is amortized prospectively over the revised remaining useful life. Costs to renew or extend the term of an intangible assets are recognized as an expense when incurred.

Included in intangible assets are merchant portfolios that are valued at fair value of merchant customers on the date of acquisition and are amortized over their estimated useful lives (7 years). See Note 4.

Impairment of Long-Lived Assets

In accordance with ASC 360-10 the Company periodically reviews the carrying value of its long-lived assets held and used at least annually or when events and circumstances warrant such a review. If significant events or changes in circumstances indicate that the carrying value of an asset or asset group may not be recoverable, the Company performs a test of recoverability by comparing the carrying value of the asset or asset group to its undiscounted expected future cash flows. Cash flow projections are sometimes based on a group of assets, rather than a single asset. If cash flows cannot be separately and independently identified for a single asset, the Company determines whether impairment has occurred for the group of assets for which it can identify the projected cash flows. If the carrying values are in excess of undiscounted expected future cash flows, it measures any impairment by comparing the fair value of the asset group to its carrying value. If the fair value of an asset or asset group is determined to be less than the carrying amount of the asset or asset group, impairment in the amount of the difference is recorded.

During the year ended December 31, 2023, it was determined that the Company's mining equipment and intangible assets were impaired per our analysis completed in accordance with ASC 360-10, and all was written down to fair value. As a result, the Company recognized impairment expense of $ 12,902,788 which included a write down of $ 259,931 for mining equipment and a write down of $ 12,642,857 for intangible assets (see Note 4). For the year ended December 31, 2022, no impairment was recognized.

Goodwill

The Company accounts for business combinations under the acquisition method of accounting in accordance with Accounting Standards Codification ("ASC") 805, *Business Combinations*, where the total purchase price is allocated to the tangible and identified intangible assets acquired and liabilities assumed based on their estimated fair values. The purchase price is allocated using the information currently available, and may be adjusted, up to one year from acquisition date, after obtaining more information regarding, among other things, asset valuations, liabilities assumed and revisions to preliminary estimates. The purchase price in excess of the fair value of the tangible and identified intangible assets acquired less liabilities assumed is recognized as goodwill.

The Company tests for indefinite-lived intangibles and goodwill impairment in the fourth quarter of each year and whenever events or circumstances indicate that the carrying amount of the asset exceeds its fair value and may not be recoverable. In accordance with ASU 2017-04, *Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*, the Company performed a quantitative assessment of indefinite-lived intangibles and goodwill and determined there was no impairment at December 31, 2023 and 2022.

A summary of goodwill as of December 31, 2023, is as follows:

Acquisition of assets from Excel Corporation and its subsidiaries on April 9, 2018	$	6,858,216
Acquisition of 80.01 % interest of Cuentas SDI, LLC on June 15, 2023 (see Note 7)		1,281,673
Goodwill balance as of December 31, 2023	$	8,139,889

Accounts Receivable

Accounts receivable represent contractual residual payments due from the Company's processing partners or other customers. Residual payments are determined based on transaction fees and revenues from the credit and debit card processing activity of merchants for which the Company's processing partners pay the Company. Based on collection experience and periodic reviews of outstanding receivables, we have recorded an allowance for doubtful accounts of $ 207,850 and $ 38,000 as of December 31, 2023 and 2022, respectively.

Reserve for Chargeback Losses

Disputes between a cardholder and a merchant periodically arise as a result of, among other things, cardholder dissatisfaction with merchandise quality or merchant services. Such disputes may not be resolved in the merchant's favor. In these cases, the transaction is "charged back" to the merchant, which means the purchase price is refunded to the customer through the merchant's bank and charged to the merchant. If the merchant has inadequate funds, the Company must bear the credit risk for the full amount of the transaction. The Company evaluates the risk for such transactions and estimates the potential loss for chargebacks based primarily on historical experience and records a loss reserve accordingly. During the years ended December 31, 2023 and 2022 chargebacks have reduced recorded revenue amounts and no reserve for loss has been recorded as of December 31, 2023 and 2022.

Revenue Recognition

The following table presents the Company's revenue disaggregated by revenue source:

	For the Years Ended December 31,	
	2023	**2022**
Transaction and processing fees from wholesale contracts	$ 26,073,349	$ 26,424,478
Transaction and processing fees from retail contracts	1,022,896	1,646,663
Other transaction and processing fees, revenue from monthly recurring subscriptions, and merchant equipment rental and sales	402,097	1,571,659
Bitcoin mining revenue	538,718	726,179
Digital product revenue	2,534,577	—
Total revenue from contracts with customers	$ 30,571,637	$ 30,368,979

The Company recognizes revenue under ASC 606, "Revenue from Contracts with Customers" ("ASC 606"). The Company determines revenue recognition through the following steps:

- Identification of a contract with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of revenue when or as the performance obligations are satisfied.

Revenue is recognized when control of the promised goods or services is transferred to customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services. Shipping and handling activities associated with outbound freight after control over a product has transferred to a customer are accounted for as a fulfillment activity and recognized as revenue at the point in time at which control of the goods transfers to the customer. As a practical expedient, the Company does not adjust the transaction price for the effects of a significant financing component if, at contract inception, the period between customer payment and the transfer of goods or services is expected to be one year or less.

Transaction and processing fees

Fees for the Company's transaction and processing arrangements are typically billed and paid on a monthly basis. The Company receives a percentage of recurring monthly transaction related fees comprised of credit and debit card fees charged to merchants, net of association fees, otherwise known as Interchange, as well as certain service charges and convenience fees, for payment processing services, including authorization, capture, clearing, settlement and information reporting of electronic transactions. Fees are calculated on either a percentage of the dollar, volume of the transaction or a fixed fee or a hybrid of the two and are recognized at the time of the transaction. These merchant services represent a single performance obligation satisfied over time and that the same measure of progress should be used to measure the Company's progress toward complete satisfaction of the performance obligation. The Company will recognize revenue on a monthly basis as the services are transferred to the customer in short daily increments that qualify for series guidance as the best measure of the transfer of control.

In wholesale contracts, the Company recognizes transaction and processing fees on a gross basis as the Company is the principal in the merchant services. The Company has concluded it is the principal because it has a direct contractual relationship with the merchant, is primarily responsible for the delivery of services to the merchants, including performing underwriting, has discretion in setting prices, and bears risk of chargebacks and other merchant losses. The Company also has the unilateral ability to accept or reject a transaction based on criteria established by the Company. As the principal, the Company records the full discount charged to the merchant as revenue and the related interchange and other processing fees within cost of revenues.

In retail contracts, the Company is not responsible for merchant underwriting, has no chargeback liability and has no or limited contractual relationship with the merchant. As such, the Company records the net amount it receives from the processor, after interchange and other interchange and other processing fees, as revenue.

Merchant equipment rental and sales

The Company generates revenue through the sale and rental of merchant equipment. The Company satisfies its performance obligation upon delivery of equipment to merchants and recognizes revenue at a point in time. The Company allows for customer returns which are accounted for as variable consideration. The Company estimates these amounts based on historical experience and reduces revenue recognized. The Company invoices customers upon delivery of the equipment to merchants, and payments from such customers are due upon invoicing. The Company offers hardware installment sales to customers with terms ranging from three to forty-eight months. The Company allocates a portion of the consideration received from these arrangements to a financing component when it determines that a significant financing component exists. The financing component is subsequently recognized as financing revenue separate from hardware revenue, within subscription and services-based revenue, over the terms of the arrangement with the customer. Pursuant to practical expedients afforded under ASC 606, the Company does not recognize a financing component for hardware installment sales that have a term of one year or less.

Monthly recurring subscriptions

The Company generates recurring revenue through monthly subscriptions for software services. This service is provided based on an agreement with the customer regarding software services. Performance obligations are promises in a contract to a customer. In the subscription model, each billing period represents a performance obligation. The transaction price is the amount of consideration the Company expects to receive in exchange for transferring goods or services. For recurring revenue, this is the subscription fee. The Company allocates to the performance obligated based on the selling price for the subscription. If the criteria for recognizing revenue over time are met, revenue is recognized over the period of performance. For subscription and recurring fee, this means recognizing revenue each billing period.

Bitcoin mining

The Company has entered into a contract with a digital asset mining pool operator to provide computing power to a mining pool. The contract is terminable at any time by either party and the Company's enforceable right to compensation only begins when the Company starts providing computing power to the mining pool operator. In exchange for providing computing power, we are entitled to a Full-Pay-Per-Share payout of Bitcoin based on a contractual formula, which primarily calculates the hash rate provided by us to the mining pool as a percentage of total network hash rate, and other inputs. We are entitled to consideration even if a block is not successfully placed by the mining pool operator and receive daily earnings. Our daily earnings are recorded net of fees charged by the pool operator.

Providing computing power to solve complex cryptographic algorithms in support of the Bitcoin blockchain (in a process known as "solving a block") is an output of the Company's ordinary activities. The provision of providing such computing power is the only performance obligation in the Company's contracts with mining pool operators. The transaction consideration the Company receives is net of digital asset transaction fees kept by the mining pool operator and is noncash, in the form of bitcoin, which the Company measures at fair value on the date received which is not materially different than the fair value at contract inception or time the Company has earned the award from the mining pools. The consideration is all variable. Because it is not probable that a significant reversal of cumulative revenue will not occur, the consideration is constrained until the mining pool operator provides the Company with confirmation of the consideration paid, at which time revenue is recognized.. There is no significant financing component in these transactions.

Digital product revenue

The Company generates revenue through electronic distribution and sale of digital products that range from prepaid wireless SIM activation, international mobile recharge services and international long distance phone service. The Company generally obtains payment upfront and its performance obligation is to provide products and/or calling services. When products are provided at the point of sale, revenue is recognized immediately and at the time of payment. When a customer purchases a prepaid telecom product, such as a prepaid mobile phone plan, the revenue is initially recorded as a customer deposit and revenue is recognized over the relevant performance period as customers utilize the prepaid telecom services. As of December 31, 2023, customer deposits were $ 0 .

Leases

The Company determines whether an arrangement contains a lease at the inception of the arrangement. If a lease is determined to exist, the term of such lease is assessed based on the date on which the underlying asset is made available for the Company's use by the lessor. The Company's assessment of the lease term reflects the non-cancelable term of the lease, inclusive of any rent-free periods and/or periods covered by early-termination options which the Company is reasonably certain of not exercising, as well as periods covered by renewal options which the Company is reasonably certain of exercising. The Company also determines lease classification as either operating or finance at lease commencement, which governs the pattern of expense recognition and the presentation reflected in the consolidated statements of operations over the lease term.

For leases with a term exceeding 12 months, an operating lease liability is recorded on the Company's consolidated balance sheet at lease commencement reflecting the present value of its fixed minimum payment obligations over the lease term. A corresponding operating lease right-of-use asset equal to the initial lease liability is also recorded, adjusted for any prepaid rent and/or initial direct costs incurred in connection with execution of the lease and reduced by any lease incentives received. For purposes of measuring the present value of its fixed payment obligations for a given lease, the Company uses its incremental borrowing rate, determined based on information available at lease commencement, as rates implicit in its leasing arrangements are typically not readily determinable. The Company's incremental borrowing rate reflects the rate it would pay to borrow on a secured basis and incorporates the term and economic environment of the associated lease.

For the Company's operating leases, fixed lease payments are recognized as lease expense on a straight-line basis over the lease term. For leases with a term of 12 months or less, lease payments are recognized as paid and are not recognized on the Company's consolidated balance sheet as an accounting policy election. Leases qualifying for the short-term lease exception were insignificant. Variable lease costs are recognized as incurred and primarily consist of common area maintenance and utility charges not included in the measurement of right of use assets and operating lease liabilities.

Income Taxes

The Company accounts for income taxes under the asset and liability method, in which deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in operations in the period that includes the enactment date. A valuation allowance is required to the extent any deferred tax assets may not be realizable.

Recent Accounting Pronouncements

In December 2023, the FASB issued ASU No. 2023-08, Intangibles—Goodwill and Other—Crypto Assets (Subtopic 350-60): Accounting for and Disclosure of Crypto Assets. The amendments in ASU No. 2023-08 are intended to improve the accounting for certain crypto assets by requiring an entity to measure those crypto assets at fair value each reporting period with changes in fair value recognized in net income. The amendments also improve the information provided to investors about an entity's crypto asset holdings by requiring disclosure about significant holdings, contractual sale restrictions, and changes during the reporting period. The amendments are effective for all entities for fiscal years beginning after December 15, 2024, including interim periods within those fiscal years. Early adoption is permitted for both interim and annual financial statements that have not yet been issued (or made available for issuance). If an entity adopts the amendments in an interim period, it must adopt them as of the beginning of the fiscal year that includes that interim period. ASU No. 2023-08 requires a cumulative-effect adjustment to the opening balance of retained earnings (or other appropriate components of equity or net assets) as of the beginning of the annual reporting period in which an entity adopts the amendments. The Company has not yet adopted ASU No. 2023-08 and is currently evaluating the impact that the adoption will have on the Company's financial statement presentation and disclosures.

NOTE 3 – LIQUIDITY AND CAPITAL RESOURCES

The Company's consolidated financial statements have been prepared in accordance with US GAAP, which assumes that the Company's management will evaluate whether it will be able to meet its obligations and continue its operations in the normal course of business. At December 31, 2023, the Company had cash of approximately $ 180,000 , accounts receivable of approximately $ 467,000 , invested funds of almost $ 274,000 and bitcoin valued at $ 312,000 . At December 31, 2023 the Company has accounts payable and accrued expenses of approximately $ 4,544,000 . To date, the Company has generated cash flows from issuances of equity and indebtedness and during the year ended December 31, 2023 reported net cash provided by operating activities in excess of $ 2,000,000 .

On February 16, 2024, The OLB Group, Inc. (the "Company") entered into an Equity Distribution Agreement (the "Agreement") with Maxim Group LLC ("Maxim") to create an at-the-market equity program. Under the Agreement, the Company may offer and sell its common stock, par value $ 0.0001 per share, from time to time having an aggregate offering amount of up to $ 15,000,000 (the "Shares") during the term of the Agreement through Maxim, as sales agent (the "ATM Offering"). The Company has agreed to pay Maxim a commission equal to 3.0 % of the gross sales price from the sales of Shares pursuant to the Agreement. In addition, the Company has agreed to reimburse Maxim for its costs and out-of-pocket expenses incurred in connection with its services, including the fees and out-of-pocket expenses of its legal counsel. The Shares will be issued pursuant to the Company's Registration Statement on Form S-3 (File No. 333-255152) filed with the Securities and Exchange Commission that was declared effective on May 3, 2021. On February 20, 2024, the Company filed a prospectus supplement registering up to $ 3,900,000 of Shares relating to the ATM Offering with the Securities and Exchange Commission.

In addition, the Company is in the process of spinning off DMINT into a stand-alone entity. It is expected that the spin-off will occur during the next twelve months. As a result, the capital required to operate the Bitcoin Mining Segment will no longer be incurred by the Company. Further, DMINT, as a stand-alone entity, will look to raise capital following the spin-off through either an issuance of DMINT equity or loans against the DMINT assets, which include the property in Selmer, Tennessee and the Bitcoin mining computers.

Further, during 2023, the Company paused any non-essential spending on legal and consulting advisors in connection with OLBit's State Money Transmission License and New York BitLicense applications to focus on the Company's payment processing business and Bitcoin mining business. The Company does plan to restart the process to apply for the licenses in late 2024 or 2025. Therefore, expenses incurred during 2023 for the work are not expected to continue to have an impact on the working capital of the Company.

Management believes that its current available resources will be sufficient to fund the Company's planned expenditures over the next 12 months. However, management recognizes that it may be required to obtain additional resources to successfully execute its business plans. No assurances can be given that management will be successful in raising additional capital, if needed, or on acceptable terms. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company determine it shall be unable to continue as a going concern.

NOTE 4 – INTANGIBLE ASSETS

Intangible assets consist of the following:

	December 31, 2023	December 31, 2022
Merchant portfolios	$ 2,409,965	$ 2,405,000
Less accumulated amortization	(2,322,182)	(1,793,333)
Net residual portfolios	$ 87,783	$ 611,667
Trade name	$ 2,500,000	$ 2,500,000
Less accumulated amortization	(2,500,000)	(2,000,000)
Net trade name	$ —	$ 500,000
Merchant Portfolio	$ —	$ 18,000,000
Less accumulated amortization	—	(2,476,191)
Net trade name	$ —	$ 15,523,809
Exclusive agreement to purchase natural gas	$ 4,499,952	$ 4,499,952
Less accumulated amortization	(1,087,489)	(825,173)
Net mineral rights	$ 3,412,463	$ 3,674,779
Total intangible assets, net	$ 3,500,246	$ 20,310,255

Due to the ongoing litigation with FFS relating to a breach of contract in connection with the Acquired Merchant Portfolio (see Note 15), the Company has written off the asset and recognized a $ 12,642,857 loss on impairment for the year ended December 31, 2023.

Amortization expense for the years ended December 31, 2023 and 2022 was $ 4,172,117 and $ 3,664,488 , respectively.

The Company’s merchant portfolio and tradename are being amortized over respective useful lives of 7 and 5 years and the Company’s agreement to purchase natural gas is being amortized over the useful life of 10 years.

The following sets forth the estimated amortization expense related to amortizing intangible assets for the years ended December 31:

2024	$ 534,798
2025	450,988
2026	450,988
2027	450,988
2028	449,995
Thereafter	1,162,489
Total	$ 3,500,246

The weighted average remaining useful life of amortizing intangible assets was 5.12 years at December 31, 2023.

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	December 31, 2023	December 31, 2022
Furniture and fixtures	$ —	$ 36,471
Office equipment	186,600	1,537,321
Computer software	141,337	182,345
Leasehold Improvements	—	113,676
Bitcoin mining equipment	8,425,000	9,410,000
Building	409,296	409,296
Construction in process	2,383,396	—
Total	11,545,629	11,689,109
Less accumulated depreciation	(5,673,878)	(4,363,897)
Property and Equipment, net	$ 5,871,751	$ 7,325,212

During the year ended December 31, 2023 the Company wrote off $ 524,965 worth of assets with a net book value of zero due to the assets no longer being in use and wrote off bitcoin mining equipment no longer in use, recognizing a loss on impairment of $ 259,931 . Depreciation expense for the years ended December 31, 2023 and 2022 was $ 2,560,015 and $ 3,204,246 , respectively.

NOTE 6 – INVESTMENT IN EQUITY SECURITIES

The Company owns 165.27 units (1.11 %) of Node Capital Token Opportunity Fund LP (the “Fund”) for which it paid an aggregate of $ 250,000 in August 2021. The investment was locked up for two years and a redemption can be made after the expiration of the lock up period with 90 days written notice. The Fund may, at the discretion of the General Partner, compulsorily redeem all interests if the Net Asset Value of the Fund falls below $ 1,000,000 . During the years ended December 31, 2023 and 2022, the Company recognized an unrealized gain of $ 23,662 and $ 0 , respectively, and as of December 31, 2023 and 2022, the investment in equity securities was $ 273,662 and $ 250,000 , respectively.

NOTE 7 – BUSINESS COMBINATIONS

On June 15, 2023, the Company entered into a Membership Interest Purchase Agreement (the “Agreement”) with SDI Black 001, LLC (“Seller”) whereby it acquired 80.01 % of the membership interests of Cuentas SDI, LLC, a Florida limited liability company (the “LLC”) for a purchase price of $ 850,000 .

The Company accounted for the transaction as a business combination under ASC 805 and as a result, allocated the fair value of the book value of identifiable assets acquired and liabilities assumed as of the acquisition date as outlined in the table below. The consolidated income statement for the year ended December 31, 2023, includes $ 2,534,577 of revenue and $ 3,001,190 of expenses of Cuentas SDI, LLC from the date of acquisition (June 15, 2023) through December 31, 2023 for a net loss of $ 466,613 .

The excess of the purchase price over the estimated fair values of the underlying identifiable assets acquired, liabilities assumed, and non-controlling interest was allocated to goodwill. The provisional estimated fair value of the noncontrolling interest was based on the price the Company paid for their 80.01 % of their controlling interest. The goodwill represents expected synergies from the combined operations and the acquired base of current and prior merchants to which we hope to sell our merchant services.

The allocation of the purchase price and the estimated fair market values of the assets acquired, liabilities assumed, and noncontrolling interest are shown below:

Consideration	
Consideration issued	$ 850,000
Identified assets, liabilities, and noncontrolling interest	
Property and equipment, net	141,337
Cash overdraft	(8,050)
Customer deposits	(45,806)
Accounts payable	(283,626)
Accrued expenses	(23,028)
Noncontrolling interest	(212,500)
Total identified assets, liabilities, and noncontrolling interest	(431,673)
Excess purchase price allocated to goodwill	$ 1,281,673

Had the business combination taken place as of January 1, 2022 the Company would have recorded $ 8,061,429 in revenues and $ 195,192 in losses for the year ended December 31, 2022 and would have recorded $ 4,541,090 in revenues and $ 138,459 in losses for the year ended December 31, 2023.

NOTE 8 – NOTE PAYABLE

On November 29, 2021, the Company entered into a Master Equipment Finance Agreement (the “MFA”) with VFS LLC (“VFS”) which would allow the Company to finance the purchase of certain equipment. The collateral and interest rate are determined at the time the Company borrows the funds. During the year ended December 31, 2022, the Company received, as an initial draw on the MFA, $ 875,000 from VFS (the “Equipment Loan”). The Equipment Loan is secured by bitcoin mining computers being utilized by DMINT. The Equipment Loan requires monthly payments of $ 24,838 until the loan is repaid in full or it matures on March 1, 2025. During the years ended December 31, 2023 and 2022 the Company made repayments of $ 226,549 and $ 317,571 , respectively. As of December 31, 2023 the note payable balance was $ 407,858 , of which $ 258,819 will be repaid in the year ending December 31, 2024 and $ 149,039 will be repaid in the year ending December 31, 2025.

NOTE 9 – STOCK OPTIONS

In January 2022, the Company entered into new employment contracts with Mr. Yakov (CEO) and Mr. Smith (Vice President, Finance). Pursuant to the terms on the employment agreements they were entitled to stock options to purchase shares of common stock (200,000 – Mr. Yakov (similar amount granted annually during employment contract) and 275,000 – Mr. Smith (granted only in 2022)). The options had an exercise price of $ 0.001 per share. Options of Mr.Yakov vested during the year, and options of Mr. Smith vested equally over five years. However, as per 2020 Equity Incentive Plan then in force, only 178,162 stock options remained authorized for issue on that date. Therefore only 178,162 stock options were considered granted initially (the number has been allocated between Mr. Yakov and Mr. Smith pro rata). The aggregate fair value of the options totaled $ 368,627 based on the Black Scholes Merton pricing model using the following estimates: exercise price of $ 0.001 , 1.325 % risk free rate, 125.9 % volatility (expected volatility based on weighted-average historical volatility of the Company on the grant date) and expected life of the options of 4 years.

On December 22, 2022 shareholders of the Company have approved Amended and Restate Equity Incentive Plan, increasing the number of stock options Company is allowed to use in stock-based compensation agreements with employees.

Simultaneously, the Company modified the stock option agreements with Mr. Yakov and Mr. Smith as follows.

Out of stock options to purchase 200,000 shares of common stock granted to Mr. Yakov, 100,000 options immediately vested with an additional 50,000 vested on January 1, 2023, and the remaining 50,000 vesting on January 1, 2024. Mr. Yakov is entitled to a similar grant annually during his employment period. The options have an exercise price of $ 0.01 per share. The aggregate fair value of the options totaled $ 1,217,264 based on the Black Scholes pricing model using the following estimates: exercise price of $ 0.01 , risk free rates ranging from 3.9 % to 4.6 %, 118 % volatility (expected volatility based on weighted-average historical volatility of the Company on the grant date) and expected life of the options of ranging from 1 to 3 years.

Out of stock options to purchase 275,000 shares of common stock granted to Mr. Smith, 137,500 options immediately vested with an additional 68,750 vested on January 1, 2023, and the remaining 68,750 vesting on January 1, 2024. The options have an exercise price of $ 0.01 per share. The aggregate fair value of the options totaled $ 279,412 based on the Black Scholes pricing model using the same estimates as stated above.

Modification of option contracts with two officers of the Company in December 2022 resulted in total incremental compensation cost of $ 91,361 . The fair value of all 2022 option issuances is being recognized over the applicable vesting periods with a credit to additional paid in capital.

On January 3, 2023, the Company granted stock options to purchase 200,000 shares of common stock pursuant to the terms of the Company’s employment agreement with Mr. Yakov. The options have a one year vesting term and 50,000 vesting on January 1, 2025. The options have an exercise price of $ 0.01 per share. The aggregate fair value of the options totaled $ 541,999 based on the Black Scholes Merton pricing model using the following estimates: exercise price of $ 0.01 , 1.63 % risk free rate, 295 % volatility and expected life of the options of 10 years. The fair value of the options was recognized over the vesting period with a credit to additional paid in capital.

During the year ended December 31, 2023, the option granted to Mr. Yakov on January 1, 2018 to purchase 6,667 shares of common stock expired; therefore, the Company has shown those options as expired as of December 31, 2023.

A summary of the status of the Company’s outstanding stock options and changes during the years ended December 31, 2023 and 2022 is presented below:

Stock Options	**Options**	**Weighted Average Exercise Price**	**Aggregate Intrinsic Value**
Options outstanding January 1, 2023	1,375,655	$ 0.004	
Granted	200,000	$ 0.010	
Exercised	—	$ —	
Expired	(6,667)	$ 0.001	
Options outstanding December 31, 2023	1,568,988	$ 0.004	$ 1,656,270
Shares exercisable at December 31, 2023	1,248,016	$ 0.003	$ 1,319,229

During the years ended December 31, 2023 and 2022 the Company recognized $ 727,758 and $ 624,683 , respectively, in stock-based compensation related to the above-mentioned options. As of December 31, 2023 there was no unrecognized expense for the above-mentioned options and the weighted average contractual term of the options outstanding and of the option exercisable were 6.2 and 5.7 years, respectively.

NOTE 10 – WARRANTS

A summary of the status of the Company’s outstanding warrants and changes during the years ended December 31, 2022 and 2023 is presented below:

	Number of Warrants		Weighted Average Exercise Price	Weighted Average Remaining Contract Term
Outstanding, December 31, 2021	9,963,127	$	5.02	4.55
Underwriter Warrant Exercised	(1,400,000)	$	0.0001	
Outstanding, December 31, 2022	8,563,127	$	5.02	3.00
Warrants Exercised	—	$	—	
Outstanding, December 31, 2023	8,563,127	$	6.83	2.60

NOTE 11 – OPERATING LEASES

On June 24, 2020, eVance, Inc. ("eVance") entered into a Lease Agreement (the "Lease") with Pergament Lodi, LLC (the "Lessor") relating to approximately 4,277 square feet of property located at 960 Northpoint Parkway, Alpharetta, Georgia, Suite 400. The term of the Lease was for thirty-nine (39) months commencing September 1, 2020. The monthly base rent was $ 8,019 for the first twelve (12) months increasing thereafter to $ 8,768 . The total rent for the entire lease term was $ 315,044 and $ 8,768 is payable as a security deposit. The first three months of rent were abated as eVance was not in default of any portion of the Lease. The lease has been extended on a month-to-month basis with a base rent of $ 8,554 per month.

On January 11, 2022, DMINT entered into two leases (the "Leases") in Bradford, Pennsylvania relating to a combined 10,000 square feet of property located at the Bradford Regional Airport Authority multi-tenant building in Lafayette Township. The Leases were each for a term of five years , ending on the later of the date of occupancy and November 10, 2026. The monthly base rent for "Cell 3", comprising 4,000 square feet, was $ 1,667 per month. The monthly base rent for "Cell 4", comprising 6,000 square feet, was $ 2,500 per month. The total rent for the entire lease term of the Leases was $ 250,000 and $ 8,768 was payable as a security deposit.

On March 29, 2023, DMINT entered into a Surrender and Release Agreement with Bradford Regional Airport Authority relating to the property in Bradford, Pennsylvania whereby DMINT agreed to pay $ 50,000 in exchange for an early termination of the Leases. March 31, 2023 was the final day DMINT occupied the property and all operations were moved to the Selmer, Tennessee building owned by the Company.

Lease expense for the years ended December 31, 2023 and 2022, was $ 212,448 and $ 171,723 , respectively. The Company has multiple short term rental arrangements that are not captured under ASC 842. Those payments are expensed as incurred and included in the total lease expense for each year.

As of December 31, 2023, there are no leases remaining with a term in excess of one year.

NOTE 12 – COMMON STOCK

In January 2022, Armistice Capital, received 1,400,000 shares of common stock upon the exercise of 1,400,000 warrants at $ 0.0001 .

On July 12, 2022, the Board of the Company authorized a share repurchase program, pursuant to which the Company may repurchase up to 1 million shares of its outstanding shares of common stock. The Board authorized the Company to purchase its common stock from time to time on a discretionary basis through open market purchases, privately negotiated transactions or other means, including trading plans intended to qualify under Rule 10b5-1 of the Exchange Act, in accordance with applicable federal securities laws and other applicable legal requirements. The Company expects to fund these repurchases through existing cash balances. Decisions regarding the amount and the timing of purchases under the program will be influenced by the Company's cash on hand, cash flows from operations, general market conditions and other factors. The Company is not obligated to acquire any particular amount of its common stock. This program has no set termination date and may be suspended or discontinued by the Board at any time. During the year ended December 31, 2022, 126,172 shares were repurchased for $ 110,000 .

Refer to Note 14 for common stock issued to related parties.

NOTE 13 – PREFERRED STOCK

Our certificate of incorporation, as amended, authorizes the issuance of 1,000,000 shares of blank check preferred stock with such designation, rights and preferences as may be determined from time to time by our board of directors.

Series A Preferred Stock

On August 7, 2020, we filed a Certificate of Designations, Preferences and Rights of Series A Preferred Stock (the "Certificate of Designations") with the Secretary of State of Delaware. The Certificate of Designations will provide that the Company may issue up to 10,000 shares of Series A Preferred Stock at a stated value (the "Stated Value") of $ 1,000 per share. As of December 31, 2023 and 2022 there were 1,021 shares of Series A Preferred Stock issued and outstanding. Holders of Series A Preferred Stock are entitled to the following rights and preferences.

Dividends

The Series A Preferred Stockholders are entitled to receive cash dividends at a rate per share (as a percentage of the Stated Value per share) of 12 % per annum. Dividends accrue quarterly. Dividends are to be paid to the holders from funds legally available for payment and as approved for payment by the Board of Directors of the Company.

Conversion

The Series A Preferred Stock holders may convert, at their option, on or after the date on which the Term Loan is repaid in full, each share of Series A Preferred Stock (along with accrued but unpaid dividends thereon) into such number of shares of common stock as determined by dividing the Stated Value by the conversion price. The conversion price for the Series A Preferred Stock will be equal to the offering price per Unit in this offering and will be subject to adjustment for splits and the like. The holders of Series A Preferred Stock will only be permitted to convert their shares of Series A Preferred Stock into shares of common stock at such time as the Term Loan has been repaid in full and there are no further outstanding obligations regarding such indebtedness.

Voting

Each holder of a share of Series A Preferred Stock will have the right to vote its shares of Series A Preferred Stock with the common stock on an as-converted basis, and with respect to such votes, such holder shall have full voting rights and powers equal to the voting rights and powers of the holders of common stock, and shall be entitled, to notice of any stockholders' meeting in accordance with the Company's bylaws, and shall be entitled to vote, together with holders of common stock, with respect to any question upon which holders of common stock have the right to vote. Fractional votes shall not be permitted, and such shares shall be rounded up.

Liquidation Preference

Each share of Series A Preferred Stock will have a liquidation preference equal to the Stated Value plus any accrued but unpaid dividends thereon. In the event of a liquidation, dissolution or winding up of the Company (which includes any merger, reorganization, sale of assets in which control of the Company is transferred or event which results in all or substantially all of the Company's assets being transferred), the holders of Series A Preferred Stock shall be entitled to receive out of the assets of the Company, before any payment is made to the holders of the Company's common stock and either in preference to or *pari pasu* with the holders of any other series of preferred stock that may be issued in the future, a per share amount equal to the liquidation preference.

NOTE 14 – RELATED PARTY TRANSACTIONS

On January 3, 2022, the Company entered into a share exchange agreement with all of the shareholders of Crowd Ignition, Inc. ("Crowd Ignition") whereby the Company purchased 100 % of the equity of Crowd Ignition in exchange for 1,318,408 shares of the common stock, par value $ 0.0001 of the Company (the "CI Issued Shares"). The value of the CI Issued Shares was, for purposes of the Agreement, based on the closing trading price of the Company on October 1, 2021 (the date on which a third-party fairness opinion was issued), resulting in an aggregate purchase price for Crowd Ignition of $ 5.3 million. The purchase price was used solely to establish the agreed upon purchase price between the parties and not for accounting purposes.

Crowd Ignition is a web-based crowdfunding software system. Ronny Yakov, Chairman and CEO of the Company and John Herzog, a significant shareholder of the Company, collectively owned 100 % of the equity of Crowd Ignition. The acquisition of Crowd Ignition., was determined to be a common control transaction as each Company has the same two shareholders with a majority ownership. As a result, the assets and liabilities assumed were recorded on the Company's condensed consolidated financial statements at their respective carry-over basis; however, as of January 3, 2022, Crowd Ignition has no assets, liabilities or other operations.

On December 14, 2022, Mr. Herzog converted 3,612 shares of Series A Preferred Stock together with $ 932,193 of accrued dividends into 504,910 shares of common stock.

As of December 31, 2022, the Company was obligated to issue shares worth of $ 165,000 to Directors for their service and a provision for this compensation was accrued in the balance sheet as of December 31, 2022. During the year ended December 31, 2023, the Company issued 41,322 shares of common stock to Alina Dulimof and Amir Sternhell, Directors, and issued 53,719 shares of common stock to Ehud Ernst, Director, to extinguish the $ 165,000 liability. The shares were valued at $ 1.21 , the closing stock price on the date of grant.

On February 14, 2023, a shareholder reported to the Company that they had incurred short swing profits of $ 114,654 in connection with a series of purchases and sales of the Company's stock on the open market. The shareholder disgorged such short-swing profits to the Company on February 28, 2023 and the Company recorded other income in the consolidated statement of operations.

During December 2023, Mr. Yakov made payments on behalf of the company in the amount of $ 12,678 . The amount is non-interest bearing and due on demand.

During the year ended December 31, 2023 and 2022, the Company accrued $ 124,222 and $ 401,903 , respectively, for dividends on the Series A preferred stock held by Mr. Yakov and Mr. Herzog. As of December 31, 2023 and 2022, total accrued dividends on the Series A preferred stock due to Mr. Yakov is $ 418,606 and $ 294,384 , respectively.

Refer to Note 9 for options to purchase shares of common stock issued to related parties.

NOTE 15 – COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Company may be involved in legal proceedings, claims and assessments arising in the ordinary course of business. The Company records legal costs associated with loss contingencies as incurred and accrues for all probable and estimable settlements.

On November 24, 2021, we entered into an Asset Purchase Agreement (the "Agreement") dated as of November 15, 2021, with FFS Data Corporation ("FFS") whereby we acquired a portfolio of merchants utilizing financial transaction processing services (the "Acquired Merchant Portfolio"). The purchase price was $20 million, with $16 million paid at closing, $2 million payable within six months after closing, and a $2 million payment to be transferred to an escrow account, contingent upon an Attrition Adjustment, as described in the Agreement. However, the Company is engaged ongoing litigation with FFS relating to allegations of, among other things, breaches of contract in connection with the Acquired Merchant Portfolio whereby FFS is claiming to be paid the full purchase price of the Acquired Merchant Portfolio and the Company is making a claim to recover the purchase price of the Acquired Merchant Portfolio based on misrepresentations made about the Acquired Merchant Portfolio and related fraud and other claims, which resulted in a termination of the bank processing agreement by Clear Fork Bank (the "Bank") and eventual termination of all payment processing business with the merchants. In addition, in connection with the litigation with FFS, the Company has also made a claim against the Bank for damages the Company suffered as a result of it having to cease processing transactions for the merchants underlying the Acquired Merchant Portfolio. The Bank has filed a counterclaim for fees incurred by it in connection with the transactions processed since the acquisition of the Acquired Merchant Portfolio by the Company. However, the damages claimed have been materially reduced over time due to account balancing which was not completed at the time of the counterclaim. The litigations are currently in discovery and dates for trial are not yet finalized.

DMINT is currently in a contract dispute with a contractor. The Company has paid $ 100,000 to the contractor for work completed and materials provided and returned materials to offset the potential liability of approximately $ 444,000 . The Company has recorded just over $ 315,000 in accounts payable related to the matter. The matter continues to be in discovery; however, the parties continue to discuss settlement. The parties are working on a payment schedule but have been unable to agree on terms to date.

NOTE 16 – INCOME TAX

Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carry forwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

Net deferred tax assets consist of the following components as of December 31:

	2023	2022
Deferred Tax Assets:		
NOL Carryover	$ 7,624,402	$ 5,913,700
Allowance for Doubtful Accounts	56,120	10,300
Depreciation and amortization	3,193,891	(926,730)
Less valuation allowance	(10,874,413)	(4,997,270)
Net deferred tax assets	$ —	$ —

The income tax provision differs from the amount of income tax determined by applying the U.S. federal income tax rate to pre-tax income from continuing operations for the period ended December 31, due to the following:

	2023	2022
Book loss	$ (4,868,000)	$ (1,635,000)
State taxes	(1,391,000)	(467,000)
Meals and entertainment	1,300	2,200
Stock based compensation	196,495	168,400
Non deductible expenses -legal fees	—	84,476
NOLs expired	253,646	—
Other adjustments	(70,584)	(9,741)
Valuation allowance	5,878,143	1,856,665
	$ —	$ —

At December 31, 2023, the Company had operating loss carry forwards of approximately $ 24,700,000 , $ 2,600,000 of which expire from 2024 – 2040, and no expiration on the remaining amount. In accordance with Section 382 of the Internal Revenue code, the usage of the Company's net operating loss carryforwards may be limited in the event of a change in ownership. A full Section 382 analysis has not been prepared and NOLs could be subject to limitation under Section 382.

NOTE 17 – SEGMENTS

The Company applies ASC 280, *Segment Reporting*, in determining its reportable segments. The Company has two reportable segments: Bitcoin Mining and Fintech Services. The guidance requires that segment disclosures present the measure(s) used by the Chief Operating Decision Maker ("CODM") to decide how to allocate resources and for purposes of assessing such segments' performance. The Company's CODM is comprised of several members of its executive management team who use revenue and expenses of our two reporting segments to assess the performance of the business of our reportable operating segments.

The following table details revenue, operating expenses, and assets for the Company's reportable segments for the year ended December 31, 2022.

	For the Year ended December 31, 2022
Reportable segment revenue:	
Revenue, net - cryptocurrency mining	$ 726,179
Fintech services revenue	29,642,800
Total segment and consolidated revenue	$ 30,368,979
Operating Expenses	
Cryptocurrency mining	(3,193,683)
Fintech services	(26,857,523)
Segment profit	317,773
General and administrative expenses	(8,715,769)
Loss from operations	$ (8,397,996)

	December 31, 2022
Total Assets:	
Cryptocurrency mining	$ 9,376,078
Fintech services	29,237,103
	$ 38,613,181

The following tables detail revenue, operating expenses, and assets, liabilities and equity for the Company's reportable segments for the year ended December 31, 2023.

	Fintech Segment	Bitcoin Mining Segment	Consolidated Total
ASSETS			
Current Assets:			
Cash	$ 178,361	$ 645	$ 179,006
Accounts receivable, net	466,890	—	466,890
Prepaid expenses	86,075	98,838	184,913
Other receivables	5,016	398,983	403,999
Investment in equity securities	—	273,662	273,662
Other current assets	—	312,103	312,103
Total Current Assets	736,342	1,084,231	1,820,573
Other Assets:			
Property and equipment, net	74,894	5,796,857	5,871,751
Intangible assets, net	87,782	3,412,464	3,500,246
Goodwill	8,139,889	—	8,139,889
Other long-term assets	395,952	—	395,952
Total Other Assets	8,698,517	9,209,321	17,907,838
TOTAL ASSETS	$ 9,434,859	$ 10,293,552	$ 19,728,411
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liabilities:			
Accounts payable	$ 3,021,422	$ 505,267	$ 3,526,689
Accrued expenses	1,017,708	—	1,017,708
Preferred dividend payable (related parties)	418,606	—	418,606
Merchant portfolio purchase installment obligation	2,000,000	—	2,000,000
Related party payable	12,678	—	12,678
Note payable – current portion	258,819	—	258,819
Due to/from intercompany	(22,278,243)	22,278,243	—
Total Current Liabilities	(15,549,010)	22,783,510	7,234,500
Long Term Liabilities:			
Notes payable, net of current portion	149,039	—	149,039
Operating lease liability – net of current portion	—	—	—
Total Liabilities	(15,399,971)	22,783,510	7,383,539
Stockholders' Equity:			
Series A Preferred stock	10	—	10
Common stock	1,521	—	1,521
Treasury stock	(109,988)	—	(109,988)
Additional paid-in capital	68,909,001	—	68,909,001
Accumulated deficit	(44,084,940)	(12,489,956)	(56,574,896)
Total stockholders' equity	24,715,604	(12,489,956)	12,225,648
Noncontrolling interest	119,224	—	119,224
Total Stockholders' Equity	24,834,828	(12,489,956)	12,344,872
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 9,434,857	$ 10,293,554	$ 19,728,411

	Fintech Segment	Bitcoin Mining Segment	Consolidated Total
Revenue:			
Transaction and processing fees	$ 27,096,245	$ —	$ 27,096,245
Merchant equipment rental and sales	89,532	—	89,532
Revenue, net - bitcoin mining	—	538,718	538,718
Other revenue from monthly recurring subscriptions	312,565	—	312,565
Digital product revenue	2,534,577	—	2,534,577
Total revenue	30,032,919	538,718	30,571,637
Operating expenses:			
Processing and servicing costs, excluding merchant portfolio amortization	21,181,499	—	21,181,499
Amortization expense	3,722,122	449,995	4,172,117
Depreciation expense	61,602	2,498,413	2,560,015
Salaries and wages	2,759,181	1,058,327	3,817,508
Professional fees	2,167,852	168,933	2,336,785
General and administrative expenses	4,965,686	2,113,261	7,078,947
Impairment expense	12,642,857	259,931	12,902,788
Total operating expenses	47,500,799	6,548,860	54,049,659
Loss from operations	(17,467,880)	(6,010,142)	(23,478,022)
Other income (expense):			
Realized gain on sale of bitcoin	—	288,584	288,584
Unrealized gain on investment	23,662	—	23,662
Interest expense	(148,483)	—	(148,483)
Other income	40,320	—	40,320

Total other income	(84,501)	288,584	204,083
Net loss	(17,552,381)	(5,721,558)	(23,273,939)
Net loss attributed to noncontrolling interest	93,276	—	93,276
Net loss attributed to The OLB Group and Subsidiaries	(17,459,105)	(5,721,558)	(23,180,663)
Preferred dividends (related parties)	(124,222)	—	(124,222)
Net Loss Applicable to Common Shareholders	$ (17,583,327)	$ (5,721,558)	$ (23,304,885)

NOTE 18 – MERCHANT PORTFOLIO PURCHASE INSTALLMENT OBLIGATION

On November 24, 2021, we entered into an Asset Purchase Agreement (the "Agreement") dated as of November 15, 2021 with FFS Data Corporation ("Seller") whereby we acquired a portfolio of merchants utilizing financial transaction processing services (the "Acquired Merchant Portfolio"). The purchase price was $ 20 million, with $ 16 million paid at closing, $ 2 million payable within six months after closing, and a $ 2 million payment to be transferred to an escrow account, contingent upon an Attrition Adjustment, as described in the Agreement. Company management has recognized a liability for the $ 2,000,000 contingent payment amount as of December 31, 2023 and 2022. Legal proceedings regarding this matter began in 2022 and have continued through 2023, see Note 15.

NOTE 19 – SUBSEQUENT EVENTS

In accordance with SFAS 165 (ASC 855-10) management has performed an evaluation of subsequent events through the date that the financial statements were issued and has determined that is has the following material subsequent events to disclose in these financial statements.

On January 24, 2024, Mr. Yakov exercised options to purchase a total of 420,001 shares of common stock for total proceeds of $ 42 .

On January 24, 2024, Mr. Smith exercised options to purchase a total of 381,069 shares of common stock for total proceeds of $ 38 .

On April 8, 2024, the Company entered into Amendment No. 1 (the "Amendment") to the Employment Agreement with Mr. Yakov (the "Yakov Agreement"). The Amendment corrected a ministerial error in the terms relating to the exercise price of stock options awarded and automobile allowance for Mr. Yakov. The Amendment affirmed that the exercise price of stock options issued under the Agreement (the "Stock Options") shall have a per share exercise price equal to One Cent ($ 0.01) and expire ten years after the date of grant. Each Stock Option granted shall become exercisable as follows: 50 % upon the grant date, then 25 % upon each of the second and third anniversary of the date on which it is granted. In addition, the notices provision of the Yakov Agreement was amended to the reflect the current business address of the Company.

Subsequent to December 31, 2023, Mr. Yakov made payments on behalf of the company in the amount of $ 182,150 . The amount is non-interest bearing and due on demand.

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

On March 13, 2023, The OLB Group, Inc. (the "Company") was informed by Daszkal Bolton LLP ("Daszkal"), the Company's independent registered public accounting firm, that it had completed a business combination agreement with CohnReznick LLP. As a result of this transaction Daszkal will resign as the Company's independent registered public accounting firm following its filing of the Annual Report on Form 10-K for the year ended December 31, 2022 with the Securities and Exchange Commission.

Daszkal's reports on the Company' financial statements for the past two years did not contain an adverse opinion or a disclaimer of opinion, and were not qualified or modified as to uncertainty, audit scope, or accounting principles.

During the years ended December 31, 2021, and 2020, and the subsequent interim periods through November 14, 2022, there were (i) no disagreements (as described in Item 304(a)(1)(iv) of Regulation S-K and the related instructions) between OLB and Daszkal on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which, if not resolved to Daszkal's satisfaction, would have caused Daszkal to make reference thereto in its reports on the financial statements for such years; and (ii) no "reportable events" within the meaning of Item 304(a)(1)(v) of Regulation S-K, except that Daszkal advised the Company of material weaknesses in its internal control over financial reporting as of December 31, 2021 and 2020.

On March 28, 2023, the Company approved the engagement of MAC Accounting Group, LLP ("MAC") as the Company's new independent registered public accounting firm, effective following the Company's filing of its Annual Report on Form 10-K for the fiscal year ended December 31, 2022.

Item 9A. Controls and Procedures.

Management's Report Disclosure Controls and Procedures

During the fourth quarter of the year ended December 31, 2023, we carried out an evaluation, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, of the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)). Based upon that evaluation, our principal executive officer and principal financial officer concluded that, as of the end of the period covered in this report, in light of the material weaknesses described below, our disclosure controls and procedures were not effective to ensure that information required to be disclosed in reports filed under the Securities Exchange Act of 1934, as amended, are recorded, processed, summarized and reported within the required time periods specified in the Commission's rules and forms and is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Our principal executive officer and principal financial officer, do not expect that our disclosure controls and procedures or our internal controls will prevent all error or fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

Our management assessed the effectiveness of the Company's internal control over financial reporting at December 31, 2023, and this assessment identified the following material weaknesses in our internal control over financial reporting:

1) The Company has an insufficient control environment. Specifically, the Company lacks policies to ensure they maintain adequate documentation, the Company does not have a formal process or policy to ensure there is adequate documentation of board approval for related party transactions, and the Company's board does not include an independent financial expert.

2) The Company lacks adequate accounting processes and controls. Specifically, the Company does not have appropriate reviews, reconciliations, or financial close processes to ensure the financial statements are free from material misstatement.

3) The Company lacks adequate accounting resources. Specifically, the Company does not have the processes and resources to ensure complex analysis of accounting issues, requiring high levels of accounting knowledge and expertise, is completed timely or in sufficient detail.

In making its assessment of internal control over financial reporting, management used the criteria issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control—Integrated Framework (2013). Management has concluded that, at December 31, 2023, the Company's internal control over financial reporting were not effective based on those criteria.

This annual report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to rules of the SEC that permit the Company to provide only management's report in this annual report.

Inherent Limitations on Effectiveness of Controls

Internal control over financial reporting has inherent limitations, which include but is not limited to the use of independent professionals for advice and guidance, interpretation of existing and/or changing rules and principles, segregation of management duties, scale of organization, and personnel factors. Internal control over financial reporting is a process, which involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting also can be circumvented by collusion or improper management override. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements on a timely basis, however these inherent limitations are known features of the financial reporting process and it is possible to design into the process safeguards to reduce, though not eliminate, this risk. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Changes in Internal Control over Financial Reporting

Although management believes that the financial statements included in this report fairly present in all material respects our financial condition, results of operations and cash flows for the periods presented, management continues to make improvements to internal controls as deemed necessary for changes within our operations.

Item 9B. Other Information

None .

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

None.

Part III

Item 10. Directors, Executive Officers and Corporate Governance

The following table sets forth the names, ages, and titles of our executive officers and directors.

Name	Age	Position(s)
Ronny Yakov	65	Chief Executive Officer and Chairman of the Board of Directors
Rachel Boulds	54	Chief Financial Officer
Patrick Smith	51	Vice President, Finance
Ehud Ernst	64	Director and Chairman of the Audit Committee
Amir Sternhell	62	Director
Alina Dulimof	57	Director

Ronny Yakov is Chief Executive Officer, Chairman of the Board of Directors, founder and majority shareholder of the Company. Mr. Yakov has over 25 years of experience of concept-to-print, software and e-commerce marketing experience with Fortune 500 and 1,000 companies and a proven track record of helping clients adapt their businesses to technological developments. In 1996, Mr. Yakov entered into the electronic mail-order catalog business with Playboy Enterprises, creating and hosting two e-commerce sites: Critics' Choice Video and Collectors' Choice Music. As founder of the Company, Mr. Yakov has since developed a number of other branded e-commerce sites for clients, selling a variety of products including sporting goods, chocolates and cosmetics, with which the company now partners to provide ongoing hosting and maintenance. Other significant accomplishments of Mr. Yakov have included establishing an AT&T wholesale e-commerce platform for 180,000 employees and working with high-profile clients such as Disney, Cisco Systems, Pfizer, Motorola, and Microsoft, among many others. Mr. Yakov also developed and maintains a complex extranet/intranet infrastructure that allows Doremus, an Omnicom Communication subsidiary, to provide its advertising services to 50 of the top financial institutions on a real-time basis.

Rachel Boulds is Chief Financial Officer of the Company. Ms. Boulds currently works for the Company on a part-time basis (spending approximately 80% of her time working for the Company) while also operating her sole accounting practice which she has led since 2009 and which provides all aspects of consulting and accounting services to clients, including the preparation of full disclosure financial statements for public companies to comply with GAAP and SEC requirements. Ms. Boulds also currently provides outsourced chief financial officer services for two other companies. From August 2004 through July 2009, she was employed as a Senior Auditor for HJ & Associates, LLC, where she performed audits and reviews of public and private companies, including the preparation of financial statements to comply with GAAP and SEC requirements. From 2003 through 2004, Ms. Boulds was employed as a Senior Auditor at Mohler, Nixon and Williams. From September 2001 through July 2003, Ms. Boulds worked as an ABAS Associate for PriceWaterhouseCoopers. From April 2000 through February 2001, Ms. Boulds was employed as an e-commerce Accountant for the Walt Disney Group's GO.com. Ms. Boulds earned a B.S. in Accounting from San Jose University in 2001 and is licensed as a CPA in the state of Utah.

Patrick Smith is Vice President, Finance of the Company. Mr. Smith has over 20 years of finance, accounting and operational experience in the merchant services industry. Mr. Smith joined eVance (Formerly Calpian Commerce) in 2014 as Director of Finance. Prior to eVance, Mr. Smith spent 2 years as Director of Financial Planning and Analysis at Cynergy Data, an ISO with over 75,000 merchants. He worked with Pay by Touch, a biometric payments start-up company based in San Francisco, and was part of the financial team that raised over $300M in its capital funding. From 1996 to 2004, Mr. Smith worked for Concord EFS, a large merchant acquirer. His titles at Concord included Internal Audit, Financial Analyst and Vice President/Controller. While at Concord EFS, he was part of the diligence team that worked on several large acquisitions, including those of Star and EPS Debit networks.

Ehud Ernst is one of our independent directors and Chairman of the Audit Committee of the Board of Directors. Since 2015, Mr. Ernst has been the chief executive officer of HyperTail.es. From 2007 to 2017, Mr. Ernst founded and was the chief executive officer of Feelternet, a creative digital agency, which served some of the largest brands in the Israeli market. From 2004 to 2007, Mr. Ernst served as division manager at Data-Pro Proximity/BBDO, a large direct marketing and analytics agency in Israel. From 1985 to 1999, Mr. Ernst founded and was the chief executive officer of Ernst Meron studios, one of the largest commercial photography production studio in Israel. Mr. Ernst also co-founded Impressia.com, a marketing technology start-up venture enabling product displays at e-commerce stores. Mr. Ernst graduated from ICP New York with a degree in Photography and Art.

Amir Sternhell is one of our independent directors. Since 2016, Mr. Sternhell has served as chief strategy officer of Sertainty, a data optimization company. Mr. Sternhell has 24 years of experience in the IT and Corporate Learning industries, including two-decades, where he was head of a business intelligence unit representing Microstrategy, and, chief learning officer, representing Harvard Business Publishing. Mr. Sternhell was the founder of the first Non-Profit Organization that assisted Israel's Incubator System, in which he hand-held over 100 high-tech companies. Mr. Sternhell was the vice chairman of the American-Israel Chamber of Commerce and Industry, overseeing its initiatives, and a recipient of its Business Leadership Award. Mr. Sternhell served in the Directorate of Military Intelligence for the Israel Defense Forces, and was awarded the Most Outstanding Soldier of the Corp. in 1981. Mr. Sternhell holds an AB in Political Science and Psychology from Tel Aviv University, an MIA in International Economics from Columbia University and an MBA from the 'Grand Ecole' EDHEC '92 specializing in IT and Management where he graduated first in his class.

Alina Dulimof is one of our independent directors. She is currently Chief Operating Officer and Head of Investor Relations and Business Development at Dorset Management LLC, a commodity trading hedge fund she co-founded. Since 2017, she has served as a managing director responsible for business development with Park Avenue Securities (PAS), a wealth management advisory firm in New York. Prior to PAS, from 2012 to 2017, she was a partner with Nationwide Planning Associates and from 2007-2009, she was a VP, Private Banking at Merrill Lynch in New York. She has passed the Series 7 (FINRA-General. Securities Representative exam) and Series 66 (NASAA_Uniform Combined State Law exam) exams. From 1999 to 2007, Ms. Dulimoff was an Investment Manager with BrainHeart, a VC firm in Stockholm, where she was responsible for investment decisions, while supporting the management teams of its portfolio companies. As an entrepreneur, Ms. Dulimof achieved successful exits from 2 of her startups, prior to joining BrainHeart. For over 15 years she had managed, advised and invested in a wide range of companies in Blockchain technology, Fintech, 5G, IoT, Cybersecurity, AI, Robotics, E-commerce, Creator economy, Mobile, OOH advertising and Biotech, alongside entrepreneurs, venture capital and private equity firms. Prior to her investment management career, she was a technology executive, starting at Ericsson in Stockholm, directly after her graduation with distinction with a degree in Nuclear Physics from Bucharest University in 1988. At Ericsson, she held executive positions within diverse business areas, from research to product development, marketing and strategic partnerships. During her tenure at Ericsson she earned an Executive MBA from Stockholm School of Economics in 2001. She is a CFA charter holder.

None of our directors or officers are related to each other. There are no arrangements or understandings with any of our principal stockholders, customers, suppliers, or any other person, pursuant to which any of our directors or executive officers were appointed.

No officer or director has, during the past five years, been involved in (a) any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time, (b) any conviction in a criminal proceeding or being subject to a pending criminal proceeding (excluding traffic violations and other minor offenses), (c) any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities or (d) a finding by a court of competent jurisdiction (in a civil action), the Commission or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended, or vacated.

To the best of the Company's knowledge, there are no arrangements or understandings between any director, Director Nominee or executive officer and any other person pursuant to which any person was selected as a director, Director Nominee or executive officer. There are no family relationships between any of the Company's directors, Director Nominees or executive officers. To the Company's knowledge there have been no material legal proceedings as described in instruction 4 to Item 103 of Regulation S-K or Item 401(f) of Regulation S-K during the last ten years that are material to an evaluation of the ability or integrity of any of the Company's directors or executive officers.

Director Independence

Our Board of Directors may establish the authorized number of directors from time to time by resolution. Our Board of Directors is currently comprised of one member. We have three (3) independent directors on the Board of Directors. The directors will be elected annually by our stockholders.

Because our common stock is listed on the NASDAQ Capital Market, the listing rules of this stock exchange generally require that a majority of the members of a listed company's board of directors, and each member of a listed company's audit, compensation and nominating and corporate governance committees, be independent. Our Board of Directors has determined that Alina Dulimof, Ehud Ernst and Amir Sternhell do not have any relationships that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and such directors are "independent" as that term is defined under the rules of the stock market.

Audit committee members must also satisfy the independence criteria set forth in Rule 10A-3 under the Exchange Act, subject to the transition rule that is applicable to a newly public company. In order to be considered independent for purposes of Rule 10A-3, a member of an audit committee of a listed company may not, other than in his or her capacity as a member of the audit committee, the Board of Directors, or any other board committee accept, directly or indirectly, any consulting, advisory, or other compensatory fee from the listed company or any of its subsidiaries; or be an affiliated person of the listed company or any of its subsidiaries.

Role of the Board of Directors in Risk Oversight

The Board of Directors is responsible for assessing the risks facing our company and considers risk in every business decision and as part of our business strategy. The Board of Directors recognizes that it is neither possible nor prudent to eliminate all risk, and that strategic and appropriate risk-taking is essential for us to compete in our industry and in the global market and to achieve our growth and profitability objectives. Effective risk oversight, therefore, is an important priority of the Board of Directors.

While the Board of Directors oversees our risk management, management is responsible for day-to-day risk management processes. Our Board of Directors expects management to consider risk and risk management in each business decision, to proactively develop and monitor risk management strategies and processes for day-to-day activities and to effectively implement risk management strategies that are adopted by the Board of Directors. The Board of Directors expects to review and adjust our risk management strategies at regular intervals or as needed.

Code of Business Conduct

Our Board of Directors has adopted a code of business conduct and ethics, the "Code of Business Conduct," to ensure that our business is conducted in a consistently legal and ethical manner. Our policies and procedures cover all major areas of professional conduct, including employee policies, conflicts of interest, protection of confidential information, and compliance with applicable laws and regulations. The Code of Business Conduct is available at our website at *http://www.olb.com/code-of-conduct/*. The reference to our website address in this Annual Report does not include or incorporate by reference the information on our website into this Annual Report. We intend to disclose future amendments to certain provisions of our code of conduct, or waivers of these provisions, on our website or in public filings.

Board Committees

Our Board of Directors has an Audit Committee, Compensation Committee and a Nominating and Corporate Committee.

Audit Committee

The Audit Committee consists of Ehud Ernst, Alina Dulimof, and Amir Sternhell with Mr. Ernst serving as Chairman. The Audit Committee assists the Board of Directors in discharging its responsibilities relating to the financial management of our Company and oversight of our accounting and financial reporting, our independent registered public accounting firm and their audits, our internal financial controls and the continuous improvement of our financial policies and practices. In addition, the Audit Committee is responsible for reviewing and discussing with management our policies with respect to risk assessment and risk management. The responsibilities of the Audit Committee, as set forth in its charter, includes:

- appointing, approving the compensation of, and assessing the independence of our independent registered public accounting firm;
- pre-approving audit and permissible non-audit services, and the terms of such services, to be provided by our independent registered public accounting firm;

- reviewing and discussing with management and the independent registered public accounting firm our annual and quarterly financial statements and related disclosures;
- coordinating the oversight and reviewing the adequacy of our internal control over financial reporting;
- establishing policies and procedures for the receipt and retention of accounting-related complaints, whistleblowers, and concerns; and
- reviewing and approving any related party transactions.

The composition of our Audit Committee complies with all applicable requirements of the SEC and the listing requirements of the Nasdaq Capital Market. We intend to comply with future requirements to the extent they become applicable to us.

Compensation Committee

The Compensation Committee consists of Alina Dulimof, Ehud Ernst and Amir Sternhell with Mr. Ernst serving as Chairman. The Compensation Committee assists the Board of Directors in setting and maintaining the Company's compensation philosophy and in discharging its responsibilities relating to executive and other human resources hiring, assessment and compensation, and succession planning. The responsibilities of the Compensation Committee, as set forth in its charter, includes:

- reviewing and approving corporate goals and objectives relevant to compensation of our chief executive officer;
- evaluating the performance of our chief executive officer in light of such corporate goals and objectives and determining the compensation of our chief executive officer;

- determining the compensation of all our other officers and reviewing periodically the aggregate amount of compensation payable to such officers;
- overseeing and making recommendations to the Board of Directors with respect to our incentive-based compensation and equity plans; and
- reviewing and making recommendations to the Board of Directors with respect to director compensation.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee consists of Alina Dulimof, Ehud Ernst and Amir Sternhell with Mr. Sternhell serving as Chairman. The responsibilities of the Nominating and Corporate Governance Committee, as set forth in its charter, includes:

- making recommendations to the Board of Directors regarding the size and composition of the Board of Directors;
- recommending qualified individuals as nominees for election as directors;

- reviewing the appropriate skills and characteristics required of director nominees;
- establishing and administering a periodic assessment procedure relating to the performance of the Board of Directors as a whole and its individual members; and
- periodically reviewing the corporate governance guidelines and supervising the management representative charged with implementing the Company's corporate governance procedures.

Compensation Committee Interlocks and Insider Participation

None of the members of the Compensation Committee is (or was at any time previously) an officer or employee. None of our executive officers serve or in the past fiscal year has served as a member of the Board of Directors or Compensation Committee of any other entity that has one or more executive officers serving as a member of our Board of Directors or expected to serve on the Compensation Committee.

Item 11. Executive Compensation

The table below summarizes all compensation awarded to, earned by, or paid to each named executive officer for our last two completed fiscal years for all services rendered to us.

Summary Compensation Table

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)	Option Awards ($) (2)	Non-Equity Incentive Plan Compensation ($)	Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($) (1)	Total
Ronny Yakov,	2023	$ 750,000	$ 300,000	$ 0	$ 541,999	$ 0	$ 0	$ 30,000	$1,621,999
CEO, Chairman	2022	$ 750,000	$ 300,000	$ 0	$1,217,264	$ 0	$ 0	$ 30,000	$2,297,264
Patrick Smith,	2023	$ 350,000	$ 150,000	$ 0	$ 0	$ 0	$ 0	$ 0	$ 450,000
Vice President	2022	$ 350,000	$ 150,000	$ 0	$ 279,412	$ 0	$ 0	$ 0	$ 779,412
Rachel Boulds,	2023	$ 36,000	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 36,000
CFO	2022	$ 36,000	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 36,000

(1) Car allowance
(2) Stock based compensation reflects fair value of options granted during the years ended December 31, 2023 and 2022, each with an exercise price of $0.01 per share. 50% of options vested as of the date of grant, 25% vested on January 1, 2023 and 50% vested on January 1, 2024. Options expire after ten years from grant date if not exercised.

Employment Agreements

On January 11, 2022, the Company entered into a new employment agreement with Mr. Yakov (the "Yakov Agreement") and a new employment agreement with Mr. Smith (the "Smith Agreement"). The Yakov Agreement maintains Mr. Yakov's role as the Company's Chief Executive Officer through December 31, 2027 and extended for one-year terms thereafter. The Smith Agreement maintains Mr. Smith's role as the Company's Vice President, Finance unless terminated or upon his resignation.

The Yakov Agreement sets Mr. Yakov's base salary at $750,000 and he is eligible for insurance coverages and benefits available to the Company's employees pursuant to the terms of the Company's insurance and benefit plans. Mr. Yakov received a $490,000 bonus for acquisitions closed by the Company in 2020 and 2021 and he will be eligible to receive an acquisition bonus equal to two percent (2%) of the gross purchase price paid in connection with a future acquisition. Mr. Yakov shall be eligible to receive an annual bonus of Three Hundred Thousand Dollars ($300,000) based on performance criteria established by the Board. In addition, on an annual basis, Mr. Yakov shall receive options to purchase up to 200,000 shares of common stock of the Company at an exercise price of $0.01 per share.

The Yakov Agreement also states that, if Mr. Yakov's employment is terminated without cause or he voluntarily terminates his employment for good reason, he will continue to receive his base salary for the remainder of the term along with all earned bonuses. In the event the termination is in connection with Mr. Yakov's death, disability or bankruptcy of the Company, he will receive the pro rata amount of his base salary through the termination date and all bonuses earned through the termination date.

The Smith Agreement sets Mr. Smith's base salary to $350,000 and he is eligible for insurance coverages and benefits available to the Company's employees pursuant to the terms of the Company's insurance and benefit plans. Mr. Smith shall be eligible to receive an annual bonus of One Hundred Fifty Thousand Dollars ($150,000) based on performance criteria established by the Compensation Committee. In addition, Mr. Smith shall receive options (the “Options”) to purchase up to 275,000 shares of common stock of the Company at an exercise price of $0.01 per share.

The Smith Agreement also states that, if Mr. Smith’s employment is terminated without cause or he voluntarily terminates his employment for good reason, he will continue to receive his base salary for the remainder of the term along with all earned bonuses. In the event the termination is in connection with Mr. Smith’s death, disability or bankruptcy of the Company, he will receive the pro rata amount of his base salary through the termination date and all bonuses earned through the termination date.

On April 8, 2024, the Company entered into Amendment No. 1 (the “Amendment”) to the Employment Agreement with Mr. Yakov (the “Yakov Agreement”). The Amendment corrected a ministerial error in the terms relating to the exercise price of stock options awarded and automobile allowance for Mr. Yakov. The Amendment affirmed that the exercise price of stock options issued under the Agreement (the “Stock Options”) shall have a per share exercise price equal to One Cent ($0.01) and expire ten years after the date of grant. Each Stock Option granted shall become exercisable as follows: 50% upon the grant date, then 25% upon each of the second and third anniversary of the date on which it is granted. In addition, the notices provision of the Yakov Agreement was amended to the reflect the current business address of the Company.

Outstanding Equity Awards at Fiscal Year-End

As of December 31, 2023, the following equity awards were outstanding:

Per the terms of Mr. Smith’s employment agreement, he was granted stock options to purchase up to 265,172 shares of common stock at an exercise price of $0.003 per share. The grant vests at the rate of 1/5 beginning on each anniversary of the effective date of grant (April 10, 2018). The stock options will cease vesting after the termination of Mr. Smith’s employment and any unvested options shall be forfeited upon the termination of employment.

Pursuant to the Smith Agreement, on December 23, 2022, Mr. Smith received options to purchase up to 275,000 shares of common stock of the Company at an exercise price of $0.01 per share.

Per the terms of Mr. Yakov’s employment agreement, effective on January 1, 2018, and on each anniversary thereafter during the term of his employment agreement, the Company granted to him options to purchase up to 6,667 shares of common stock with a per share exercise price equal $0.03 per share. Each stock option shall become exercisable in increments of one-third upon each anniversary of the date on which it is granted.

On November 13, 2019, the Company entered into an agreement with Mr. Smith and on November 25, 2019, the Company entered into an agreement Mr. Yakov, whereby the Company and option holders each agreed that the exercise price pertaining to those options only would not be adjusted for the effects of the Reverse Stock Split.

Pursuant to the Yakov Agreement, on each of December 23, 2022 and January 1, 2023, Mr. Yakov received options to purchase up to 200,000 shares of common stock of the Company at an exercise price of $0.01 per share for a total of 400,00 options to purchase common stock.

At December 31, 2023, there were a total of 1,568,988 options to purchase common stock, of which 1,248,016 were vested and exercisable.

2020 Equity Incentive Plan

The Board of Directors have adopted a 2020 Equity Incentive Plan (the “Plan”) for the Company and the holders of majority of our outstanding shares of common stock have approved such plan. On December 22, 2022, the shareholders of the Company approved an amendment and restate of the Plan to increase the number of our shares of Common Stock available for issuance under the 2020 Plan from 240,000 to 2,000,000 shares. Grants of 715,000 options to purchase shares of common stock have been issued under the Plan as of December 31, 2023. In general, awards under the Plan shall vest ratably over a period of three years (on the first, second and third anniversaries of the agreement) subject to accelerated vesting upon a change of control of our company (although awards may be granted with different vesting terms). Further, pursuant to the Yakov Agreement, on an annual basis until December 31, 2027, Mr. Yakov received up to 400,000 options under the Plan.

The purpose of our 2020 Equity Incentive Plan is to attract and retain directors, officers, consultants, advisors and employees whose services are considered valuable, to encourage a sense of proprietorship and to stimulate an active interest of such persons in our development and financial achievements. The 2020 Equity Incentive Plan is administered by the Compensation Committee of our Board of Directors or by the full Board, which may determine, among other things, the (a) terms and conditions of any option or stock purchase right granted, including the exercise price and the vesting schedule, (b) persons who are to receive options and stock purchase rights and (c) the number of shares to be subject to each option and stock purchase right. The Plan provides for the grant of (i) “incentive” options (qualified under section 422 of the Internal Revenue Code of 1986, as amended) to employees of our company and (ii) non-qualified options to directors and consultants of our company.

In connection with the administration of our 2020 Equity Incentive Plan, our Compensation Committee:

- determines which employees and other persons will be granted awards under our 2020 Equity Incentive Plan;
- grants the awards to those selected to participate;
- determines the exercise price for options; and
- prescribes any limitations, restrictions and conditions upon any awards, including the vesting conditions of awards.

Any grant of awards to any of directors under our 2020 Equity Incentive Plan must be approved by the Compensation Committee of our Board of Directors. In addition, our Compensation Committee will: (i) interpret our 2020 Equity Incentive Plan; and (ii) make all other determinations and take all other action that may be necessary or advisable to implement and administer our 2020 Equity Incentive Plan.

The 2020 Equity Incentive Plan provides that in the event of a change of control, the Compensation Committee or our Board of Directors shall have the discretion to determine whether and to what extent to accelerate the vesting, exercise or payment of an award.

In addition, our Board of Directors may amend our 2020 Equity Incentive Plan at any time. However, without stockholder approval, our 2020 Equity Incentive Plan may not be amended in a manner that would:

- increase the number of shares that may be issued under our 2020 Equity Incentive Plan;
- materially modify the requirements for eligibility for participation in our 2020 Equity Incentive Plan;

- materially increase the benefits to participants provided by our 2020 Equity Incentive Plan; or

- otherwise disqualify our 2020 Equity Incentive Plan for coverage under Rule 16b-3 promulgated under the Exchange Act.

Awards previously granted under our 2020 Equity Incentive Plan may not be impaired or affected by any amendment of our 2020 Equity Incentive Plan, without the consent of the affected grantees.

Director Compensation

Our directors are entitled to the following fixed compensation for their services as directors during the fiscal year ended December 31, 2023.

Name and Principal Position	Fees Earned or Paid in Cash ($)	Stock Awards ($) (1)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total
Alina Dulimof	$ 0	$ 50,000	$ 0	$ 0	$ 0	$ 0	$ 50,000
Ehud Ernst	$ 0	$ 65,000	$ 0	$ 0	$ 0	$ 0	$ 65,000
Amir Sternhell	$ 0	$ 50,000	$ 0	$ 0	$ 0	$ 0	$ 50,000

(1) Directors were reimbursed for their reasonable out-of-pocket expenses incurred in connection with their duties. Through December 31, 2023, on an annual basis, each independent director earned compensation in the form of shares of our Common Stock with a fair market value equal to $50,000 as of the date of issuance and they will be reimbursed for their reasonable out-of-pocket expenses incurred in connection with their duties. The Chairman of the Audit Committee received additional shares of Common Stock with a fair market value equal to $15,000 as of the date of issuance.
(2) Beginning in 2024, all Directors will receive a fee equal to $10,000 per year, payable in four installments of $2500 on January 1, April 1, July 1 and October 1 of each year.

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

The following table sets forth, as of April 8, 2024, information regarding the beneficial ownership of each class of our voting securities by: (i) our officers and directors; (ii) all of our officers and directors as a group; and (iii) each person known by us to beneficially own 5% or more of any class of our outstanding voting securities. Generally, a person is deemed to be a "beneficial owner" of a security if that person has or shares the power to dispose or to direct the disposition of such security. A person is also deemed to be a beneficial owner of any securities of which the person has the right to acquire beneficial ownership within 60 days.

The address of each holder listed below, except as otherwise indicated, is c/o The OLB Group, Inc., 1120 Avenue of the Americas, 4 th Floor, New York, NY.

Name of Beneficial Owner	Shares of Common Stock Beneficially Owned**	Percent of Common Stock Beneficially Owned(1)**	Shares of Series A Preferred Stock Beneficially Owned(2)**	Percent of Series A Preferred Stock Beneficially Owned(2)**	Number of Voting Shares Beneficially Owned**	Percent of Voting Shares Beneficially Owned(4)**
5% Beneficial Owners						
John Herzog(4)	1,044,740	5.74%	—	—	1,044,740	6.5%
Directors and Officers						
Ronny Yakov	5,829,702(5)	32.0%	113,444	100%	5,943,146(5)	32.7%
Rachel Boulds	834	*	—	—	834	*
Patrick Smith(6)	1,023,998	5.63%	—	—	1,023,998	5.63%
Alina Dulimof	52,131	*	—	—	52,122	*
Ehud Ernst	76,186	*	—	—	76,186	*
Amir Sternhell	60,455	*	—	—	60,455	*
All directors and executive officers as a group (6 persons)	7,043,297	38.69%	113,444	100%	7,156,741	39.31%

* Less than 1%.
** Under SEC rules, beneficial ownership includes shares over which the individual or entity has voting or investment power and any shares which the individual or entity has the right to acquire within sixty days.
(1) Percentage ownership of common stock is based on 18,092,883 shares of Common Stock plus 113,443 shares of common stock underlying Series A Preferred Stock outstanding on the Record Date for which holders will exercise voting power on an as-converted basis.
(2) The number of shares and percentage ownership of Series A Preferred Stock is presented on an as-converted basis and is based on 1,021 shares of Series A Preferred Stock outstanding (which such shares of Series A Preferred Stock are convertible into 113,443 shares of common stock accordance with the Certificate of Designations (as hereinafter defined)). The holders of the Series A Preferred Stock have the right to vote their shares of Series A Preferred Stock with the holders of common stock on an as-converted basis.
(3) Percentage of voting stock is based on 18,092,883 shares of Common Stock and 1,021 shares of Series A Preferred Stock (convertible into 113,443 shares of common stock) outstanding on November 29, 2023.
(4) Includes (a) 925,516 shares held by John E. Herzog, (b) 109,224 shares held by John E. Herzog Revocable Trust under an agreement dated February 7, 2014, for which John E. Herzog is the sole Trustee, and (c) 10,000 shares held in an individual retirement account. As reported on Schedule 13G filed with the SEC on June 21, 2023.

(5) Includes (i) 176,668 vested options, (ii) 113,444 shares of common stock underlying Series A Preferred Stock, and (iii) shares of common stock underlying 227,003 Series A Warrants to purchase one share of common stock each at a purchase price of $9.00 per share and 56,751 Series B Warrants to purchase one share of common stock each at a purchase price of $4.50 per share, which warrants are exercisable within 60 days of this Annual Report.

(6) Consists of 312,318 vested options.

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

We are a party to certain related party transactions, as described below.

On January 3, 2022, the Company entered into a share exchange agreement with all of the shareholders of Crowd Ignition, Inc. ("Crowd Ignition") whereby the Company purchased 100% of the equity of Crowd Ignition in exchange for 1,318,408 shares of the common stock, par value $0.0001 of the Company (the "CI Issued Shares"). The value of the CI Issued Shares was, for purposes of the Agreement, based on the closing trading price of the Company on October 1, 2021 (the date on which a third-party fairness opinion was issued), resulting in an aggregate purchase price for Crowd Ignition of $5.3 million. The purchase price was used solely to establish the agreed upon purchase price between the parties and not for accounting purposes.

Crowd Ignition is a web-based crowdfunding software system. Ronny Yakov, Chairman and CEO of the Company and John Herzog, a significant shareholder of the Company, collectively owned 100% of the equity of Crowd Ignition. The acquisition of Crowd Ignition., was determined to be a common control transaction as each Company has the same two shareholders with a majority ownership. As a result, the assets and liabilities assumed were recorded on the Company's condensed consolidated financial statements at their respective carry-over basis; however, as of January 3, 2022, Crowd Ignition has no assets, liabilities or other operations.

On December 14, 2022, Mr. Herzog converted 3,612 shares of Series A Preferred Stock together with $932,193 of accrued dividends into 504,910 shares of common stock.

The Company is obliged to issue shares worth of $165,000 to Directors for their service during the year ended December 31, 2022 – a provision for this compensation has been accrued in the balance sheet as of December 31, 2022.

On December 31, 2022, the Company granted 41,322 shares of common stock to Alina Dulimof, Director, for services. The shares were valued at $1.21, the closing stock price on the date of grant, for total non-cash stock compensation expense of $50,000. As of December 31, 2022, the shares were not yet issued by the transfer agent and were recorded as an accrued liability as of that date. The shares were issued on February 15, 2023, resulting in a reduction of the accrued liability and an increase to common stock and additional paid-in capital during the year ended December 31, 2023.

On December 31, 2022, the Company granted 41,322 shares of common stock to Amir Sternhell, Director, for services. The shares were valued at $1.21, the closing stock price on the date of grant, for total non-cash stock compensation expense of $50,000. As of December 31, 2022, the shares were not yet issued by the transfer agent and were recorded as an accrued liability as of that date. The shares were issued on February 15, 2023, resulting in a reduction of the accrued liability and an increase to common stock and additional paid-in capital during the year ended December 31, 2023.

On December 31, 2022, the Company granted 53,719 shares of common stock to Ehud Ernst, Director, for services. The shares were valued at $1.21, the closing stock price on the date of grant, for total non-cash stock compensation expense of $65,000. As of December 31, 2022, the shares were not yet issued by the transfer agent and were recorded as an accrued liability as of that date. The shares were issued on February 15, 2023, resulting in a reduction of the accrued liability and an increase to common stock and additional paid-in capital during the year ended December 31, 2023.

On February 14, 2023, a shareholder reported to the Company that they had incurred short swing profits of $114,654 in connection with a series of purchases and sales of the Company's stock on the open market. The shareholder disgorged such short-swing profits to the Company on February 28, 2023.

During December 2023, Mr. Yakov made payments on behalf of the company in the amount of $12,678. The amount is non-interest bearing and due on demand.

During the year ended December 31, 2023, the Company accrued $124,222 for dividends on the Series A preferred stock held by Mr. Yakov. As of December 31, 2023 and 2022, total accrued dividends on the Series A preferred stock due to Mr. Yakov is $418,606 and $294,384, respectively.

Statement of Policy

All future transactions between us and our officers, directors or five percent stockholders, and respective affiliates will be on terms no less favorable than could be obtained from unaffiliated third parties and will be approved by a majority of our independent directors who do not have an interest in the transactions and who had access, at our expense, to our legal counsel or independent legal counsel.

To the best of our knowledge, during the past three fiscal years, other than as set forth above, there were no material transactions, or series of similar transactions, or any currently proposed transactions, or series of similar transactions, to which we were or are to be a party, in which the amount involved exceeds $120,000, and in which any director or executive officer, or any security holder who is known by us to own of record or beneficially more than 5% of any class of our common stock, or any member of the immediate family of any of the foregoing persons, has an interest (other than compensation to our officers and directors in the ordinary course of business).

Item 14. Principal Accountant Fees and Services

The following table describes fees for professional audit services rendered and billed by Mac Accounting Group & CPAs, LLP, our present independent registered public accounting firm and principal accountant, for the review of our quarterly consolidated financial statements and for other services during fiscal year 2023 and for professional audit services rendered and billed by Daszkal Bolton LLP for the audit of our consolidated financial statements and for other services during fiscal year 2022.

Type of Fee – Billed by Mac Accounting Group & CPAs, LLP,	2023	2022
Audit Fees[(1)]	$ 58,219	$ —

Audit Related Fees [2]	$ 67,269	$ —
Total	$ 125,488	$ —

Type of Fee - Billed by Daszkal Bolton LLP	2023	2022
Audit Fees [1]	$ 109,500	$ 100,000
Audit Related Fees [2]	$ —	$ —
Total	$ 109,500	$ 100,000

(1) Audit fees for fiscal years 2022 and 2023 represent fees billed for services rendered by Mac Accounting Group & CPAs, LLP, and Daszkal Bolton LLP in 2022 and 2023 for the audit of our consolidated financial statements and review of our quarterly reports on Form 10-Q.
(2) Audit related fees for fiscal years 2023 represent fees billed for services rendered by Mac Accounting Group & CPAs, LLP in connection with our DMint Registration Statements filed during fiscal year 2023.

Our Audit Committee has determined that the services provided by the Auditor are compatible with maintaining the independence of the Auditor as our independent registered public accounting firm.

The Board has established pre-approval policies and procedures pursuant to which the Board approved the foregoing audit, tax and non-audit services provided by the Auditor in 2022. Consistent with the Audit Committee's responsibility for engaging our independent auditors, all audit and permitted non-audit services require pre-approval by the Audit Committee. Fee estimates for these services are approved by the Chairman of the Board based on information provided by our management.

Audit Fees

Consist of fees billed for professional services rendered for the audit of our financial statements and review of interim consolidated financial statements included in quarterly reports and services that are normally provided by the principal accountants in connection with statutory and regulatory filings or engagements.

Audit Related Fees

Consist of fees billed for assurance and related services that are reasonably related to the performance of the audit or review of our consolidated financial statements and are not reported under "Audit Fees".

Tax Fees

Consist of fees billed for professional services for tax compliance, tax advice and tax planning. These services include preparation of federal and state income tax returns.

All Other Fees

Consist of fees for product and services other than the services reported above.

Policy for Approval of Audit and Permitted Non-Audit Services

The Audit Committee charter provides that the Audit Committee will pre-approve audit services and non-audit services to be provided by our independent auditors before the accountant is engaged to render these services. The Audit Committee may consult with management in the decision-making process, but may not delegate this authority to management. The Audit Committee may delegate its authority to pre-approve services to one or more committee members, provided that the designees present the pre-approvals to the full committee at the next committee meeting.

PART IV

Item 15. Exhibits

Exhibit Number	Description
2.1	Memorandum of Sale, dated as of April 9, 2018, by and among eVance, Inc., eVance Capital, Inc., Securus365, Inc. and GACP [1]
3.1	Certificate of Incorporation, as amended [18]
3.2	Amended and Restated Bylaws of the Company [13]
3.3	Certificate of Designations, Preferences and Rights of Series A Preferred Stock [13]
4.1	Warrant, dated April 9, 2018, issued by the Company to GACP [1]
4.2	Representative's Warrant[13]
4.3	Series A Warrant Agency Agreement (including the terms of the Series A Warrant) [13]
4.4	Series B Warrant Agency Agreement (including the terms of the Series B Warrant) [13]
4.5	Description of Registered Securities (*)
10.1	Loan and Security Agreement, dated as of April 9, 2018, by and among GACP, the lenders from time to time party thereto, the Company, as parent guarantor, and the Borrowers[1]
10.2	Amendment No. 1 to Loan and Security Agreement, dated as of July 30, 2018, by and among GACP Finance Co., LLC, as administrative agent and collateral agent, the lenders party thereto, Securus365, Inc., eVance, Inc., eVance Capital, Inc., OMNISOFT, Inc., and CrowdPay.us, Inc., as borrowers, and the Company, as parent guarantor[3]
10.3	Amendment No. 3 to Loan and Security Agreement, dated as of February 5, 2019, by and among GACP Finance Co., LLC, as administrative agent and collateral agent, the lenders party thereto, Securus365, Inc., eVance, Inc., eVance Capital, Inc., OMNISOFT, Inc., and CrowdPay.us, Inc., as borrowers, and the Company, as parent guarantor[4]
10.4	Agreement Regarding Additional Warrants, dated April 9, 2018, by and between the Company and GACP [1]
10.5	Share Exchange Agreement, dated May 9, 2018, by and between The OLB Group, Inc. and the stockholders of CrowdPay.US, Inc. [2]
10.6	Share Exchange Agreement, dated May 9, 2018, by and between The OLB Group, Inc. and the stockholders of OmniSoft, Inc. [2]

10.7	Subordinated Promissory Note, dated July 30, 2018, by and between the Company and John Herzog [3]
10.8	Amendment No. 1 to Subordinated Promissory Note, dated as of November 14, 2019, by and between the Company and John Herzog [4]
10.9	Amendment No. 2 to Subordinated Promissory Note, dated June 25, 2019, by and between the Company and John Herzog [5]
10.10	Employment Agreement with Ronny Yakov [5]
10.11	Employment Agreement with Patrick Smith [5]
10.12	Commitment Letter from John Herzog dated December 10, 2019 [6]
10.13	Amendment No. 4 to Loan and Security Agreement, dated as of April 24, 2020, by and among GACP Finance Co., LLC, as administrative agent and collateral agent, the lenders party thereto, Securus365, Inc., eVance, Inc., eVance Capital, Inc., OMNISOFT, Inc., and CrowdPay.us, Inc., as borrowers, and the Company, as parent guarantor [7]
10.14	Debt Conversion Agreement, dated as of May 13, 2020 by and between the Company and. John Herzog [8]
10.15	Debt Conversion Agreement, dated as of May 13, 2020 by and between the Company and. Ronny Yakov [8]
10.16	First Amended and Restated Debt Conversion Agreement, dated as of July 24, 2020, by and between the Company and Ronny Yakov [11]
10.17	First Amended and Restated Debt Conversion Agreement, dated as of July 24, 2020, by and between the Company and John Herzog [11]
10.18	Form of 2020 Equity Incentive Plan [9]
10.19	Lease Agreement dated June 24, 2020 between Pergament Lodi, LLC and Evance, Inc. [10]
10.20	Underwriting Agreement with Aegis Capital Corp. dated August 6, 2020. [13]
10.24	Asset Purchase Agreement dated November 24, 2021 by and between the Company and FFS Data Corporation [14].
10.25	Share Exchange Agreement dated January 3, 2022 between the Company and all of the shareholders of Crowd Ignition, Inc. [15]
10.26	Lease Agreement dated November 10, 2021 between The Bradford Regional Airport Authority and DMINT, Inc. related to "Cell 3" (4,000 square feet) [16].
10.27	Lease Agreement dated November 10, 2021 between The Bradford Regional Airport Authority and DMINT, Inc. related to "Cell 4" (6,000 square feet) [16].
10.28	Services Agreement between Executive Workspace LLC d/b/a Elevated NY and The OLB Group, Inc. [17]
10.29	Contract for Sale of Realty between Madison Haywood Developmental Services, Inc. and DMINT Real Estate Holdings, Inc. [17]
10.30	SURRENDER AND RELEASE AGREEMENT (this "Agreement") dated as of March 29, 2023 (the "Effective Date") is made by and between THE BRADFORD REGIONAL AIRPORT AUTHORITY and DMINT, Inc. [18]

10.31	Letter of Resignation dated March 13, 2023 from Daszkal Bolton LLP [18].
10.32	Membership Interest Purchase Agreement dated June 15, 2023 by and between the Company and SDI Black 001, LLC. [19]
10.33	Amendment No. 1 to Employment Agreement dated April 4, 2024 by and between the Company and Ronny Yakov *
31.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (*)
31.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (*)
32.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (*)
97.1*	Clawback Policy
101.INS*	Inline XBRL Instance Document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

* Filed herewith

(1) Incorporated by reference to Current Report on Form 8-K filed April 13, 2018.

(2) Incorporated by reference to Form 8-K filed May 15, 2018.

(3) Incorporated by reference to Form 8-K filed August 3, 2018.

(4) Incorporated by reference to Form 8-K filed March 12, 2019.

(5) Previously filed with Form S-1 on June 26, 2019.

(6) Previously filed with Form S-1 on January 17, 2020.

(7) Previously filed with Form 10-K on April 29, 2020.

(8) Previously filed with Form S-1 on May 20, 2020.

(9) Previously filed with Form S-1 on June 8, 2020.

(10) Incorporated by reference to Form 8-K filed July 2, 2020.

(11) Previously filed with Form S-1 on July 27, 2020.

(12) Previously filed with Form S-1 on July 31, 2020.

(13) Previously file with Form 8-K filed August 12, 2020.

(14) Incorporated by reference to Form 8-K filed November 30, 2021.

(15) Incorporated by reference to Form 8-K filed January 5, 2022.

(16) Incorporated by reference to Form 8-K filed January 11, 2022.

(17) Incorporated by reference to Form 8-K filed August 16, 2022.

(18) Previously filed with Form 10-K on March 30, 2023.

(19) Incorporated by reference to Form 8-K filed June 21, 2023.

Item 16. Form 10-K Summary

None.

SIGNATURES

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

The OLB Group, Inc.

Date: April 15, 2024

BY: */s/ Ronny Yakov*
Ronny Yakov
Chief Executive Officer

BY: */s/ Rachel Boulds*
Rachel Boulds
Chief Financial Officer

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant in the capacities and on the dates indicated.

Signature	Title	Date
/s/ *Ronny Yakov* Ronny Yakov	Chief Executive Officer and Chairman	April 15, 2024
/s/ Ehud Ernst Ehud Ernst	Director and Chairman of the Audit Committee	April 15, 2024
/s/ Amir Sternhell Amir Sternhell	Director	April 15, 2024
/s/ *Alina Dulimof* Alina Dulimof	Director	April 15, 2024

Exhibit 4.5

Description of the Registrant's Securities
Registered Pursuant to Section 12 of the
Securities Exchange Act of 1934, as Amended

Our Common Stock, $0.0001 par value per share, is the only class of securities of The OLB Group, Inc., a Delaware corporation (the "Company"), registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended. The common stock is listed on the NASDAQ Capital Market under the symbol "OLB."

The following description of the Company's common stock is a summary and does not purport to be complete. It is subject to, and qualified in its entirety by, reference to the Company's Amended and Restated Certificate of Incorporation (the "Charter") and Amended and Restated By-Laws (the "Bylaws"), each of which are incorporated by reference as exhibits to the Annual Report on Form 10-K of which this Exhibit 4.5 is a part, and the Delaware General Corporation Law (the "DCL"). We encourage you to read the Articles, the Bylaws and the applicable provisions of the DCL for additional information.

Authorized Shares of Capital Stock

We are authorized to issue 50,000,000 shares of common stock, par value $0.0001 per share. The outstanding shares of common stock are fully paid and nonassessable.

The transfer agent and registrar for our common stock is Transfer Online, Inc.

We are also authorized to issue up to 1,000,000 shares of preferred stock, par value $.0001 per share. Our Articles provide that shares of preferred stock may be issued from time to time, in one or more series, with such designations, relative rights, preferences, limitations, dividend rights, redemption prices, liquidation prices, conversion rights, sinking or purchase fund rights or other privileges as our board of directors may establish. There are no issued and outstanding shares of preferred stock.

Voting Rights

Holders of our common stock are entitled to one vote for each share held on all matters submitted to a vote of stockholders and do not have cumulative voting rights. An election of directors by our stockholders is determined by a plurality of the votes cast by the stockholders entitled to vote on the election. Subject to the supermajority votes for some matters, other matters are decided by the affirmative vote of our stockholders having a majority in voting power of the votes cast by the stockholders present or represented and voting on such matter. Our amended and restated bylaws also provide that our directors may be removed only for cause by the affirmative vote of at least sixty-six and two-thirds percent (66 2/3%) of the votes that all our stockholders would be entitled to cast in any annual election of directors. In addition, the affirmative vote of the holders of at least sixty-six and two-thirds percent (66 2/3%) of the votes that all of our stockholders would be entitled to cast in any annual election of directors is required to amend or repeal or to adopt any provisions inconsistent with any of the provisions of our amended and restated bylaws*; provided, however,* that no such change to any bylaw may alter, modify, waive, abrogate or diminish the our obligation to provide the indemnity called for by Article 10 thereunder. Holders of common stock are entitled to receive proportionately any dividends as may be declared by our board of directors, subject to any preferential dividend rights of outstanding preferred stock.

Dividend Rights

The holders of common stock may receive cash dividends if declared by the Board of Directors out of funds legally available for that purpose, subject to the rights of any holders of preferred shares and any other restrictions that may be applicable to the Company.

Rights upon Liquidation

In the event of our liquidation or dissolution, the holders of common stock are entitled to receive proportionately all assets available for distribution to stockholders after the payment of all debts and other liabilities and subject to the prior rights of any outstanding preferred stock. Holders of common stock have no preemptive, subscription, redemption or conversion rights. The rights, preferences and privileges of holders of common stock are subject to and may be adversely affected by the rights of the holders of shares of any series of preferred stock that we may designate and issue in the future.

Other Rights and Preferences

Holders of common stock have no preemptive or similar equity preservation rights. There are no redemption or sinking fund provisions applicable to the common stock. The rights, powers, preferences and privileges of holders of our common stock will be subject to those of the holders of any shares of our preferred stock that we may authorize and issue in the future. For example, issuance of preferred stock could result in a class of securities outstanding that will have preferences with respect to dividends and in liquidation over the common stock and could (upon conversion or otherwise) enjoy all of the rights appurtenant to common stock.

Delaware Law and Certain Charter and By-Law Provisions

Delaware Anti-Takeover Law. We are subject to Section 203 of the Delaware General Corporation Law. Section 203 generally prohibits a public Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years after the date of the transaction in which the person became an interested stockholder, unless:

- prior to the date of the transaction, the board of directors of the Company approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;

- upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the Company outstanding at the time the transaction commenced, excluding specified shares; or

- at or subsequent to the date of the transaction, the business combination is approved by the board of directors and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least $66^{2}/3\%$ of the outstanding voting stock which is not owned by the interested stockholder.

Section 203 defines a "business combination" to include:

- any merger or consolidation involving the Company and the interested stockholder;
- any sale, lease, exchange, mortgage, pledge, transfer or other disposition of 10% or more of the assets of the Company to or with the interested stockholder;

- subject to exceptions, any transaction that results in the issuance or transfer by the Company of any stock of the Company to the interested stockholder;
- subject to exceptions, any transaction involving the Company that has the effect of increasing the proportionate share of the stock of any class or series of the Company beneficially owned by the interested stockholder; or
- the receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits provided by or through the Company.

In general, Section 203 defines an “interested stockholder” as any person that is:

- the owner of 15% or more of the outstanding voting stock of the Company;
- an affiliate or associate of the Company who was the owner of 15% or more of the outstanding voting stock of the Company at any time within three years immediately prior to the relevant date; or
- the affiliates and associates of the above.

Under specific circumstances, Section 203 makes it more difficult for an “interested stockholder” to effect various business combinations with a corporation for a three-year period, although the stockholders may, by adopting an amendment to the Charter or Bylaws, elect not to be governed by this section, effective 12 months after adoption.

Our Charter and Bylaws do not exclude us from the restrictions of Section 203. We anticipate that the provisions of Section 203 might encourage companies interested in acquiring us to negotiate in advance with our board of directors since the stockholder approval requirement would be avoided if a majority of the directors then in office approve either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder.

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

- authorizing the issuance of “blank check” preferred stock without any need for action by stockholders;
- limiting the ability of stockholders to call special meetings of stockholders;
- permitting stockholder action by written consent;
- establishing advance notice requirements for nominations for election to the board of directors or for proposing matters that can be acted on by stockholders at stockholder meetings;
- requiring a super-majority vote of our stockholders to remove directors of our company; and
- providing that our stockholders may only remove our directors for “cause” (as defined in our bylaws).

These provisions affect your rights as a stockholder since they permit our Board of Directors to make it more difficult for common stockholders to replace members of the Board or undertake other significant corporate actions. Because our Board of Directors is responsible for appointing the members of our management team, these provisions could in turn affect any attempt to replace our current management team.

Exhibit 10.33

FIRST AMENDMENT TO EMPLOYMENT AGREEMENT

This First Amendment to Employment Agreement (this "Amendment") is made and entered into as of April 4, 2024 with effect on January 1, 2024, by and between The OLB Group, Inc., a Delaware corporation ("Employer"), and Ronny Yakov, a natural person ("Executive"). Capitalized terms not otherwise herein defined shall have the meanings ascribed to them in the Agreement (as defined below).

RECITALS

WHEREAS, Employer and Executive entered into an Employment Agreement, dated as of January 3, 2022 (the "Agreement").

WHEREAS, Employer and Executive desire to, among other things, amend certain terms and conditions of the Agreement to correct a ministerial error in the terms relating to the exercise price of stock options awarded and automobile allowance under the Agreement as set forth herein.

AGREEMENT

Now, therefore, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties to this Amendment hereby agree as follows:

1. Amendment.

(a) Section 3(d) of the Agreement is hereby amended and replaced in its entirety with the following:

"(d) Stock Options: Effective on the earlier of January 1, 2022 or the date when the Company's 2020 Equity Incentive Plan is amended to increase the number of shares of common stock available for grant, and on each January anniversary thereof during the Term provided that Executive is employed by the Company on such date(s), the Company shall grant to Executive, subject to the terms and conditions of a stock option agreement, options to acquire up to Two Hundred Thousand (200,000) shares of the Company's common stock, with a per share exercise price equal to One Cent ($0.01) (each a "Stock Option") and expiring ten years after the date of grant. Each Stock Option shall become exercisable as follows: 50% upon the grant date, then 25% upon each of the second and third anniversary of the date on which it is granted."

(b) Section 3(e) of the Agreement is hereby amended and replaced in its entirety with the following:

(e) Automobile Allowance: During the Term, the Company shall provide Executive with an automobile allowance of Three Thousand Five Hundred Dollars ($3,500) per month.

(a) Section 16 of the Agreement is hereby amended and replaced in its entirety with the following:

16. Notices: Any notice given hereunder shall be in writing and shall be deemed to have been given when delivered by messenger or courier service (against appropriate receipt), or mailed by registered or certified mail (return receipt requested), addressed as follows:

If to the Company:

The OLB Group, Inc.
1120 Avenue of the Americas, 4th Floor
New York, New York 10036
Attn: Board of Directors

If to Executive:
Mr. Ronny Yakov
1 York Street, Apt 10A
New York, NY, 10013

or at such other address as shall be indicated to either party in writing. Notice of change of address shall be effective only upon receipt.

2. Affirmation. This Amendment is governed by New York law and is to be read and construed with the Agreement as constituting one and the same agreement. Except as specifically modified herein, the Agreement shall continue in full force and effect in accordance with all of the terms and conditions thereof.

[Signature Page Follows]

Each of Employer and Executive has executed this Amendment as of the date first above written.

EMPLOYER:

The OLB Group, Inc.

By: /s/ Rachel Boulds
Name: Rachel Boulds
Title: Chief Financial Officer

EXECUTIVE

/s/ Ronny Yakov

Ronny Yakov

[SIGNATURE PAGE TO AMENDMENT NO. 1 TO EMPLOYMENT AGREEMENT]

Exhibit 31.1

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Ronny Yakov, Chief Executive of The OLB Group, Inc. (the “registrant”) certify that:

1. I have reviewed this Annual Report on Form 10-K of the registrant;

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

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

4. The registrant’s other certifying officer(s) 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 we 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(s) 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 material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Dated: April 15, 2024

By: /s/ *Ronny Yakov*
Ronny Yakov
Chief Executive Officer
(Principal Executive)

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Rachel Boulds, Chief Financial Officer of The OLB Group, Inc. (the "registrant") certify that:

1. I have reviewed this Annual Report on Form 10-K of the registrant;

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

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

4. The registrant's other certifying officer(s) 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 we 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(s) 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 material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: April 15, 2024

By: /s/ *Rachel Boulds*
Rachel Boulds
Chief Financial Officer
(Principal Financial Executive)

Exhibit 32.1

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

In connection with the Annual Report of The OLB Group, Inc. (the “Company”) on Form 10-K for the year ended December 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Ronny Yakov, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Sec.1350, adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, 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 Company at the dates and for the periods indicated.

Date: April 15, 2024

By: /s/ *Ronny Yakov*
Ronny Yakov Chief Executive Officer
(Principal Executive)

In connection with the Annual Report of The OLB Group, Inc. (the “Company”) on Form 10-K for the year ended December 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Rachel Boulds, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Sec.1350, adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, 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 Company at the dates and for the periods indicated.

Date: April 15, 2024

By: /s/ *Rachel Boulds*
Rachel Boulds
Chief Financial Officer
(Principal Financial Executive)

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to The OLB Group, Inc. and will be retained by The OLB Group, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 97.1

THE OLB GROUP, INC.
CLAWBACK POLICY

EFFECTIVE OCTOBER 3, 2023

1. Purpose. The purpose of this The OLB Group, Inc. (the "Company") Clawback Policy (this "Policy") is to enable the Company to recover Erroneously Awarded Compensation from Covered Executive Officers in the event that the Company is required to prepare an Accounting Restatement. This Policy is designed to comply with, and shall be interpreted to be consistent with, Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, as codified in Section 10D of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), Rule 10D-1 promulgated under the Exchange Act ("Rule 10D-1") and Listing Rule 5608 of the corporate governance rules of The Nasdaq Stock Market ("Nasdaq") (the "Listing Standards"). Unless otherwise defined in this Policy, capitalized terms shall have the meaning ascribed to such terms in Section 2.

2. Definitions. As used in this Policy, the following capitalized terms shall have the meanings set forth below.

a. "Accounting Restatement" means an accounting restatement of the Company's financial statements due to the Company's material noncompliance with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements (i.e., a "Big R" restatement), or to correct an error that is not material to the previously issued financial statements, but that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period (i.e., a "little r" restatement).

b. "Accounting Restatement Date" means the earlier to occur of (i) the date the Board, a committee of the Board, or the officer or officers of the Company authorized to take such action if the Board's action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement and (ii) the date a court, regulator, or other legally authorized body directs the Company to prepare an Accounting Restatement.

c. "Applicable Period" means, with respect to any Accounting Restatement, the three completed fiscal years immediately preceding the Accounting Restatement Date, as well as any transition period (that results from a change in the Company's fiscal year) within or immediately following those three completed fiscal years (except that a transition period that comprises a period of at least nine months shall count as a completed fiscal year).

d. "Board" means the board of directors of the Company.

e. "Code" means the U.S. Internal Revenue Code of 1986, as amended. Any reference to a section of the Code or regulation thereunder includes such section or regulation, any valid regulation or other official guidance promulgated under such section, and any comparable provision of any future legislation or regulation amending, supplementing, or superseding such section or regulation.

f. "Covered Executive Officer" means an individual who is currently or previously served as the Company's principal executive officer, principal financial officer, principal accounting officer (or, if there is no such accounting officer, the controller), vice president of the Company in charge of a principal business unit, division, or function (such as sales, administration, or finance), an officer who performs (or performed) a policy-making function, or any other person who performs (or performed) similar policy-making functions for the Company or is otherwise determined to be an executive officer of the Company pursuant to Item 401(b) of Regulation S-K. An executive officer of the Company's parent or subsidiary is deemed a "Covered Executive Officer" if the executive officer performs (or performed) such policy- making functions for the Company.

g. "Erroneously Awarded Compensation" means, in the event of an Accounting Restatement, the amount of Incentive-Based Compensation previously received that exceeds the amount of Incentive-Based Compensation that otherwise would have been received had it been determined based on the restated amounts in such Accounting Restatement, and must be computed without regard to any taxes paid by the relevant Covered Executive Officer; provided, however, that for Incentive-Based Compensation based on stock price or total stockholder return, where the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in an Accounting Restatement: (i) the amount of Erroneously Awarded Compensation must be based on a reasonable estimate of the effect of the Accounting Restatement on the stock price or total stockholder return upon which the Incentive-Based Compensation was received and (ii) the Company must maintain documentation of the determination of that reasonable estimate and provide such documentation to Nasdaq.

h. "Financial Reporting Measure" means any measure that is determined and presented in accordance with the accounting principles used in preparing the Company's financial statements and any measure that is derived wholly or in part from such measure. A Financial Reporting Measure is not required to be presented within the Company's financial statements or included in a filing with the U.S. Securities and Exchange Commission to qualify as a "Financial Reporting Measure."

i. "Incentive-Based Compensation" means any compensation that is granted, earned, or vested based wholly or in part upon the attainment of a Financial Reporting Measure. Incentive-Based Compensation is deemed "received" for purposes of this Policy in the Company's fiscal period during which the Financial Reporting Measure specified in the Incentive-Based Compensation award is attained, even if the payment or grant of such Incentive-Based Compensation occurs after the end of that period.

3. Administration. This Policy shall be administered by the the Compensation Committee of the Board (the "Compensation Committee"), the Audit Committee of the Board (the "Audit Committee") or a special committee comprised of members of the Compensation Committee. For purposes of this Policy, the body charged with administering this Policy shall be referred to herein as the "Administrator." The Administrator is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate or advisable for the administration of this Policy, in each case, to the extent permitted under the Listing Standards and in compliance with (or pursuant to an exemption from the application of) Section 409A of the Code. All determinations and decisions made by the Administrator pursuant to the provisions of this Policy shall be final, conclusive and binding on all persons, including the Company, its affiliates, its stockholders and Covered Executive Officers, and need not be uniform with respect to each person covered by this Policy.

In the administration of this Policy, the Administrator is authorized and directed to consult with the full Board or such other committees of the Board as may be necessary or appropriate as to matters within the scope of such other committee's responsibility and authority. Subject to any limitation at applicable law, the Administrator may authorize and empower any officer or employee of the Company to take any and all actions necessary or appropriate to carry out the purpose and intent of this Policy (other than with respect to any recovery under this Policy involving such officer or employee). Any action or inaction by the Administrator with respect to a Covered Executive Officer under this Policy in no way limits the Administrator's decision to act or not to act with respect to any other Covered Executive Officer under this Policy or under any similar policy, agreement or arrangement, nor shall any such action or inaction serve as a waiver of any rights the Company may have against any Covered Executive Officer other than as set forth in this Policy.

4. Application of this Policy. This Policy applies to all Incentive-Based Compensation received by a person: (a) after beginning service as a Covered Executive Officer; (b) who served as a Covered Executive Officer at any time during the performance period for such Incentive-Based Compensation; (c) while the Company had a listed class of securities on a national securities exchange; and (d) during the Applicable Period. For the avoidance of doubt, Incentive-Based Compensation that is subject to both a Financial Reporting Measure vesting condition and a service-based vesting condition shall be considered received when the relevant Financial Reporting Measure is achieved, even if the Incentive-Based Compensation continues to be subject to the service-based vesting condition.

5. Recovery Erroneously Awarded Compensation. In the event of an Accounting Restatement, the Company must recover Erroneously Awarded Compensation reasonably promptly, in amounts determined pursuant to this Policy. The Company's obligation to recover Erroneously Awarded Compensation is not dependent on the filing of restated financial statements. Recovery under this Policy with respect to a Covered Executive Officer shall not require the finding of any misconduct by such Covered Executive Officer or such Covered Executive Officer being found responsible for the accounting error leading to an Accounting Restatement. In the event of an Accounting Restatement, the method for recouping Erroneously Awarded Compensation shall be determined by the Administrator in its sole and absolute discretion, to the extent permitted under the Listing Standards and in compliance with (or pursuant to an exemption from the application of) Section 409A of the Code.

Recovery may include, without limitation, (i) reimbursement of all or a portion of any incentive compensation award, (ii) cancellation of incentive compensation awards and (iii) any other method authorized by applicable law or contract.

The Company is authorized and directed pursuant to this Policy to recover Erroneously Awarded Compensation in compliance with this Policy unless the Compensation Committee has determined that recovery would be impracticable solely for the following limited reasons, and subject to the following procedural and disclosure requirements:

a. The direct expenses paid to a third party to assist in enforcing this Policy would exceed the amount to be recovered. Before reaching such conclusion, the Administrator must make a reasonable attempt to recover such Erroneously Awarded Compensation, document such reasonable attempt(s) to recover, and provide that documentation to Nasdaq;

b. Recovery would violate home country law where that law was adopted prior to November 28, 2022. Before reaching such conclusion, the Administrator must obtain an opinion of home country counsel, acceptable to Nasdaq, that recovery would result in such a violation, and must provide such opinion to Nasdaq; or

c. Recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of Section 401(a)(13) or Section 411(a) of the Code.

6. Prohibition on Indemnification and Insurance Reimbursement. The Company is prohibited from indemnifying any Covered Executive Officer against the loss of any Erroneously Awarded Compensation. Further, the Company is prohibited from paying or reimbursing a Covered Executive Officer for the cost of purchasing insurance to cover any such loss. The Company is also prohibited from entering into any agreement or arrangement whereby this Policy would not apply or fail to be enforced against a Covered Executive Officer.

7. Required Policy-Related Disclosure and Filings. The Company shall file all disclosures with respect to this Policy in accordance with the requirements of the federal securities laws, including disclosures required by U.S. Securities and Exchange Commission filings. A copy of this Policy and any amendments hereto shall be posted on the Company's website and filed as an exhibit to the Company's annual report on Form 10-K.

8. Acknowledgement. Each Covered Executive Officer shall sign and return to the Company within thirty (30) calendar days following the later of (i) the effective date of this Policy set forth below or (ii) the date such individual becomes a Covered Executive Officer, the Acknowledgement Form attached hereto as Exhibit A, pursuant to which the Covered Executive Officer agrees to be bound by, and to comply with, the terms and conditions of this Policy.

9. Amendment; Termination. The Board may amend this Policy from time to time in its sole and absolute discretion and shall amend this Policy as it deems necessary to reflect the Listing Standards or to comply with (or maintain an exemption from the application of) Section 409A of the Code. The Board may terminate this Policy at any time; provided, that the termination of this Policy would not cause the Company to violate any federal securities laws, or rules promulgated by the U.S. Securities and Exchange Commission or the Listing Standards.

10. Other Recovery Obligations; General Rights. The Board intends that this Policy shall be applied to the fullest extent of the law. To the extent that the application of this Policy would provide for recovery of Incentive- Based Compensation that the Company already recovered pursuant to Section 304 of the Sarbanes-Oxley Act or other recovery obligations, any such amount recovered from a Covered Executive Officer will be credited to any recovery required under this Policy in respect of such Covered Executive Officer.

11. Effective Date. This Policy shall be effective as of October 3, 2023. The terms of this Policy shall apply to any Incentive- Based Compensation that is received by Covered Executive Officers on or after October 2, 2023, even if such Incentive-Based Compensation was approved, awarded or granted to Covered Executive Officers prior to such date.

This Policy shall not limit the rights of the Company to take any other actions or pursue other remedies that the Company may deem appropriate under the circumstances and under applicable law, in each case, to the extent permitted under the Listing Standards and in compliance with (or pursuant to an exemption from the application of) Section 409A of the Code.This Policy is binding and enforceable against all Covered Executive Officers and their beneficiaries, heirs, executors, administrators or other legal representatives.

EXHIBIT A

THE OLB GROUP, INC.

CLAWBACK POLICY ACKNOWLEDGEMENT FORM

By signing below, the undersigned acknowledges and confirms that the undersigned has received and reviewed a copy of The OLB Group, Inc. (the "Company") Clawback Policy (the "Policy").

By signing this Acknowledgement Form, the undersigned acknowledges and agrees that the undersigned is and will continue to be subject to the Policy and that the Policy will apply both during and after the undersigned's employment or service with the Company. Further, by signing below, the undersigned agrees to abide by the terms of the Policy, including, without limitation, by returning any Erroneously Awarded Compensation (as defined in the Policy) to the Company to the extent required by, and in a manner consistent with, the Policy.

EXECUTIVE OFFICER

Signature:	/s/ Ronny Yakov
Print Name:	Ronny Yakov Chief Executive Officer
Date:	April 15, 2024