

REFINITIV

## DELTA REPORT

### 10-Q

T STAMP INC

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

**TOTAL DELTAS** 1581

■ CHANGES	325
■ DELETIONS	758
■ ADDITIONS	498

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

FORM 10-Q

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

For the quarterly period ended **September 30, 2023**

**Or March 31, 2024**

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission file number: 001-41252

**T Stamp Inc. (D/B/A Trust Stamp)**

(Exact name of registrant as specified in its charter)

**3017 Bolling Way NE, Floor 2,  
Atlanta, Georgia**

**Delaware**

**30305**

**81-3777260**

(Address State or Other Jurisdiction of principal  
executive offices) Incorporation or Organization

(Zip Code) Primary Standard Industrial Classification Number

(IRS Employer Identification Number)

**(404) 806-9906 3017 Bolling Way NE, Floor 2, Atlanta, Georgia 30305**  
(Address of registrant's principal executive offices) (Zip code)

Registrant's telephone number, including area code

**N/A**

(Former name, former address and former fiscal year, if changed since last report)

**code (404) 806-9906**

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

<b>Title of each class</b>	<b>Trading Symbol(s)</b>	<b>Name of each exchange on which registered</b>
Class A Common Stock, \$0.01 par value per share	IDAI	The NASDAQ Stock Market LLC

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

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

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

Indicate by check mark whether the registrant issuer (1) has filed reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant has submitted electronically every interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes x No o

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 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	o	Accelerated filer	o
Non-accelerated filer	x	Smaller reporting company	x

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. o

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 USC. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. o

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. o

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). o

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

As of November 6, 2023 May 14, 2024, there were 8,265,516 10,599,812 shares of Class A Common Stock, par value \$0.01 per share, of the registrant outstanding.

## T STAMP INC.

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### PART I. FINANCIAL INFORMATION

#### Item 1. Condensed Consolidated Financial Statements

##### T STAMP INC.

##### CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 2023	December 31, 2022	
	(unaudited)		
March 31, 2024		March 31, 2024	
			December 31, 2023

(unaudited)			
<b>ASSETS</b>			
<b>ASSETS</b>			
<b>ASSETS</b>			
Current Assets: Current Assets:			
Current Assets:			
Current Assets:			
Cash and cash equivalents	Cash and cash equivalents	\$ 3,182,503	\$ 1,254,494
Accounts receivable, net (includes unbilled receivables of \$21,319 and \$109,475 as of September 30, 2023 and December 31, 2022, respectively)	541,246	1,008,375	
Cash and cash equivalents			
Cash and cash equivalents			
Accounts receivable, net (includes unbilled receivables of \$14,208 and \$143,219 as of March 31, 2024 and December 31, 2023, respectively)			
Related party receivables	Related party receivables	31,050	31,446
Deferred financing cost			
Prepaid expenses and other current assets	Prepaid expenses and other current assets	545,201	580,086
<b>Total Current Assets</b>	<b>Total Current Assets</b>	<b>4,300,000</b>	<b>2,874,401</b>
Capitalized internal-use software, net	Capitalized internal-use software, net	1,461,601	1,418,672
Goodwill	Goodwill	1,248,664	1,248,664
Intangible assets, net	Intangible assets, net	214,698	251,686
Property and equipment, net	Property and equipment, net	60,549	300,664
Operating lease right-of-use assets	Operating lease right-of-use assets	164,854	315,765
Other assets	Other assets	22,508	2,066
<b>Total Assets</b>	<b>Total Assets</b>	<b>\$ 7,472,874</b>	<b>\$ 6,411,918</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
Current Liabilities: Current Liabilities:			
Current Liabilities:			
Accounts payable	Accounts payable	\$ 686,786	\$ 945,162
Related party payables	Related party payables	127,902	273,176

Accrued expenses	Accrued expenses	861,393	1,099,824
Deferred revenue	Deferred revenue	87,478	1,811,680
Income tax payable	Income tax payable	15,460	21,076
Short-term operating lease liabilities	Short-term operating lease liabilities	108,583	177,795
Short-term financial liabilities	Short-term financial liabilities	162,130	118,860
<b>Total Current Liabilities</b>	<b>Total Current Liabilities</b>	<u>2,049,732</u>	<u>4,447,573</u>
Warrant liabilities	Warrant liabilities	258,096	261,569
Notes payable, plus accrued interest of \$28,958 and \$16,458, on September 30, 2023 and December 31, 2022, respectively		903,832	886,465
Warrant liabilities			
Notes payable, including accrued interest of \$14,511 and \$40,317, as of March 31, 2024 and December 31, 2023, respectively			
Long-term operating lease liabilities	Long-term operating lease liabilities	31,785	102,407
<b>Long-term financial liabilities</b>		<u>—</u>	<u>88,760</u>
<b>Total Liabilities</b>	<b>Total Liabilities</b>	<u>3,243,445</u>	<u>5,786,774</u>
Commitments, Note 10	Commitments, Note 10		
Commitments, Note 10			
<b>Stockholders' Equity:</b>	<b>Stockholders' Equity:</b>		
Common stock \$0.01 par value, 50,000,000 shares authorized, 8,259,065 and 4,910,815 shares issued, and 8,244,492 and 4,854,302 outstanding at September 30, 2023 and December 31, 2022, respectively		82,445	48,543
Treasury stock, at cost: 14,573 and 56,513 shares held as of September 30, 2023 and December 31, 2022, respectively		—	—
<b>Stockholders' Equity:</b>			
Common stock \$0.01 par value, 50,000,000 shares authorized, 10,099,672 and 9,198,089 shares issued, and 10,099,672 and 9,143,355 outstanding at March 31, 2024 and December 31, 2023, respectively			
Common stock \$0.01 par value, 50,000,000 shares authorized, 10,099,672 and 9,198,089 shares issued, and 10,099,672 and 9,143,355 outstanding at March 31, 2024 and December 31, 2023, respectively			

Common stock \$0.01 par value, 50,000,000 shares authorized, 10,099,672 and 9,198,089 shares issued, and 10,099,672 and 9,143,355 outstanding at March 31, 2024 and December 31, 2023, respectively	
Treasury stock, at cost: 0 and 54,734 shares held as of March 31, 2024 and December 31, 2023, respectively	
Additional paid-in capital	Additional paid-in capital
	47,831,841
	39,496,183
Stockholders' notes receivable	—
	(18,547)
Accumulated other comprehensive income	Accumulated other comprehensive income
	206,410
	237,252
Accumulated deficit	Accumulated deficit
	(44,052,706)
	(39,299,726)
Total T Stamp Inc.	Total T Stamp Inc.
Stockholders'	
Equity	Equity
	4,067,990
	463,705
Non-controlling interest	Non-controlling interest
	161,439
	161,439
Total Stockholders'	Total Stockholders'
Equity	Equity
	4,229,429
	625,144
Total Liabilities and Stockholders'	Total
Equity	Liabilities and Stockholders'
	Equity
	\$ 7,472,874
	\$ 6,411,918

The accompanying notes to the **unaudited** condensed consolidated financial statements are an integral part of these statements.

T STAMP INC.							
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS							
(unaudited)							
		For the three months ended		For the nine months ended			
		September 30,		September 30,			
		2023		2023			
		For the three months ended				For the three months ended	
		March 31,				March 31,	
		2024				2024	
Net revenue	Net revenue	\$3,065,804	\$ 1,348,478	\$ 3,985,242	\$ 4,877,809		
Operating Expenses:	Operating Expenses:						
Cost of services (exclusive of depreciation and amortization shown separately below)							
Cost of services (exclusive of depreciation and amortization shown separately below)							

Cost of services (exclusive of depreciation and amortization shown separately below)	Cost of services (exclusive of depreciation and amortization shown separately below)	239,313	529,023	660,199	1,571,166
Research and development	Research and development	605,196	777,800	1,811,962	1,766,164
Selling, general, and administrative	Selling, general, and administrative	2,053,524	3,281,661	5,900,715	9,014,894
Depreciation and amortization	Depreciation and amortization	189,655	203,106	596,109	547,737
<b>Total Operating Expenses</b>	<b>Total Operating Expenses</b>	<b>3,087,688</b>	<b>4,791,590</b>	<b>8,968,985</b>	<b>12,899,961</b>
<b>Operating Loss</b>	<b>Operating Loss</b>	<b>(21,884)</b>	<b>(3,443,112)</b>	<b>(4,983,743)</b>	<b>(8,022,152)</b>
Non-Operating Income (Expense):	Non-Operating Income (Expense):				
Interest expense, net	Interest expense, net	(9,759)	(2,889)	(29,753)	(9,202)
Interest expense, net	Interest expense, net				
Change in fair value of warrant liability	Change in fair value of warrant liability	(2,142)	11,307	3,473	88,367
Impairment of digital assets	Impairment of digital assets	—	(1,260)	—	(25,144)
Other income	Other income	—	3,546	261,217	16,160
Other expense	Other expense	(1,377)	(7,484)	(4,174)	(102,269)
<b>Total Other Income (Expense), Net</b>	<b>Total Other Income (Expense), Net</b>	<b>(13,278)</b>	<b>3,220</b>	<b>230,763</b>	<b>(32,088)</b>
Net Loss before Taxes	Net Loss before Taxes	(35,162)	(3,439,892)	(4,752,980)	(8,054,240)
Income tax expense	Income tax expense	—	—	—	—
Net loss including non-controlling interest	Net loss including non-controlling interest	(35,162)	(3,439,892)	(4,752,980)	(8,054,240)
Net loss before non-controlling interest	Net loss before non-controlling interest	—	—	—	—
Net loss attributable to non-controlling interest	Net loss attributable to non-controlling interest	—	—	—	—
Net loss attributable to T Stamp Inc.	Net loss attributable to T Stamp Inc.	\$ (35,162)	\$ (3,439,892)	\$ (4,752,980)	\$ (8,054,240)

Basic and diluted net loss per share attributable to T Stamp Inc.	Basic and diluted net loss per share attributable to T Stamp Inc.	\$ (0.00)	\$ (0.75)	\$ (0.71)	\$ (1.75)		
Weighted- average shares used to compute basic and diluted net loss per share	Weighted- average shares used to compute basic and diluted net loss per share	8,155,617	4,693,465	6,658,205	4,632,683	Weighted-average shares used to compute basic and diluted net loss per share	10,111,993
							5,044,775

*The accompanying notes to the **unaudited** condensed consolidated financial statements are an integral part of these statements.*

<b>T STAMP INC.</b> CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS (unaudited)							
	For the three months ended		For the nine months ended				
	September 30,		September 30,				
	2023	2022	2023	2022			
	For the three months ended March 31,		For the three months ended March 31,				
	2024		2024				
Net loss including non-controlling interest	Net loss including non-controlling interest						
		\$(35,162)	\$(3,439,892)	\$(4,752,980)	\$(8,054,240)		
Other Comprehensive Income (Loss):	Other Comprehensive Income (Loss):						
Foreign currency translation adjustments	Foreign currency translation adjustments						
		18,204	(53,715)	(30,842)	(25,791)		
Total Other Comprehensive Income (Loss)	Total Other Comprehensive Income (Loss)						
		18,204	(53,715)	(30,842)	(25,791)		
Comprehensive loss	Comprehensive loss						
		(16,958)	(3,493,607)	(4,783,822)	(8,080,031)		
Comprehensive loss attributable to non-controlling interest	Comprehensive loss attributable to non-controlling interest						
		—	—	—	—		
Comprehensive loss attributable to T Stamp Inc.	Comprehensive loss attributable to T Stamp Inc.						
		\$(16,958)	\$(3,493,607)	\$(4,783,822)	\$(8,080,031)		

*The accompanying notes to the **unaudited** condensed consolidated financial statements are an integral part of these statements.*

**T STAMP INC.**

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CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY  
(unaudited)

FOR THE THREE MONTHS ENDED **SEPTEMBER 30, MARCH 31, 2024 AND 2023 AND 2022**

Accumulated											
Common Stock		Additional Paid-In Capital		Treasury Stock		Stockholders' Notes Receivable		Other Comprehensive Income		Non-controlling Interest	
	Shares	Amount		Shares	Amount		Amount	Income	Deficit		Total
<b>Balance, June 30, 2022</b>	4,657,147	\$46,571	<b>\$36,426,891</b>	56,513	\$ —	\$ (74,407)	\$ —	211,824	\$ (31,822,534)	\$ 161,439	\$ 4,949,784
<b>Common Stock</b>											
Shares											
<b>Balance, January 1, 2023</b>											
Exercise of options to common stock	933	9	6,491	—	—	—	—	—	—	—	6,500
<b>Issuance of common stock</b>	<b>194,750</b>	<b>1,948</b>	<b>802,404</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>804,352</b>
Issuance of common stock warrants	—	—	611,452	—	—	—	—	—	—	—	611,452
Issuance of common stock in relation to vested restricted stock units, to wholly owned subsidiary											
Conversion of treasury stock in relation to vested restricted stock units											
Reverse stock split											
Repayment of shareholders loan through in-kind services	—	—	—	—	—	27,930	—	—	—	—	27,930
<b>Stock-based compensation</b>	<b>—</b>	<b>—</b>	<b>850,801</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>850,801</b>
<b>Currency translation adjustment</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(53,715)</b>	<b>—</b>	<b>—</b>	<b>(53,715)</b>	
Net loss attributable to T Stamp Inc.	—	—	—	—	—	—	—	(3,439,892)	—	—	(3,439,892)
<b>Balance, September 30, 2022</b>	<b>4,852,830</b>	<b>\$48,528</b>	<b>\$38,698,039</b>	<b>56,513</b>	<b>\$ —</b>	<b>\$ (46,477)</b>	<b>\$ 158,109</b>	<b>\$ (35,262,426)</b>	<b>\$ 161,439</b>	<b>\$ 3,757,212</b>	
<b>Balance, March 31, 2023</b>											

		Accumulated																	
		Common Stock		Additional Paid-In		Treasury Stock		Stockholders' Notes		Other Receivable		Comprehensive Income		Accumulated Deficit		Non-controlling Interest		Total	
Balance, June 30, 2023		7,972,244	\$ 79,722	\$ 47,067,377	16,821	\$ —	\$ —	\$ 188,206	\$ (44,017,544)	\$ 161,439	\$ 3,479,200								
Exercise of warrants to common stock	Shares	270,000	2,700	618,300	—	—	—	—	—	—	621,000								
Issuance of common stock in relation to vested restricted stock units, to wholly owned subsidiary	Shares	2,248	23	(1,875)	(2,248)	—	—	—	—	—	(1,852)								
Stock-based compensation	Stock-based compensation	—	—	148,039	—	—	—	—	—	—	148,039								
Currency translation adjustment	Currency translation adjustment	—	—	—	—	—	—	18,204	—	—	18,204								
Net loss attributable to T Stamp Inc.	Net loss attributable to T Stamp Inc.	—	—	—	—	—	—	—	(35,162)	—	(35,162)								
Balance, September 30, 2023		8,244,492	\$ 82,445	\$ 47,831,841	14,573	\$ —	\$ —	\$ 206,410	\$ (44,052,706)	\$ 161,439	\$ 4,229,429								
Balance, March 31, 2024																			

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

**T STAMP INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
(unaudited)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022

	Accumulated																	
	Common Stock		Additional Paid-In		Treasury Stock		Stockholders' Notes		Other Receivable		Comprehensive Income		Accumulated Deficit		Non-controlling Interest		Total	
	Shares	Amount	Capital	Shares	Amount	Receivable	Income	Deficit	Interest	Total								
Balance, January 1, 2022		4,095,029	\$ 40,950	\$ 31,985,880	56,513	\$ —	\$ (130,267)	\$ 183,900	\$ (27,208,186)	\$ 161,439	\$ 5,033,716							
Exercise of warrants to common stock		490,490	4,905	3,378,857	—	—	—	—	—	—	3,383,762							
Exercise of options to common stock		13,004	130	77,962	—	—	—	—	—	—	78,092							

Issuance of common stock	210,836	2,108	1,005,682	—	—	—	—	—	—	—	1,007,790
Issuance of common stock warrants	—	—	667,290	—	—	—	—	—	—	—	667,290
Issuance of common stock in relation to vested restricted stock units, net of shares forfeited to satisfy taxes	43,471	435	(15,865)	—	—	—	—	—	—	—	(15,430)
Repayment of shareholders loan through in-kind services	—	—	—	—	—	83,790	—	—	—	—	83,790
Stock-based compensation	—	—	1,598,233	—	—	—	—	—	—	—	1,598,233
Currency translation adjustment	—	—	—	—	—	—	(25,791)	—	—	—	(25,791)
Net loss attributable to T Stamp Inc.	—	—	—	—	—	—	—	(8,054,240)	—	—	(8,054,240)
<b>Balance, September 30, 2022</b>	<b>4,852,830</b>	<b>\$ 48,528</b>	<b>\$ 38,698,039</b>	<b>56,513</b>	<b>\$ —</b>	<b>\$ (46,477)</b>	<b>\$ 158,109</b>	<b>\$ (35,262,426)</b>	<b>\$ 161,439</b>	<b>\$ 3,757,212</b>	

	Accumulated											
	Common Stock		Additional		Treasury Stock		Stockholders'		Other			
	Shares	Amount	Paid-In	Capital	Shares	Amount	Notes Receivable	Income	Comprehensive	Accumulated Deficit	Non-controlling Interest	Total
<b>Balance, January 1, 2023</b>	<b>4,854,302</b>	<b>\$ 48,543</b>	<b>\$ 39,496,183</b>		<b>56,513</b>	<b>\$ —</b>	<b>\$ (18,547)</b>	<b>\$ 237,252</b>	<b>\$ (39,299,726)</b>	<b>\$ 161,439</b>	<b>\$ 625,144</b>	
Exercise of warrants to common stock	1,823,250	18,233	604,321	—	—	—	—	—	—	—	—	622,554
Exercise of options to common stock	1,740	17	1,983	—	—	—	—	—	—	—	—	2,000
Issuance of common stock, prefunded warrants, and common stock warrants, net of fees	1,312,468	13,124	7,451,188	—	—	—	—	—	—	—	—	7,464,312
Issuance of common stock in relation to vested restricted stock units, to wholly owned subsidiary	247,973	2,480	(27,136)	(41,940)	—	—	—	—	—	—	—	(24,656)
Reverse stock split rounding	4,759	48	(48)	—	—	—	—	—	—	—	—	—
Repayment of shareholders loan through in-kind services	—	—	—	—	—	18,547	—	—	—	—	—	18,547
Stock-based compensation	—	—	305,350	—	—	—	—	—	—	—	—	305,350
Currency translation adjustment	—	—	—	—	—	—	(30,842)	—	—	—	—	(30,842)
Net loss attributable to T Stamp Inc.	—	—	—	—	—	—	—	—	(4,752,980)	—	—	(4,752,980)
<b>Balance, September 30, 2023</b>	<b>8,244,492</b>	<b>\$ 82,445</b>	<b>\$ 47,831,841</b>		<b>14,573</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 206,410</b>	<b>\$ (44,052,706)</b>	<b>\$ 161,439</b>	<b>\$ 4,229,429</b>	

*The accompanying notes to the **unaudited** condensed consolidated financial statements are an integral part of these statements.*

**T STAMP INC.**  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
(unaudited)

		For the nine months ended September 30,				
		2023	2022			
				For the three months ended		
				March 31,		
		2024	2024	2024	2023	
Cash flows from operating activities:	Cash flows from operating activities:					
Net loss attributable to T Stamp Inc.	Net loss attributable to T Stamp Inc.					
Net loss attributable to non-controlling interest	Net loss attributable to non-controlling interest	—	—			

Adjustments to reconcile net loss to cash flows used in operating activities:	Adjustments to reconcile net loss to cash flows used in operating activities:		
Depreciation and amortization	Depreciation and amortization	596,109	547,737
Depreciation and amortization			
Depreciation and amortization			
Stock-based compensation	Stock-based compensation	305,350	1,598,233
Change in fair value of warrant liability	Change in fair value of warrant liability	(3,473)	(88,367)
Repayment of shareholder loan through in-kind services	Repayment of shareholder loan through in-kind services	18,547	83,790
Impairment of assets			
Gain on sale of property and equipment			
Non-cash interest	Non-cash interest	28,958	—
Non-cash lease expense	Non-cash lease expense	151,001	—
Non-cash write off of mobile hardware	Non-cash write off of mobile hardware	(15,775)	—
Loss on retirement of equipment	Loss on retirement of equipment	17,589	—
Changes in assets and liabilities:	Changes in assets and liabilities:		
Accounts receivable	Accounts receivable	467,129	(46,737)
Accounts receivable			
Accounts receivable			
Related party receivables	Related party receivables	396	(18,183)
Prepaid expenses and other current assets	Prepaid expenses and other current assets	40,220	517,216
Deferred financing costs			
Other assets	Other assets	(20,442)	27,539

Accounts payable	Accounts payable	(258,376)	(23,309)
Accrued expense	Accrued expense	(238,431)	(147,602)
Related party payables	Related party payables	(145,274)	(93,690)
Deferred revenue	Deferred revenue	(1,724,202)	1,111,410
Income tax payable		(5,616)	—
Operating lease liabilities	Operating lease liabilities	(145,483)	—
Customer deposit liabilities		—	(280,108)
<b>Net cash flows from operating activities</b>	<b>Net cash flows from operating activities</b>		
		(5,884,123)	(4,841,167)
<b>Cash flows from investing activities:</b>	<b>Cash flows from investing activities:</b>		
Proceeds from sale of property and equipment		377,360	—
Capitalized internally developed software costs			
Capitalized internally developed software costs			
Capitalized internally developed software costs	Capitalized internally developed software costs	(478,338)	(589,282)
Patent application costs	Patent application costs	(78,169)	(103,419)
<b>Acquisition of Pixelpin intangible asset</b>	<b>—</b>	<b>13,362</b>	
Purchases of property and equipment	Purchases of property and equipment	(538)	(25,745)
Purchase of digital assets		—	(30,000)
<b>Net cash flows from investing activities</b>	<b>Net cash flows from investing activities</b>		
		(179,685)	(735,084)
<b>Cash flows from financing activities:</b>	<b>Cash flows from financing activities:</b>		
Proceeds from common stock, prefunded warrants, and common stock warrants, net of fees		7,464,312	1,007,790
Proceeds from exercise of warrants to common stock		622,554	3,385,935
Proceeds from exercise of options to common stock			
Proceeds from exercise of options to common stock			

Proceeds from exercise of options to common stock	Proceeds from exercise of options to common stock	2,000	78,092
Forfeited common stock shares to satisfy taxes	Forfeited common stock shares to satisfy taxes	(24,656)	—
Proceeds from issuance of common stock warrants		—	667,290
Principal payments on financial liabilities	Principal payments on financial liabilities	(29,715)	(59,815)
<b>Net cash flows from financing activities</b>	<b>Net cash flows from financing activities</b>	<b>\$ 8,034,495</b>	<b>\$ 5,079,292</b>
Effect of foreign currency translation on cash	Effect of foreign currency translation on cash	(42,678)	(48,145)
<b>Net change in cash and cash equivalents</b>	<b>Net change in cash and cash equivalents</b>	<b>1,928,009</b>	<b>(545,104)</b>
Cash and cash equivalents, beginning of period	Cash and cash equivalents, beginning of period	1,254,494	3,475,695
<b>Cash and cash equivalents, end of period</b>	<b>Cash and cash equivalents, end of period</b>	<b>\$ 3,182,503</b>	<b>\$ 2,930,591</b>

**T STAMP INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(unaudited)

<b>Supplemental disclosure of cash flow information:</b>			
Cash paid during the period for interest		\$ 580	\$ 8
<b>Supplemental disclosure of non-cash activities:</b>			
Adjustment to operating lease right-of-use assets related to renewed leases		\$ 82,185	\$ —
Adjustment to operating lease right-of-use assets related to terminated leases		\$ 82,095	\$ —
Adjustment to operating lease operating lease liabilities related to renewed leases		\$ 83,298	\$ —
Adjustment to operating lease liabilities related to terminated leases		\$ 77,648	\$ —
Prepaid rent expense reclassified upon termination of leases		\$ 5,335	\$ —
Property and equipment acquired under financial liability		\$ —	\$ 297,150
<b>Supplemental disclosure of cash flow information:</b>			
Cash paid during the period for interest		\$ —	\$ 570
<b>Supplemental disclosure of non-cash activities:</b>			
Adjustment to operating lease right-of-use assets related to renewed leases		\$ 61,169	\$ —
Adjustment to operating lease operating lease liabilities related to renewed leases		\$ 60,749	\$ —
Adjustment to operating lease right-of-use assets related to terminated leases		\$ —	\$ 82,982
Adjustment to operating lease liabilities related to terminated leases		\$ —	\$ 77,648
Prepaid rent expense reclassified upon termination of leases		\$ —	\$ 5,335

**T STAMP INC.**  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(unaudited)

**1. Description of Business, and Summary of Significant Accounting Policies, And and Going Concern**

**Description of Business** — T Stamp Inc. was incorporated on April 11, 2016 in the State of Delaware. T Stamp Inc. and its subsidiaries ("Trust Stamp", "we", "us", "our" or the "Company") develops and markets identity authentication software solutions for enterprise and government partners and peer-to-peer markets.

Trust Stamp develops proprietary artificial intelligence-powered solutions, researching and leveraging machine learning, artificial intelligence, biometric science, cryptography, and data mining, to deliver insightful identity and trust predictions that identify and defend against fraudulent identity attacks, protect sensitive user information, and extend the reach of digital services through global accessibility. We utilize the power and agility of technologies such as GPU processing, edge-computing, neural networks, and large language models to process and protect data faster and more effectively than has ever previously been possible in order to deliver results at a disruptively low cost for usage across multiple industries, including:

- Banking/FinTech
- KYC/AML Compliance
- Humanitarian and Development Services
- Government and Law Enforcement, including Alternative to Detention programs
- Cryptocurrency and Digital Assets
- Biometrically Secured Email and Digital Communications
- P2P Transactions, Social Media, and Sharing Economy
- Real Estate, Travel, and Healthcare

**Reverse Split** — On February 15, 2023 our Board of Directors approved and, as of February 20, 2023, the holders of a majority of our voting capital stock approved an amendment (the "Certificate of Amendment") to the Company's Amended and Restated Certificate of Incorporation and approved to effect a reverse split of our issued and outstanding shares of Class A Common Stock at a ratio of one share for every five shares currently held, rounded up to the nearest whole share – whereby every five (5) outstanding shares of Class A Common Stock was combined and became one (1) share of Class A Common Stock, rounding up to the nearest whole number of shares (the "Reverse Split"). All share and per share amounts have been updated to reflect the Reverse Split in these unaudited condensed consolidated financial statements have been retroactively restated to reflect the Reverse Split statements. The Reverse Split was effective for trading on the market opening of Nasdaq on March 23, 2023. The Reverse Stock Split effective March 23, 2023, was ratified by the Company's stockholders by written consent pursuant to a definitive proxy statement filed with the Securities and Exchange Commission on April 13, 2023. Written consent from the majority of stockholders was received as of May 13, 2023.

**Amended and Restated Certificate of Incorporation** — On July 6, 2023, the Company received confirmation of the acceptance of its Third Amended and Restated Certificate of Incorporation (the "Third Restated Certificate") from the Secretary of State of Delaware. The Third Restated Certificate was approved by the Company's stockholders by written consent pursuant to a definitive proxy statement filed with the Securities and Exchange Commission on April 13, 2023. Written consent from the majority of stockholders was received as of May 13, 2023. The Third Restated Certificate maintained the 50,000,000 authorized shares of Common Stock and eliminated the authorized Preferred Stock. The Third Restated Certificate also created a classified Board of Directors of the Company with three classes of directors who will stand for election in staggered years.

**Going Concern** — The accompanying unaudited condensed consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company is a business that has not yet generated profits, with a **Net net** loss in the **nine** **three** months ended **September 30, 2023** **March 31, 2024** of **\$4.75 million** **\$2.68 million**, negative **Net net** operating cash outflows of **\$5.88 million** **\$2.16 million** for the same period, working capital of **\$2.25 million** **\$(0.36) million** and an **Accumulated accumulated** deficit of **\$44.05 million** **\$53.53 million** as of **September 30, 2023** **March 31, 2024**.

The Company's ability to continue as a going concern in the next twelve months following the date the unaudited condensed consolidated financial statements were available to be issued is dependent upon its ability to produce revenues and/or obtain financing sufficient to meet current and future obligations and deploy such to produce profitable operating results. Management has evaluated these conditions and plans to generate revenue and raise capital as needed to satisfy the Company's capital needs. While the negotiation of significant additional revenue is well advanced, it has not reached a stage that allows it to be factored into a going concern evaluation. In addition, although the Company has previously been successful in raising capital as needed and has already made plans to do so as well as restructuring expenses to meet the Company's cash needs, no assurance can be given that the Company will be successful in its capital raising efforts. These factors, among others, raise substantial doubt about the ability of the Company to continue as a going concern for a reasonable period.

On April 1, 2024, the Company entered into a Securities Purchase Agreement (the "SPA") with the Selling Stockholder. On April 3, 2024 the transaction contemplated by the SPA occurred pursuant to the terms of the SPA, the Selling Stockholder agreed, at the closing of the SPA and upon the terms and subject to the conditions set forth in the SPA, to purchase from the Company 499,990 shares of Class A Common Stock, par value \$0.01 of the Company, and pre-funded warrants to purchase 1,500,010 shares of Class A Common Stock of the Company at a purchase price of \$0.968 per share ("Warrant A") for a total purchase price of \$1,936,000. The Company paid offering costs of \$220,520 resulting in net proceeds of \$1,715,480.

Additionally, pursuant to the SPA, as additional consideration for the share and Warrant A purchase described above, the Company agreed to issue to the Selling Stockholder a stock purchase warrant for the purchase of 2,000,000 shares of the Company's Class A Common Stock at an exercise price of \$0.968 per share ("Warrant B"), and a stock purchase warrant for the purchase of 1,600,000 shares of the Company's Class A Common Stock at an exercise price of \$1.060 per share ("Warrant C").

**Basis of Presentation** — The accompanying unaudited condensed consolidated financial statements have been prepared in conformity with US Generally Accepted Accounting Principles ("US GAAP") and pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (the "SEC"). The accompanying unaudited condensed consolidated financial statements have been prepared on a basis which assumes that the Company will continue as a going concern, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business.

**Unaudited Interim Results** — These unaudited condensed consolidated financial statements and accompanying notes have been prepared in accordance with U.S. GAAP, pursuant to the applicable rules and regulations of the Securities and Exchange Commission ("SEC") regarding interim financial reporting. In management's opinion, these unaudited condensed consolidated financial statements and accompanying notes have been prepared on the same basis as the annual consolidated financial statements and reflect all the adjustments, which include only normal recurring adjustments necessary for the fair statement of the Company's financial position as of September 30, 2023, the results of operations for the nine months ended September 30, 2023 and 2022, and cash flows for the nine months ended September 30, 2023 and 2022. Certain information and note disclosures have been condensed or omitted pursuant to such rules and regulations. The accompanying unaudited condensed consolidated balance sheet as of September 30, 2023 was derived from the audited consolidated financial statements as of that December 31, 2022 but does not include all of the disclosures required by U.S. GAAP. The results of operations for the nine months ended September 30, 2023 are not necessarily indicative of the results to be expected for the full year or any other future interim or annual period.

These unaudited condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and accompanying notes for the year ended December 31, 2022 included in the Company's Annual Report. The Company's significant accounting policies are described in Note 1 to those audited consolidated financial statements.

**Basis of Consolidation** — The accompanying unaudited condensed consolidated financial statements reflect the activity of the Company and its subsidiaries, Trusted Mail Inc. ("Trusted Mail"), Finnovation LLC ("Finnovation"), Trust Stamp Malta Limited ("Trust Stamp Malta"), AIID Payments Limited, Biometric Innovations Limited ("Biometrics"), Trust Stamp Rwanda Limited, Metapresence Limited, Trust Stamp Denmark ApS, Quantum Foundation, and Trust Stamp Denmark ApS. Nigeria Limited. All significant intercompany transactions and accounts have been eliminated.

On February 28, 2023, the Company received the Certificate of Termination from the State of Georgia, which represents the completion of administratively dissolving T Avatar LLC. As there were no operations established under the entity, there is a limited impact to Trust Stamp. The dissolution of T Avatar LLC was effective February 28, 2023.

On June 2, 2023, the Company received the termination resolution from the Polish National Court Register, which represents the completion of administratively dissolving Sunflower AI Technologies ("SAIT"). As there were no operations established under the entity, there is a limited impact to Trust Stamp. The dissolution of SAIT was effective May 10, 2023.

Further, we continue to consolidate Tstamp Incentive Holdings ("TSIH") which we consider to be a variable interest entity.

In the opinion of management, these financial statements reflect all adjustments necessary (which adjustments are of a normal and recurring nature) for the fair presentation of the Company's financial position as of March 31, 2024 and December 31, 2023, and the results of operations for the three months ended March 31, 2024 and 2023. The results of operations for the three months ended March 31, 2024 are not necessarily indicative of results expected for the full year. Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been omitted pursuant to the rules and regulations of the SEC. These unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes to consolidated financial statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2023. The accounting policies employed are substantially the same as those shown in note 1 of the notes to consolidated financial statements included therein.

**Variable Interest Entity** — On April 9, 2019, management created a new entity, TSIH. Furthermore, on April 25, 2019, the Company issued 320,513 shares of Class A Common Stock to TSIH, for the purpose of providing a pool of shares of Class A Common Stock of the Company that the Company's Board of Directors (the "Board") could use for employee stock awards and were recorded initially as Treasury stock. Since establishing TSIH, 264,000 shares were transferred to various employees as a stock award that were earned and outstanding. On February 15, 2023, Trust Stamp issued 206,033 shares of Class A Common Stock to TSIH to be used to satisfy vested employee stock awards. As of September 30, 2023 March 31, 2024, no shares of Class A Common Stock are held by TSIH held 14,573 Treasury stock earmarked for future as all shares have been issued pursuant to employee RSU bonuses. Restricted Stock Units.

The Company does not own any of the shares of Class A Common Stock of the Company held by TSIH. The Company considers this entity to be a variable interest entity ("VIE") because it is thinly capitalized and holds no cash. Because the Company does not own shares in TSIH, management believes that this gives the Company a variable interest. Further, management of the Company also acts as management of TSIH and is the decision-maker as management grants shares held by TSIH to employees of the Company. As this VIE owns only shares in the Company and no other liabilities or assets, the Company is the primary beneficiary of TSIH and will consolidate the VIE.

**Use of Estimates** — The preparation of the unaudited condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the unaudited condensed consolidated financial statements and accompanying notes. Actual results could differ materially from these estimates. On an ongoing basis, the Company evaluates their estimates that include, but are not limited to, percentage of completion related to revenue contracts that are not fully complete at the end of a fiscal quarter, capitalization and estimated useful life of internal-use software, the allowance for doubtful accounts, the fair value of financial assets and liabilities, the recoverability of Goodwill, stock-based compensation including the determination of the fair value of our common stock, impairment of long-lived assets, the valuation of deferred tax assets and uncertain tax positions, and warrant liabilities. We base our estimates on assumptions, both historical and forward-looking trends, and various other assumptions that are believed to be reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities.

**Segment Information** — The Company has a single operating and reportable segment. The Company's chief operating decision maker is its Chief Executive Officer, who reviews financial information presented on a consolidated basis for purposes of making operating decisions, assessing financial performance, and allocating resources.

**Risks and Uncertainties** — The Company is dependent upon additional capital resources for its planned full-scale operations, and is subject to significant risks and uncertainties, including failing to secure funding to continue to operationalize the Company's plans or failing to profitably operate the business.

**Major Customers and Concentration of Risks** — Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of Cash and cash equivalents, and Accounts receivable. We maintain our Cash and cash equivalents with high-quality financial institutions, mainly in the United States; the composition of which are regularly monitored by us. The Federal Deposit Insurance Corporation covers \$250 thousand \$250,000 for substantially all depository accounts. The Company from time to time may have amounts on deposit in excess of the insured limits. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the Company had \$2.60 million \$318,923 and \$71 thousand \$2,620,765 in U.S. bank accounts, respectively, which exceeded these insured amounts. Management believes minimal credit risk exists with respect to these financial institutions and the Company has not experienced any losses on such amounts.

For Accounts receivable, we are exposed to credit risk in the event of nonpayment by customers to the extent the amounts are recorded in the **unaudited condensed** consolidated balance sheets. We extend different levels of credit and maintain reserves for potential credit losses based upon the expected collectability of Accounts receivable. We manage credit risk related to our customers by performing periodic evaluations of credit worthiness and applying other credit risk monitoring procedures.

Three customers represented 92.66% 91.01% or 48.36% 40.51%, 38.12% 37.58%, and 6.18% 12.92% of the balance of total Accounts receivable as of September 30, 2023 March 31, 2024 and three customers represented 95.37% 91.11% or 36.90% 53.55%, 32.69% 30.43%, and 25.78% 7.13% of the balance of total Accounts receivable as of December 31, 2022 December 31, 2023. The Company seeks to mitigate its credit risk with respect to Accounts receivable by contracting with large commercial customers and government agencies, and regularly monitoring the aging of Accounts receivable balances. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the Company had not experienced any significant losses on its Accounts receivable.

During the three months ended September 30, 2023 March 31, 2024, the Company sold to primarily three customers which made up approximately 95.85% 94.63% of total Net revenue, and consisted of 81.87% 58.08%, 7.91% 27.38%, and 6.07% 9.17% from IGS, Mastercard, and an S&P 500 Bank, Mastercard and Triton, respectively.

Additionally, during the three months ended September 30, 2022 March 31, 2023, the Company sold to primarily three customers which made up approximately 95.11% of total Net revenue, and consisted of 62.56%, 17.84%, and 14.71% from ICE, an S&P 500 Bank, and Mastercard.

During the nine months ended September 30, 2023, the Company sold to primarily three customers which made up approximately 90.53% 78.77% of total Net revenue, and consisted of 62.98% 40.14%, 14.95% 25.08%, and 12.60% 13.55% from IGS, an S&P 500 Bank, Mastercard, and Mastercard, respectively.

Additionally, during the nine months ended September 30, 2022, the Company sold to primarily three customers which made up approximately 94.56% of total Net revenue, and consisted of 67.36%, 16.22%, and 10.98% from ICE, an S&P 500 Bank, and Mastercard.

**Foreign Currencies** — The functional currencies of the Company's foreign subsidiaries are the local currencies. For those subsidiaries, the assets and liabilities are translated into U.S. dollars at the exchange rate method at the **unaudited condensed** consolidated balance sheet date. The Company's other comprehensive (loss) is comprised of foreign currency translation adjustments related to the Company's foreign subsidiaries. Income and expenses are translated at the average exchange rates for the period. Foreign currency transaction gains and losses are included in Other income or Other expense in the **unaudited condensed** consolidated statements of operations.

**Cash and Cash Equivalents** — Cash and cash equivalents consist of cash in banks and bank deposits. The Company considers all highly liquid instruments purchased with an original maturity of three months or less when purchased as cash equivalents.

**Accounts Receivable and Allowance for Credit Losses** — Accounts receivable are recorded at the invoiced amount, net of an allowance for credit losses, if any. The Company's trade receivables primarily arise from the sale of our products to customers through contracts for software licenses and subscriptions, software usage, web hosting fees, and software development with payment terms of 60 days. The Company evaluates the credit risk of a customer when extending credit based on a combination of various financial and qualitative factors that may affect the customers' ability to pay. These factors include the customers' financial condition and past payment experience.

The Company maintains an allowance for credit losses, which represents an estimate of expected losses over the remaining contractual life of its receivables considering current market conditions and estimates for supportable forecasts when appropriate. The Company measures expected credit losses on its trade receivables on an customer basis. The estimate of expected credit losses considers any historical losses, delinquency trends, collection experience, and/or economic risk where appropriate. Additionally, management develops a specific allowance for trade receivables known to have a high risk of expected future credit loss.

The Company has historically experienced immaterial write-offs given the nature of the customers and contracts. As of September 30, 2023, the Company had gross receivables of \$549 thousand and an allowance for credit losses of \$8 thousand. As of December 31, 2022, the Company had gross receivables of \$1.01 million and no allowance for credit losses.

As of September 30, 2023 and December 31, 2022, Accounts receivable includes unbilled receivables of \$21 thousand and \$109 thousand, FIS, respectively.

**Property and Equipment, Net** — Property and equipment, net is stated at cost less accumulated depreciation. Depreciation is recognized using the straight-line method over the estimated useful lives of the respective assets. Maintenance and repairs that do not improve or extend the useful lives of the assets are expensed when incurred, whereas additions and major improvements are capitalized. Upon sale or retirement of assets, the cost and related accumulated depreciation are derecognized from the **unaudited condensed** consolidated balance sheet and any resulting gain or loss is recorded in the **unaudited condensed** consolidated statements of operations in the period realized.

**Capitalized Internal-Use Software, Net** — Costs related to software acquired, developed, or modified solely to meet our internal requirements, with no substantive plans to market such software at the time of development are capitalized. The Company capitalizes eligible costs to develop internal-use software that are incurred subsequent to the preliminary project stage through the development stage. These costs consist of personnel costs (including related benefits and stock-based compensation) that are incurred during the application development stage. Costs incurred during the preliminary project stage and during the post-implementation operational stage are expensed as incurred. Maintenance costs are expensed as incurred. The estimated useful life of costs capitalized is evaluated for each specific project that is generally five years. Actual economic lives may differ from estimated useful lives. Periodic reviews could result in a change in estimated useful lives and therefore changes in amortization expense in future periods.

**Accounting for Impairment of Long-Lived Assets** — Long-lived assets with finite lives include Property and equipment, net, Capitalized internal-use software, Operating lease right-of-use assets, and Intangible assets, net subject to amortization. The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. Recoverability of assets held and used is measured by comparison of the carrying amount of an asset or an asset group to estimated undiscounted future net cash flows expected to be generated by the asset or asset group. If the carrying amount of an asset exceeds these estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the assets exceeds the fair value of the asset or asset group. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

The Company determined that as of September 30, 2023, \$17 thousand of Capitalized internal-use software was impaired. The impaired Capitalized internal-use software was expensed during the nine months ended September 30, 2023. As of December 31, 2022, the Company determined that no long-lived assets with finite lives were impaired. As of December 31, 2023, the Company determined that \$19 thousand of Capitalized internal-use software and \$12 thousand of Intangible assets was impaired. The impaired Capitalized internal-use software was expensed to Research and development during the year ended December 31, 2023.

**Goodwill** — Goodwill is accounted for in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 350, *Intangibles—Goodwill and Other*. The Company allocates the cost of an acquired business to the assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition. The excess of the purchase consideration transferred over the fair value of the net assets acquired, including other Intangible assets, net, is recorded as Goodwill. Goodwill is tested for impairment at the reporting unit level at least quarterly or more frequently when events or circumstances occur that indicate that it is more likely than not that an impairment has occurred. In assessing Goodwill for impairment, the Company first assesses qualitative factors to determine whether it is necessary to perform the quantitative goodwill impairment test. In the qualitative assessment, the Company considers factors including economic conditions, industry and market conditions and developments, overall financial performance and other relevant entity-specific events in determining whether it is more likely than not that the fair value of the reporting unit is less than the carrying amount. Should the Company conclude that it is more likely than not that the recorded Goodwill amounts have been impaired, the Company would perform the impairment test. Goodwill impairment exists when a reporting unit's carrying value exceeds its fair value. Significant judgment is applied when Goodwill is assessed for impairment. There were no impairment charges to Goodwill during the nine months ended September 30, 2023 and year ended December 31, 2022.

**Fair Value of Assets and Liabilities** — The Company follows the relevant U.S. GAAP guidance regarding the determination and measurement of the fair value of assets/liabilities; in which fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction valuation hierarchy which requires an entity to maximize the use of observable inputs when measuring fair value. The guidance describes the following three levels of inputs that may be used in the methodology to measure fair value:

Level 1 – Quoted prices available in active markets for identical investments as of the reporting date;

Level 2 – Inputs other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date; and

Level 3 – Unobservable inputs, which are to be used in situations where there is little or no market activity for the asset or liability March 31, 2024 and wherein the reporting entity makes estimates and assumptions related to the pricing of the asset or liability including assumptions regarding risk. December 31, 2023.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The estimated fair values of Cash and cash equivalents, Accounts receivable, Related party receivables, Prepaid expenses and other current assets, Other assets, Accounts payable, Related party payables, Accrued expenses, Deferred revenue, Customer deposit liabilities, and Notes payable approximate their carrying values. The fair values of warrant liabilities issued in connection with equity or debt issuance are determined using the Black-Scholes valuation model, a "Level 3" fair value measurement, based on the estimated fair value of the underlying common stock, volatility based on the historical volatility data of similar companies, considering the industry, products and market capitalization of such other entities, the expected life based on the remaining contractual term of the conversion option and warrant liabilities and the risk free interest rate based on the implied yield available on U.S. Treasury Securities with a maturity equivalent to the warrant liability's contractual life. The Company accounts for its financial assets and liabilities at fair value regularly. The Company evaluates the fair value of its non-financial assets and liabilities on a nonrecurring basis.

**Revenue Recognition** — The Company derives its revenue primarily from professional services. Revenue is recognized upon transfer of control of promised products and services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. If the consideration promised in a contract includes a variable amount, the Company includes an estimate of the amount it expects to receive or the total transaction price if it is probable that a significant reversal of cumulative revenue recognized will not occur. The Company determines the amount of revenue to be recognized through the application of the following steps:

- Identification of the contract, or contracts 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 Company satisfies the performance obligations.

At contract inception, the Company will assess the services agreed upon within each contract and assess whether each service is distinct and determine those that are performance obligations. The Company then recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied. In general, each contract with a customer consists of a single performance obligation to perform services in which revenue is recognized when the service has been delivered.

**Remaining Performance Obligations** — The Company's arrangements with its customers often have terms that span over multiple years. However, the Company generally allows its customers to terminate contracts for convenience prior to the end of the stated term with less than twelve months' notice. Revenue allocated to remaining performance obligations represents non-cancelable contracted revenue that has not yet been recognized, which includes deferred revenue and, in certain instances, amounts that will be invoiced. The Company has elected the practical expedient allowing the Company to not disclose remaining performance obligations for contracts with original terms of twelve months or less. Cancellable contracted revenue, which includes customer deposit liabilities, is not considered a remaining performance obligation. As of **September 30, 2023**, **March 31, 2024** and **December 31, 2022** **December 31, 2023**, the Company did not have any related performance obligations for contracts with terms exceeding twelve months.

#### Disaggregation of Revenue

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Professional services (over time)	\$ 2,990,804	\$ 566,413	\$ 3,760,242	\$ 3,970,744
Termination expense reimbursement (one time)	—	719,565	—	719,565
License fees (over time)	75,000	62,500	225,000	187,500
<b>Total Revenue</b>	<b>\$ 3,065,804</b>	<b>\$ 1,348,478</b>	<b>\$ 3,985,242</b>	<b>\$ 4,877,809</b>

**Contract Balances** — The timing of customer billing and payment relative to the start of the service period varies from contract to contract; however, the Company bills many of its customers in advance of the provision of services under its contracts, resulting in liabilities consisting of either deferred revenue (a "contract liability") or customer deposit liabilities. Deferred revenue represents billings under non-cancelable contracts before the related product or service is transferred to the customer. Such amounts are recognized by the Company over the life of the contract upon meeting the revenue recognition criteria, but generally within one year. Customer deposit liabilities consist of billings or payments received in advance of the start of the contractual term or for anticipated revenue-generating activities for the portion of a contract term that is subject to cancellation for convenience. Certain of the Company's arrangements generally include terms that allow the customer to terminate the contract for convenience and receive a refund of the amount of the customer deposit for the percentage of the work not performed prior to the notice of termination. In these arrangements, the Company concluded there are no enforceable rights and obligations after such notice period and therefore, the consideration received or due from the customer that is subject to termination for convenience is recorded as customer deposit liabilities.

The payment terms and conditions vary by contract; however, the Company's terms generally require payment within 30 to 60 days from the invoice date. In instances where the timing of revenue recognition differs from the timing of payment, the Company elected to apply the practical expedient in accordance with ASC 606 to not adjust contract consideration for the effects of a significant financing component as the Company expects, at contract inception, that the period between when promised goods and services are transferred to the customer and when the customer pays for those goods and services will be one year or less. As such, the Company determined its contracts do not generally contain a significant financing component.

**Costs to Obtain and Fulfill Contracts** — Incremental costs of obtaining a contract include only those costs that are directly related to the acquisition of contracts, including sales commissions, and that would not have been incurred if the contract had not been obtained. In alignment with ASC 340, Other Assets and Deferred Costs ("ASC 340"), the Company recognizes an asset for the incremental costs of obtaining a contract with a customer if we expect to recover the costs. The Company elected to apply the practical expedient in accordance with ASC 340 which allows the Company to expense commissions as incurred when the contract term is twelve months or less in total. Costs to obtain contracts and costs to fulfill contracts were not material in the periods presented.

**Warrants** — The Company accounts for stock warrants as either equity instruments, derivative liabilities, or liabilities in accordance with ASC 480, Distinguishing Liabilities from Equity ("ASC 480") and ASC 815, Derivatives and Hedging ("ASC 815"), depending on the specific terms of the warrant agreement.

**Cost of Services Provided** — Cost of services generally consists of the cost of hosting fees, materials, and cost of labor associated with professional services rendered. Depreciation and amortization expense is not included in Cost of services.

**Research and Development** — Research and development costs are expensed as incurred and consist primarily of personnel costs such as salaries and benefits and relate primarily to time spent during the preliminary project stage, post implementation maintenance, bug fixes associated with Capitalized internal-use software activities, and front-end application development in which technological feasibility has not been established. Depreciation and amortization expense is not included in Research and development.

**Advertising** — Advertising costs are expensed as incurred. Advertising and marketing expense totaled \$100 thousand and \$50 thousand for the three months ended September 30, 2023 and 2022, respectively, and \$207 thousand and \$173 thousand for the nine months ended September 30, 2023 and 2022, respectively.

**Stock-Based Compensation** — The Company accounts for its stock-based compensation arrangements at fair value. Fair value of each stock-based award is estimated on the date of grant using either the Black-Scholes-Merton Model for stock options granted or using the fair value of a common stock for stock grants and restricted stock units. The Black-Scholes-Merton option-pricing model requires the input of highly subjective assumptions, including the fair value of the underlying common shares, the expected term of the share option, the expected volatility of the price of our common shares, risk-free interest rates, and the expected dividend yield of common shares. The assumptions used to determine the fair value of the option awards represent management's best estimates. These estimates involve inherent uncertainties and the application of management's judgment. The calculated fair value is recognized as expense over the requisite service period using the straight-line method. Forfeitures are accounted for in the period in which they occur. Trust Stamp offers the indirect repurchase of shares through a net-settlement feature upon the vesting of RSU awards to satisfy minimum statutory tax-withholding requirements for the recipient.

**Income Taxes** — The Company records income tax provisions for the anticipated tax consequences of the reported results of operations using the asset and liability method. Under this method, the Company recognizes deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts for

financial reporting purposes and the tax bases of assets and liabilities, as well as for loss and tax credit carryforwards. The deferred assets and liabilities are measured using the statutorily enacted tax rates anticipated to be in effect when those tax assets and liabilities are expected to be realized or settled. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in the period that includes the enactment date.

A valuation allowance is established if, based upon the available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. The Company considers all available evidence, both positive and negative, including historical levels of income, expectations and risks associated with estimates of future taxable income in assessing the need for a valuation allowance.

The Company's tax positions are subject to income tax audits by multiple tax jurisdictions. The Company recognizes the tax benefit of an uncertain tax position only if it is more likely than not the position will be sustainable upon examination by the taxing authority, including resolution of any related appeals or litigation processes. This evaluation is based on all available evidence and assumes that the tax authorities have full knowledge of all relevant information concerning the tax position. The tax benefit recognized is measured as the largest amount of benefit which is more likely than not (greater than 50% likely) to be realized upon ultimate settlement with the taxing authority. The Company recognizes interest accrued and penalties related to unrecognized tax benefits in Income tax expense. The Company adjusts these reserves in accordance with the income tax guidance when facts and circumstances change, such as the closing of a tax audit or the refinement of an estimate. To the extent that the final tax outcome of these matters is different from the amounts recorded, such differences may affect the provision for income taxes in the period in which such determination is made and could have a material impact on the Company's financial condition and operating results.

The Company computes its tax provision for interim periods by applying the estimated annual effective tax rate to year-to-date pre-tax income from recurring operations and adjusting for discrete tax items arising in that quarter. There were no discrete items that impacted the effective tax rate for the three and nine months ended September 30, 2023 and September 30, 2022, respectively. The rate remained consistent over the period due to the full valuation allowance recorded in the period.

The Company had an effective tax rate of 0% for the three and nine months ended September 30, 2023 and 2022, respectively. The Company has incurred U.S. operating losses and has minimal profits in foreign jurisdictions.

Deferred tax assets are reduced by a valuation allowance if it is more likely than not that some portion or all of a deferred tax asset will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences are deductible. In making this determination, management considers all available positive and negative evidence affecting specific deferred tax assets, including the Company's past and anticipated future performance, the reversal of deferred tax liabilities, the length of carry-back and carry-forward periods, and the implementation of tax planning strategies.

The Company had no unrecognized tax benefits as of September 30, 2023 and December 31, 2022.

It is the Company's policy to recognize interest and penalties related to income tax matters in Income tax expense. The Company has not accrued any penalties related to uncertain tax positions due to offsetting tax attributes as of September 30, 2023 and December 31, 2022.

The Company files U.S. federal, state, and foreign income tax returns in jurisdictions with varying statutes of limitation. The only material jurisdiction where the Company is subject to potential examination by tax authorities is the U.S. (federal and state) for tax years 2020 through 2022.

**Leases** — The Company determines if a contract is a lease or contains a lease at the inception of the contract in accordance with ASC 842. All leases are assessed for classification as an operating lease or a finance lease. The lease term begins on the commencement date, the date the Company takes possession of the property, and the commencement date is used to calculate straight-line expense for operating leases. The lease may include options to extend or terminate the lease. When it is reasonably certain that the option will be exercised, the Company reassess our conclusions to account for the modified contract.

Operating lease right-of-use assets represent the Company's right to use an underlying asset during a lease term and are included in non-current assets on our unaudited condensed consolidated balance sheet. Operating lease liabilities represent the Company's obligation to make lease payments arising from the lease. Operating lease liabilities are divided into two classifications on our unaudited condensed consolidated balance sheet as a current liability, Short-term operating lease liabilities, and a non-current liability, Long-term operating lease liabilities. The Company does not have any finance lease right-of-use assets or finance lease liabilities.

The Company's operating lease liabilities are recognized at the applicable lease commencement date based on the present value of the lease payments required to be paid over the lease term. The interest rate implicit in the lease is not readily determinable, therefore, the Company uses an estimated incremental borrowing rate to discount the lease payments to present value. The estimated incremental borrowing rate is derived from information available at the lease commencement date. The Company's Operating lease right-of-use assets are also recognized at the applicable lease commencement date. The Operating lease right-of-use asset equals the carrying amount of the related operating lease liability, adjusted for any lease payments made prior to lease commencement and lease incentives provided by the lessor. Variable lease payments are expensed as incurred and do not factor into the measurement of the applicable Operating lease right-of-use asset or operating lease liability.

The term of our leases equals the non-cancellable period of the lease, including any rent-free periods provided by the lessor, and also include options to renew or extend the lease (including by not terminating the lease) that we are reasonably certain to exercise. We establish the term of each lease at lease commencement and reassess that term in subsequent periods if a triggering event occurs. Operating lease cost for lease payments is recognized on a straight-line basis over the lease term.

Some lease contracts include lease and non-lease components. Trust Stamp elected the practical expedient offered by ASC 842 to not separate the lease components from non-lease components. As a result, the Company accounts for leases as a single lease component.

In addition, the Company elected not to recognize right-of-use assets and lease liabilities for leases term of twelve months or less. The short-term lease expenses are recognized on a straight-line basis over the lease term.

**Commitments and Contingencies** — Liabilities for loss contingencies arising from claims, disputes, legal proceedings, fines and penalties, and other sources are recorded when it is probable that a liability has been or will be incurred and the amount of the liability can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred. Recoveries of such legal costs from insurance policies are recorded as an offset to legal expenses in the period they are received.

**Treasury Stock** — Repurchased treasury stock is recorded at cost. When treasury stock is resold at a price different than its historical acquisition cost, the difference is recorded as a component of Additional paid-in capital in the unaudited condensed consolidated balance sheets.

**Net Loss per Share Attributable to Common Stockholders** — Basic loss per share is computed by dividing net loss by the weighted average number of common shares outstanding for the period. Diluted net loss per share is computed by giving effect to all potentially dilutive Class A Common Stock equivalents for the period. For the purposes of this calculation, stock-based awards, warrants, and the conversion option of convertible notes are considered to be potential common shares outstanding. Since the Company incurred net losses for each of the periods presented, diluted net loss per share is the same as basic net loss per share. The Company's potential common shares outstanding were not included in the calculation of diluted net loss per share as the effect would be anti-dilutive.

	For the three months ended March 31,	
	2024	2023
Professional services (over time)	\$ 487,426	\$ 383,633
License fees (over time)	86,250	75,000
<b>Total Revenue</b>	<b>\$ 573,676</b>	<b>\$ 458,633</b>

**Recent Accounting Pronouncements Not Yet Adopted** — In December 2023, the FASB issued ASU 2023-09, *Income Taxes – Improvements to Income Tax Disclosures*. ASU 2023-09 requires enhancements and further transparency to certain income tax disclosures, most notably the tax rate reconciliation and income taxes paid. This ASU is effective for fiscal years beginning after December 15, 2024 on a prospective basis and retrospective application is permitted. The Company is currently evaluating the impacts of the new standard but does not expect a material impact to its unaudited condensed consolidated financial statements or related disclosures.

In June 2022, the FASB issued ASU 2022-03, *Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions*. The amendments in this ASU clarify that an entity should measure the fair value of an equity security subject to contractual sale restriction the same way it measures an identical equity security that is not subject to such a restriction. The FASB said the contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security and, therefore, should not affect its fair value. The ASU is effective for public entities for fiscal years beginning after December 15, 2023, and interim periods within those fiscal years. Early adoption is permitted. The Company does not expect this guidance to have a material impact to its unaudited condensed consolidated financial statements or related disclosures.

**Recently Adopted Accounting Pronouncement** — In June 2016, the FASB issued Accounting Standards Update No. 2016-13, "Financial Instruments - Credit Losses (Topic 326)" ("ASU 2016-13"). ASU 2016-13 revises the methodology for measuring credit losses on financial instruments and the timing of when such losses are recorded. In November 2019, FASB issued ASU 2019-10, "Financial Instruments – Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842)." This ASU defers the effective date of ASU 2016-13 for public companies that are considered smaller reporting companies as defined by the SEC to fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. The Company adopted this standard as of January 1, 2023, and the guidance did not have a material impact on its unaudited condensed consolidated financial statements or related disclosures.

## 2. Borrowings

### Promissory Notes Payable

	As of September 30, 2023	As of December 31, 2022		
	March 31, 2024		March 31, 2024	December 31, 2023
Malta loan receipt 3 – June 3, 2022	Malta loan receipt 3 – June 3, 2022	\$485,564	\$ 62,365	
Malta loan receipt 2 – August 10, 2021	Malta loan receipt 2 – August 10, 2021	299,806	303,778	
Malta loan receipt 1 – February 9, 2021	Malta loan receipt 1 – February 9, 2021	61,549	491,996	
Interest added to principal	Interest added to principal	27,955	11,551	
<b>Total principal outstanding</b>	<b>Total principal outstanding</b>	<b>874,874</b>	<b>869,690</b>	

Plus: accrued interest	Plus: accrued interest	
Total promissory notes payable	Total promissory notes payable	
	28,958	16,775
	<u> </u>	<u> </u>
	\$903,832	\$886,465
	<u> </u>	<u> </u>

In May 2020, the Company formed a subsidiary in the Republic of Malta, Trust Stamp Malta Limited, with the intent to establish a research and development center with the assistance of potential grants and loans from the Maltese government. As part of the creation of this entity, we entered into an agreement with the government of Malta for a potentially repayable advance of up to €800 thousand or \$858 thousand to assist in covering the costs of 75% of the first 24 months of payroll costs for any employee who begins 36 months from the execution of the agreement on July 8, 2020. On February 9, 2021, the Company began receiving funds and as of **September 30, 2023** **March 31, 2024**, the balance received was **\$847** **\$864** thousand which includes changes in foreign currency rates.

The Company will pay an annual interest rate of 2% over the European Central Banks (ECB) base rate as set on the beginning of the year in review. If the ECB rate is below negative 1%, the interest rate shall be fixed at 1%. The Company will repay a minimum of 10% of Trust Stamp Malta Limited's pre-tax profits per annum capped at 15% of the amount due to the Corporation until the disbursed funds are repaid. At this time, Trust Stamp Malta Limited does not have any revenue-generating contracts and therefore, we do not believe any amounts shall be classified as current. **The Malta loan interest rate increased from 4.5% for the three months ended March 31, 2023 to 6.5% for the three months ended March 31, 2024.**

### 3. Warrants

#### **Liability Classified Warrants**

The following table presents the change in the liability balance associated with the liability classified warrants, which are classified in Level 3 of the fair value hierarchy from **January 1, 2022** **January 1, 2023** to **September 30, 2023** **March 31, 2024**:

	Warrants (\$)
Balance as of <b>January 1, 2022</b> <b>January 1, 2023</b>	\$ <b>374,694</b> <b>261,569</b>
Additional warrants issued	—
Change in fair value	<b>(113,125)</b> <b>(5,033)</b>
Balance as of <b>December 31, 2022</b> <b>December 31, 2023</b>	\$ <b>261,569</b> <b>256,536</b>
Additional warrants issued	—
Change in fair value	<b>(3,473)</b> <b>(2,460)</b>
Balance as of <b>September 30, 2023</b> <b>March 31, 2024</b>	\$ <b>258,096</b> <b>254,076</b>

As of **September 30, 2023** **March 31, 2024**, the Company has issued a customer a warrant to purchase up to \$1.00 million of capital stock in a future round of financing at a 20% discount of the lowest price paid by another investor. The warrant was issued on November 9, 2016. There is no vesting period, and the warrant expires on November 30, 2026. The Company evaluated the provisions of ASC 480, Distinguishing Liabilities from Equity, noting the warrant should be classified as a liability due to its settlement being for a variable number of shares and potentially for a class of shares not yet authorized. The warrant was determined to have a fair value of \$250 thousand which was recorded as a Deferred contract acquisition asset and to a Warrant liability during the year ended December 31, 2016 and was amortized as a revenue discount prior to the current periods presented. The fair value of the warrant was estimated on the date of grant by estimating the warrant's intrinsic value on issuance using the estimated fair value of the Company as a whole and has a balance of \$250 thousand as of **September 30, 2023** **March 31, 2024**.

On December 16, 2016, the Company issued an investor warrant to purchase \$50 thousand worth of shares of our Class A Common Stock. The warrants have no vesting period and expires on December 16, 2026. The warrant agreement states that the investor is entitled to the "number of shares of Common Stock with a Fair Market Value as of the Determination Date of \$50,000". The determination date is defined as the "date that is the earlier of (A) the conversion of the investor's Note into the equity interests of the Company or (B) the maturity date of the Note." The investor converted the referenced Note on June 30, 2020, therefore, defining the determination date. The number of shares to be purchased is settled as 6,418 shares as of June 30, 2020. The exercise price of the warrants is variable until the exercise date.

The Company used a Black-Scholes-Merton pricing model to determine the fair value of the warrants and uses this model to assess the fair value of the warrant liability. As of **September 30, 2023** **March 31, 2024**, the warrant liability is recorded at **\$8** **\$4** thousand which is a **\$4** **\$3** thousand decrease, recorded to Change in fair value of warrant liability, from the balance of **\$12** **\$7** thousand as of **December 31, 2022** **December 31, 2023**.

The following assumptions were used to calculate the fair value of the warrant liability during the three months ended March 31, 2024:

Fair Value of Warrants	\$1.28	—	\$2.57	0.64
Exercise price	\$0.59	—	\$0.96	0.49
Risk free interest rate	4.09%	—	4.74%	4.38%
Expected dividend yield	—	%	—	—
Expected volatility	80.79%	—	92.90%	79.59%
Expected term	3 years			

#### Equity Classified Warrants

Warrant Issuance Date	Warrant Issuance Date	As of September 30,		As of December 31,		Warrant Issuance Date	Strike Price	March 31, 2024	December 31, 2023
		Strike Price	2023	2022					
November 9, 2016	November 9, 2016	\$ 3.12	80,128	80,128	November 9, 2016	\$ 3.12	80,128		80,128
January 23, 2020	January 23, 2020	\$ 8.00	186,442	186,442	January 23, 2020	\$ 8.00	186,442		186,442
January 23, 2020	January 23, 2020	\$ 8.00	524,599	524,599	January 23, 2020	\$ 8.00	524,599		524,599
August – December 2021		\$20.00	—	268,743					
January – February 2022		\$20.00	—	15,171					
September 14, 2022		\$ 2.30	120,000	390,000					
April 18, 2023	April 18, 2023	\$ 3.30	1,573,330	—	April 18, 2023	\$ 1.34	—		775,330
June 5, 2023	June 5, 2023	\$ 2.30	1,279,700	—	June 5, 2023	\$ 1.34	1,173,030	1,173,030	1,279,700
December 21, 2023				December 21, 2023	\$ 1.34			3,600,000	
Total warrants outstanding	Total warrants outstanding		3,764,199	1,465,083	Total warrants outstanding			5,564,199	6,446,199

#### November 9, 2016

The Company has issued a customer a warrant to purchase 80,128 shares of Class A Common Stock with an exercise price of \$3.12 per share. The warrant was issued on November 9, 2016. There is no vesting period, and the warrant expires on November 30, 2026.

#### January 23, 2020

In January 2020, the Company issued REach®, a related party, a warrant to purchase 186,442 shares of the Company's Class A Common Stock at an exercise of \$8.00 per share in exchange for the cancellation of a \$100 thousand SAFE issued on August 18, 2017 by the Company's affiliate Trusted Mail Inc. with a value of \$125 thousand. The warrants were issued on January 23, 2020. There is no vesting period, and the warrants expire on December 20, 2024.

#### January 23, 2020

In January 2020, the Company issued SCV, a related party, a warrant to purchase 932,111 shares of the Company's Class A Common Stock at a strike price of \$8.00 per share in exchange for \$300 thousand in cash and "Premium" sponsorship status with a credited value of \$100 thousand per year for 3 years totaling \$300 thousand. This "premium" sponsorship status provides the Company with certain benefits in marketing and networking, such as the Company being listed on the investor's website, as well as providing the Company certain other promotional opportunities organized by the investor. The warrants were issued on January 23, 2020. There is no vesting period, and the warrants expire on December 20, 2024.

On December 21, 2021, SCV executed a Notice of Exercise for certain of its warrants to purchase 407,512 shares of Class A Common Stock at an exercise price of \$8.00 per share for a total purchase price of \$3.26 million. The closing occurred on January 10, 2022 and resulted in total cash proceeds of \$3.26 million to the Company for the warrant exercise.

The warrants to purchase the remaining 524,599 shares of the Company's Class A Common Stock remain outstanding as of September 30, 2023 March 31, 2024.

**The Company issued 271,593 warrants from August 2021 to December 2021 and 15,421 warrants from January 2022 to February 2022 related to the Regulation CF, D, and S common stock and warrant offerings. These warrants became exercisable on January 26, 2022 when the Company received SEC qualification of its offering statement on Form 1-A. These warrants expire as of the earlier of: (a) January 26, 2023, (b) the acquisition of the Company by another entity, or (c) immediately prior to the closing of a firm commitment underwritten public offering. On August 25, 2022, we refunded \$5,000 in units (comprised of common stock and warrants) sold in the Company's Regulation CF offering to two investors resulting in the cancellation of 250 warrants.**

During the quarter ended September 30, 2022, investors exercised 2,850 warrants at an exercise price of \$20.00 per share, resulting in total cash proceeds of \$57 thousand to the Company for the warrant exercises.

The warrants to purchase the remaining 283,914 shares of the Company's Class A Common Stock expired on January 26, 2023 and are no longer outstanding as of September 30, April 18, 2023.

On September 11, 2022, the Company entered into a Securities Purchase Agreement (the "SPA") with Armistice Capital Master Fund Ltd. Pursuant to the terms of the SPA, the Company agreed, at the closing of the SPA, to sell and issue to the Armistice Capital Master Fund Ltd. in a private placement 195,000 shares of Class A Common Stock of the Company and warrants to purchase 390,000 shares of Class A Common Stock of the Company at an exercise price of \$8.85 for a total purchase price of \$1,511,250. The Company incurred offering costs of \$90,675 from this transaction that were recorded as a reduction of the gross proceeds. The 390,000 warrants may be exercised at any time by Armistice Capital Master Fund Ltd. starting on the issuance date, September 14, 2022, until the five year and six-month anniversary thereafter.

The warrants also allow for a "cashless exercise" if, at any time after the six (6) month anniversary of the issue date of the warrants there is no effective registration statement registering the resale of the Class A Common Stock issuable pursuant to the warrants. In such a case, then warrants may also be exercised, in whole or in part, by means of a cashless exercise in which Armistice Capital Master Fund Ltd. will be entitled to receive a number of shares of Class A Common Stock as described in the warrants. Trust Stamp filed the registration statement on September 30, 2022 and received the notice of effectiveness on January 26, 2023.

On June 5, 2023, the Company entered into an Amendment to Existing Warrants agreement with Armistice Capital Master Fund Ltd. Pursuant to the terms of the Amendment to Existing Warrants, the exercise price for the warrants to purchase 390,000 shares of Class A Common Stock of the Company is reduced to \$2.30 for a total purchase price of \$897,000. In addition, the expiration date for the 390,000 warrants is amended allowing the exercise of the warrant at any time by Armistice Capital Master Fund Ltd. starting on the closing of the offering, June 5, 2023, until the five year anniversary thereafter.

On August 18, 2023, the institutional investor exercised 270,000 warrants to purchase shares of Class A Common Stock of the Company at a price of \$2.30 per warrant, resulting in an issuance by the Company of 270,000 shares of Class A Common Stock for total proceeds of \$621,000.

The warrants to purchase the remaining 120,000 shares of the Company's Class A Common Stock remain outstanding as of September 30, 2023.

On April 14, 2023, the Company entered into a securities purchase agreement ("SPA") with Armistice Capital Master Fund Ltd. Pursuant to which the Company agreed to issue and sell to the investor (i) in a registered direct offering, 563,380 shares of Class A Common Stock, par value \$0.01 per share of the Company at a price of \$3.30 per share, and pre-funded warrants to purchase up to 1,009,950 shares of Class A Common Stock, at a price of \$3.299 per prefunded warrant, at an exercise price of \$0.001 per share of Class A Common Stock, and (ii) in a concurrent private placement, common stock purchase warrants, exercisable for an aggregate of up to 1,573,330 shares of Class A Common Stock, at an exercise price of \$3.30 per share. On April 18, 2023, the Company sold 563,380 shares of Class A Common Stock to the institutional investor at a price of \$3.30 per share for total proceeds \$1,859,154. Additionally, on same date, the institutional investor purchased and exercised the 1,009,950 pre-funded warrants, for total proceeds to the Company of \$3,332,835, resulting in an aggregate issuance by the Company of 1,573,330 shares of Class A Common Stock for net proceeds of \$4,778,550 from the registered direct offering after deducting placement fee and legal expense of \$363,439 and \$50,000, respectively.

On December 21, 2023, the Company entered into an Inducement Agreement with Armistice Capital Master Fund Ltd. Pursuant to the terms of the Inducement Agreement, the exercise price for the warrants to purchase the remaining 1,573,330 shares of Class A Common Stock of the Company was reduced to \$1.34 for a total purchase price of \$2,108,262.

The On December 21, 2023, the remaining 1,573,330 common stock purchase warrants to purchase 1,573,330 shares of the Company's Class A Common Stock remain of the Company at a price of \$1.34 per warrant were exercised for total proceeds of \$2,108,262.

As of December 31, 2023, the Company had received Notice to Exercise for 798,000 common stock purchase warrants resulting in an issuance by the Company of 798,000 shares of Class A Common Stock. Due to the beneficial ownership limitation provisions in the Inducement Agreement, as of December 31, 2023 the remaining 775,330 common stock purchase warrants exercised on December 21, 2023 were unissued and held in abeyance for benefit of the institutional investor until notice from the institutional investor that the shares may be issued in compliance with the beneficial ownership limitation. On February 7, 2023 and February 27, 2023, the Company issued 320,000 and 455,330 shares, respectively.

All warrants related to this investment have been exercised and are no longer outstanding as of September 30, 2023 March 31, 2024.

**June 5, 2023**

On June 1, 2023, the Company entered into a securities purchase agreement ("SPA") with an Armistice Capital Master Fund Ltd. Pursuant to which the Company agreed to issue and sell to the investor (i) in a registered direct offering, 736,400 shares of Class A Common Stock, par value \$0.01 per share of the Company at a price of \$2.30 per share, and pre-funded warrants to purchase up to 543,300 shares of Class A Common Stock, at a price of \$2.299 per prefunded warrant, at an exercise price of \$0.001 per share of Class A Common Stock, and (ii) in a concurrent private placement, common stock purchase warrants, exercisable for an aggregate of up to 1,279,700 shares of Class A Common Stock, at an exercise price of \$2.30 per share. On June 5, 2023, the Company sold 736,400 shares of Class A Common Stock to the institutional investor at a price of \$2.30 per share for total proceeds of \$1,693,720. Additionally, on same date, the institutional investor purchased the 543,300 pre-funded warrants at a price of \$2.299 per prefunded warrant, for total proceeds to the Company of \$1,249,047, resulting in an issuance by the Company of 736,400 shares of Class A Common Stock for net proceeds of \$2,686,773 from the registered direct offering after deducting placement fee and legal expense of \$205,994 and \$50,000, respectively.

On June 12, 2023, the institutional investor exercised 322,300 pre-funded warrants at a price of \$0.001 per prefunded warrant, resulting in an issuance by the Company of 322,300 shares of Class A Common Stock for total proceeds of \$322.

Additionally, on June 23, 2023, the institutional investor exercised 221,000 pre-funded warrants at a price of \$0.001 per prefunded warrant, resulting in an issuance by the Company of 221,000 shares of Class A Common Stock for total proceeds of \$221.

On December 21, 2023, the Company entered into an Inducement Agreement with Armistice Capital Master Fund Ltd. Pursuant to the terms of the Inducement Agreement, the exercise price for the common stock purchase warrants to purchase the remaining 1,279,700 shares of Class A Common Stock of the Company was reduced to \$1.34 for a total purchase price of \$1,714,798.

On December 21, 2023, the institutional investor exercised 106,670 warrants to purchase shares of Class A Common Stock of the Company at a price of \$1.34 per warrant for total proceeds of \$142,938.

As of December 31, 2023, due to the beneficial ownership limitation provisions in the Inducement Agreement, the 106,670 warrants were unissued and held in abeyance for benefit of the institutional investor until notice from the institutional investor that the shares may be issued in compliance with the beneficial ownership limitation. These shares were subsequently issued on February 27, 2023.

The common stock purchase warrants to purchase 1,279,700 1,173,030 shares of the Company's Class A Common Stock remain outstanding as of September 30, 2023 March 31, 2024.

#### **December 21, 2023**

On December 21, 2023, the Company entered into a warrant exercise agreement (the "WEA") with a certain existing institutional investor, pursuant to which the institutional investor agreed to exercise (the "Exercise") (i) a portion (106,670) of the warrants issued to the institutional investor on June 5, 2023, which are exercisable for 1,279,700 shares of the Company's Class A Common Stock, par value \$0.01 per share ("Class A Common Stock") with a current exercise price of \$2.30 per share (the "June 2023 Warrants"), (ii) all of the warrants issued to the institutional investor on September 14, 2022, as amended on June 5, 2023, which are exercisable for 120,000 shares of Class A Common Stock, with a current exercise price of \$2.30 per share (the "September 2022 Warrants"), and (iii) all of the warrants issued to the institutional investor on April 18, 2023, which are exercisable for 1,573,330 shares of Class A Common Stock, with a current exercise price of \$3.30 per share (the "April 2023 Warrants" and collectively with all of the June 2023 Warrants and the September 2022 Warrants, the "Existing Warrants"). In consideration for the immediate exercise of 1,800,000 of the Existing Warrants for cash, the Company agreed to reduce the exercise price of all of the Existing Warrants, including any unexercised portion thereof, to \$1.34 per share, which is equal to the most recent closing price of the Company's Class A Common Stock on The Nasdaq Stock Market prior to the execution of the WEA. As of March 31, 2024, Armistice had submitted an Exercise Notice for 918,000 Existing Warrants and the shares of Class A Common Stock were issued to the warrant holders. The remaining 882,000 Existing Warrants from this exercise are held in abeyance until the Company receives notice from the holders that the remaining shares may be issued in compliance with the beneficial ownership limitation. As of March 31, 2024, the remaining 882,000 Existing Warrants have been issued.

In addition, in consideration for such Exercise, the Selling Stockholder received new unregistered warrants to purchase up to an aggregate of 3,600,000 shares of Class A Common Stock, equal to 200% of the shares of Class A Common Stock issued in connection with the Exercise, with an exercise price of \$1.34 per share (the "New Warrants") in a private placement pursuant to Section 4(a)(2) of the Securities Act of 1933 (the "Securities Act").

All 3,600,000 of the New Warrants remain outstanding as of March 31, 2024.

#### **4. Balance Sheet Components**

##### **Prepaid expenses and other current assets**

Prepaid expenses and other current assets as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 consisted of the following:

	September 30, 2023	December 31, 2022	March 31, 2024	March 31, 2024	December 31, 2023
Prepaid operating expenses	Prepaid operating expenses	\$315,187	\$225,756		
Rent deposit	Rent deposit	31,388	55,981		
Value added tax receivable	Value added tax receivable	102,699	71,742		
Tax credit receivable (short-term)	Tax credit receivable (short-term)	66,135	218,239		
Miscellaneous receivable	Miscellaneous receivable	29,792	8,368		

Prepaid expenses and other current assets	Prepaid expenses and other current assets	\$545,201	\$580,086
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#### Capitalized internal-use software, net

Capitalized internal-use software, net as of September 30, 2023 as of March 31, 2024 and December 31, 2022 December 31, 2023 consisted of the following:

	September		Useful Lives	March 31, 2024	December 31, 2023
	Useful Lives	30, 2023			
Internally developed software	Internally developed software	5 Years	\$3,754,896	\$3,314,450	
Less: Accumulated depreciation	Less: Accumulated depreciation		(2,293,295)	(1,895,778)	
Capitalized internal-use software, net	Capitalized internal-use software, net		\$1,461,601	\$1,418,672	

Amortization expense is recognized on a straight-line basis and for the three months ended September 30, March 31, 2024 and 2023 and 2022 totaled \$140 thousand and \$132 thousand, respectively. Amortization expense is recognized on a straight-line basis and for the nine months ended September 30, 2023 and 2022 totaled \$419 thousand and \$379 thousand, respectively.

The Company determined that as of September 30, 2023, \$17 thousand of Capitalized internal-use software was impaired. The impaired Capitalized internal-use software was expensed to Research and development during the nine months ended September 30, 2023.

#### Property and equipment, net

Property and equipment, net as of September 30, 2023 as of March 31, 2024 and December 31, 2022 December 31, 2023 consisted of the following:

	September		Useful Lives	March 31, 2024	December 31, 2023
	Useful Lives	30, 2023			
Computer equipment	Computer equipment	3-4 Years	\$143,796	\$148,832	
Furniture and fixtures	Furniture and fixtures	10 Years	26,864	27,220	
Mobile hardware	Mobile hardware	2.5 years	—	297,150	
Property and equipment, gross	Property and equipment, gross		170,660	473,202	
Less: Accumulated depreciation	Less: Accumulated depreciation		(110,111)	(172,538)	
Property and equipment, net	Property and equipment, net		\$ 60,549	\$300,664	

Depreciation expense is recognized on a straight-line basis and for the three months ended September 30, March 31, 2024 and 2023 and 2022 totaled \$10 thousand and \$42 thousand, respectively. Depreciation expense is recognized on a straight-line basis and for the nine months ended September 30, 2023 and 2022 totaled \$62 thousand and \$94 thousand, respectively.

On April 26, 2023, the Company sold a portion of the mobile hardware for a gross sales price of \$180 thousand and a gain of \$108 thousand. On May 26, 2023, the Company sold another portion of the mobile hardware for a gross sales price of \$197 thousand and a gain of \$108 thousand.

#### Accrued expenses

Accrued expenses as of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023** consisted of the following:

	September	December 31,	
	30, 2023	2022	
	<b>March 31, 2024</b>		<b>March 31, 2024</b>
Compensation payable	Compensation payable	\$353,662	\$ 171,851
Commission liability	Commission liability	24,379	58,771
Accrued employee taxes	Accrued employee taxes	433,096	591,992
Accrued mobile expenses		—	177,099
Other accrued liabilities	Other accrued liabilities	50,256	100,111
Accrued expenses	Accrued expenses	<u>\$861,393</u>	<u>\$1,099,824</u>

#### 5. Goodwill and Intangible Assets, Net

There were no changes in the carrying amount of Goodwill for the **periods** three months ended **September 30, 2023** **March 31, 2024** and **December 31, 2022**.**2023**.

Intangible assets, net as of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023** consisted of the following:

	September	December		
	Useful Lives	30, 2023	31, 2022	
	Useful Lives			<b>March 31, 2024</b>
Patent application costs	Patent application costs	3 Years	\$460,453	\$382,285
Trade name and trademarks	Trade name and trademarks	3 Years	67,463	68,356
Intangible assets, gross	Intangible assets, gross		527,916	450,641
Less: Accumulated amortization	Less: Accumulated amortization		(313,218)	(198,955)
Intangible assets, net	Intangible assets, net		<u>\$214,698</u>	<u>\$251,686</u>

The Company added **43** new patents and **1** trademark during the **nine** **three** months ended **March 31, 2024** **September 30, 2023**. The patents issued during the **nine** **three** months ended **March 31, 2024** **September 30, 2023** increased our total number of patents to **1720** and include:

- On **August 29, 2023** **January 2, 2024**, the Company received Notice of Issuance together with for a Notice patent that is a continuation of Allowance on August 17, 2023 both entitled "Systems and Processes for Lossy Biometric Representation." These patents further expand our intellectual property portfolio related to the tokenization of This patent is a continuation addresses a long-felt but unresolved need for a system or process that can transform size-variant, personally-identifying biometric data and broaden our patent coverage by removing the necessity to use a neural network in our irreversible transformation process. templates into fixed-size, privacy-secured representations, while maintaining sufficiently accurate biometric matching capabilities.
- On **August 15, 2023** **January 30, 2024**, the Company received Notice of Issuance for a patent that is a continuation of "Systems and Processes for Lossy Biometric Representation." This technology provides a system or process that can transform size-variant, personally-identifying biometric templates into fixed-size, privacy-secured representations, while maintaining sufficiently accurate biometric matching capabilities.

- On March 19, 2024, the Company received Notice of Issuance for a patent entitled "Systems and Methods for Identity Authentication via Third Party Accounts, Enhanced Hash Transforms." This technology, while leveraging our core privacy-first technologies, provides Conventional cryptographic hashing techniques generally include functions that generate unique signatures given a piece of data, accepting binary strings of characters as an optional interlock between different types of user accounts benefiting from the strengths that each can offer in terms of user authentication to produce a more resilient user-centric ecosystem.
- On July 25, 2023, the Company received Notice of Issuance for a patent entitled "Systems and Methods for Privacy-Secured Biometric Identification and Verification." For the last six years we have invested heavily in research and development which has created a solid foundation for our current and future generations of cutting edge, privacy-first identity products and this patent reflects our systems and methods for matching an encrypted biometric input record with stored encrypted biometric record without data decryption of the input, and at least one stored record, producing a string (e.g., a digital signature) as an output. Our new patent addresses the need for improved techniques for securely handling sensitive data.

Intangible asset amortization expense is recognized on a straight-line basis and intangible asset amortization expense for the three months ended September 30, March 31, 2024 and 2023 and 2022 totaled \$40 thousand and \$29 thousand, respectively. Intangible asset amortization expense is recognized on a straight-line basis and intangible asset amortization expense for the nine months ended September 30, 2023 and 2022 totaled \$115 thousand and \$75 thousand, respectively. \$37 thousand.

Estimated future amortization expense of Intangible assets, net is as follows:

Years Ending December 31,	Amount	Years Ending December 31,	Amount
2023	\$ 40,709		
2024	2024	106,971	
2025	2025	56,368	
2026	2026	10,650	
		<u><u>\$214,698</u></u>	
2027			
Total future amortization			

#### 6. Net Loss per Share Attributable to Common Stockholders

The following table presents the calculation of basic and diluted net loss per share:

Weighted average shares used in computing net loss per share attributable to common stockholders	Weighted average shares used in computing net loss per share attributable to common stockholders	8,155,617	4,693,465	6,658,205	4,632,683	10,111,993	5,044,775
Net loss per share attributable to common stockholders	Net loss per share attributable to common stockholders	\$ (0.00)	\$ (0.75)	\$ (0.71)	\$ (1.75)		
Net loss per share attributable to common stockholders	Net loss per share attributable to common stockholders						
Net loss per share attributable to common stockholders	Net loss per share attributable to common stockholders						

The following potentially dilutive securities were excluded from the computation of diluted net loss per share calculations for the periods presented because the impact of including them would have been anti-dilutive:

	September 30, 2023	September 30, 2022					
	As of March 31,			As of March 31,			
	2024	2023		2024	2023		
Options, RSUs, and grants	791,410	732,744	Options, RSUs, and grants	1,582,512	735,001		
Warrants	4,528,193	1,676,057	Warrants	6,923,431	1,673,968		
Total	5,319,603	2,408,801	Total	8,505,943	2,408,969		

## 7. Stock Awards and Stock-Based Compensation

From time to time, the Company may issue stock awards in the form of Class A Common Stock grants, Restricted Stock Units (RSUs), or Class A Common Stock options with vesting/service terms. Stock awards are valued on the grant date using the Company's common stock share price quoted on an active market. Stock options are valued using the Black-Scholes-Merton pricing model to determine the fair value of the options. We generally issue our awards in terms of a fixed monthly value, resulting in a variable number of shares being issued, or in terms of a fixed monthly share number.

During the three and nine months ended September 30, 2023 March 31, 2024 and 2022, 2023, the Company entered into agreements with advisory board members and other external advisors to issue cash payments and stock awards in exchange for services rendered to the Company monthly. The total granted stock-based awards to advisory board members and other external advisors during the three months ended September 30, 2023 March 31, 2024 and 2022, 2023 included grants totaling, \$0 \$9 thousand and \$45 thousand, \$0, respectively, options totaling \$0, and RSUs totaling \$10 \$1 thousand and \$55 thousand, respectively.

The total granted stock-based awards to advisory board members and other external advisors during the nine months ended September 30, 2023 and 2022 included grants totaling, \$0 and \$49 thousand, respectively, options totaling \$0, and RSUs totaling \$19 thousand and \$109 \$3 thousand, respectively.

In addition to issuing stock awards to advisory board members and other external advisors, during the three and nine months ended September 30, 2023 March 31, 2024 and 2022, 2023, the Company granted stock-based awards to multiple employees. The total granted stock-based awards to employees during the three months ended September 30, 2023 March 31, 2024 and 2022, 2023 included grants totaling, \$18 \$12 thousand and \$50 \$26 thousand, respectively, options totaling \$3 \$2 thousand and \$9 \$4 thousand, respectively, and RSUs totaling \$116 \$274 thousand and \$691 \$29 thousand, respectively.

The total granted stock-based awards to employees during the nine months ended September 30, 2023 and 2022 included grants totaling, \$65 thousand and \$272 thousand, respectively, options totaling \$10 thousand and \$52 thousand, respectively, and RSUs totaling \$211 thousand and \$1.12 million, respectively.

The following table summarizes stock option activity for the three and nine months ended September 30, 2023; March 31, 2024 and 2023:

Weighted average shares used in computing net loss per share attributable to common stockholders	Weighted average shares used in computing net loss per share attributable to common stockholders	8,155,617	4,693,465	6,658,205	4,632,683	10,111,993	5,044,775
Net loss per share attributable to common stockholders	Net loss per share attributable to common stockholders	\$ (0.00)	\$ (0.75)	\$ (0.71)	\$ (1.75)		
Net loss per share attributable to common stockholders	Net loss per share attributable to common stockholders						
Net loss per share attributable to common stockholders	Net loss per share attributable to common stockholders						

	Options Outstanding	Exercise Price Per Share	Weighted Average Remaining Contractual Life (years)	Weighted Average	Remaining	Aggregate Intrinsic Value
	Options Outstanding	Exercise Price Per Share	Weighted Average Remaining Contractual Life (years)	Weighted Average	Remaining	Aggregate Intrinsic Value
Balance as of January 1, 2022	395,002	\$ 6.40	2.42	\$ 5,365,737		
Options granted	7,443	3.20				
Options exercised	(15,121)	6.30				
Options canceled and forfeited	(215)	4.40				
Balance as of December 31, 2022	387,109	\$ 6.40	1.45	\$ —		
Options granted	2,647	3.01				
Options exercised	(1,230)	3.25				
Options canceled and forfeited	(756)	7.94				
Balance as of March 31, 2023	387,770	\$ 6.37	1.21	\$ —		
Options granted	2,675	2.24				
Options exercised	—	—				
Options canceled and forfeited	(937)	6.40				
Balance as of June 30, 2023	389,508	\$ 6.34	0.98	\$ —		
Options granted	3,241	1.85				
Options exercised	—	—				
Options canceled and forfeited	(1,083)	5.54				
Balance as of September 30, 2023	391,666	\$ 6.31	0.75	\$ —		
Options vested and exercisable as of September 30, 2023	391,666	\$ 6.31	0.75	\$ —		

		Weighted			
		Average	Weighted		
		Exercise	Average		
		Price	Remaining	Aggregate	
Options		Per	Contractual	Intrinsic	
Outstanding	Share		Life (years)	Value	
				Weighted	
		Average		Remaining	
		Options		Exercise Price	
		Outstanding		Per Share	
		Weighted		Contractual	
		Average		Life (years)	
		Options		Aggregate	
		Outstanding		Intrinsic Value	
Balance as of January 1, 2023					
Options granted	Options granted	387,109	\$ 6.40	1.45	\$ —
Options exercised	Options exercised	8,563	2.28		
Options exercised					
Options exercised					
Options canceled and forfeited	Options canceled and forfeited	(1,230)	3.25		
Options canceled and forfeited					
Balance as of September 30, 2023					
Options vested and exercisable as of September 30, 2023	Options vested and exercisable as of September 30, 2023	391,666	\$ 6.31	0.75	\$ —

Options canceled and forfeited	
Options canceled and forfeited	
Balance as of December 31, 2023	
Balance as of December 31, 2023	
Balance as of December 31, 2023	
Options granted	
Options exercised	
Options exercised	
Options exercised	
Options canceled and forfeited	
Options canceled and forfeited	
Options canceled and forfeited	
Balance as of March 31, 2024	
Balance as of March 31, 2024	
Balance as of March 31, 2024	
Options vested and exercisable as of March 31, 2024	

The aggregate intrinsic value of options outstanding, exercisable, and vested is calculated as the difference between the exercise price of the underlying options and the fair value of the Company's common stock. The aggregate intrinsic value of options exercised during the **nine** **three** months ended **September 30, 2023** **March 31, 2024** and **2022** is **\$0** and **\$3 thousand, respectively, 2023 was \$0.**

The weighted average grant-date fair value of options granted during the **nine** **three** months ended **September 30, 2023** **March 31, 2024** and **2022** was **\$1.25** **\$0.61** and **\$9.48** **\$2.00** per share, respectively. The total grant-date fair value of options that vested during the **nine** **three** months ended **September 30, 2023** **March 31, 2024** and **2022** was **\$10** **\$2 thousand** and **\$52** **\$4 thousand**, respectively.

The following assumptions were used to calculate the fair value of options granted during the **nine** **three** months ended **September 30, 2023** **March 31, 2024**:

Fair value of Class A Common Stock	<b>\$0.95</b> <b>0.45</b> — <b>3.57</b> <b>0.72</b>
Exercise price	<b>\$1.82</b> <b>1.49</b> — <b>3.09</b> <b>1.64</b>
Risk free interest rate	<b>3.76</b> <b>4.11</b> — <b>4.74</b> <b>4.38%</b>
Expected dividend yield	0.00 %
Expected volatility	<b>80.79</b> <b>77.54</b> — <b>96.45%</b> <b>79.59%</b>
Expected term	3 Years

As of **September 30, 2023** **March 31, 2024**, the Company had **391,666** **395,983** stock options outstanding of which all are fully vested options.

As of **September 30, 2023** **March 31, 2024**, the Company had **77,386** has **87,533** common stock grants outstanding of which **67,530** **74,465** were vested but not issued and **9,856** **13,068** were not yet vested. All granted and outstanding common stock grants will fully vest by **September 30, 2024** **March 31, 2025**. The Company had unrecognized stock-based compensation related to common stock grants of **\$10** **\$9 thousand** as of **September 30, 2023** **March 31, 2024**.

As of **September 30, 2023** **March 31, 2024**, the Company had **322,358** **1,098,996** RSUs outstanding of which **148,241** **281,866** were vested but not issued and **174,117** **817,130** were not yet vested. All granted and outstanding RSUs will fully vest by **August 1, 2024** **January 2, 2025**. The Company had unrecognized stock-based compensation related to RSUs of **\$146** **\$866** thousand as of **September 30, 2023** **March 31, 2024**.

During the three months ended March 31, 2024 the Company issued 54,734 of Class A Common Stock to employees that were designated for employee stock awards and were previously recorded as treasury stock.

A summary of outstanding RSU activity as of March 31, 2024 is as follows:

	RSU Outstanding Number of Shares
Balance as of <b>January 1, 2022</b>	<b>126,900</b>
Granted	211,700
Vested (issued)	(46,036)
Forfeited	—
<b>Balance as of December 31, 2022</b> <b>January 1, 2023</b>	<b>292,564</b>
Granted	4,627 410,516
Vested (issued)	(159,776)
Forfeited	(20,601) (97,202)
<b>Balance as of <b>March 31, 2023</b> December 31, 2023</b>	<b>276,590 446,102</b>
Granted	4,626 802,893
Vested (issued)	(98,193) (122,604)
Forfeited	3,766 (27,395)
<b>Balance as of <b>June 30, 2023</b> March 31, 2024</b>	<b>186,789</b>
Granted	136,906
Vested (issued)	(1,337)
Forfeited	—
<b>Balance as of September 30, 2023</b>	<b>322,358 1,098,996</b>

	RSU Outstanding Number of Shares
Balance as of January 1, 2022	126,900
Granted	211,700
Vested (issued)	(46,036)
Forfeited	—
<b>Balance as of December 31, 2022</b>	<b>292,564</b>
Granted	146,159
Vested (issued)	(99,530)
Forfeited	(16,835)
<b>Balance as of September 30, 2023</b>	<b>322,358</b>

#### Stock-based compensation expense

Our consolidated statements of operations include stock-based compensation expense as follows:

	Three months ended		Nine months ended			
	September 30,		September 30,			
	2023	2022	2023	2022		
For the three months ended March 31,						
Cost of services	Cost of services	\$ 11,169	\$ 10,122	\$ 11,825	\$ 13,516	
		2024		2024	2023	

Research and development	Research and development	48,336	96,113	79,956	206,413
Selling, general, and administrative	Selling, general, and administrative	88,535	744,566	213,569	1,378,304
Total stock-based compensation expense	Total stock-based compensation expense	<u>\$148,040</u>	<u>\$850,801</u>	<u>\$305,350</u>	<u>\$1,598,233</u>

## 8. Related Party Transactions

Related party payables of \$128 \$96 thousand and \$273 \$82 thousand as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively, primarily relate to amounts owed to 10Clouds, the Company's contractor for software development and investor in the Company, and smaller amounts payable to members of management as expense reimbursements. Total costs incurred in relation to 10Clouds for the three months ended September 30, 2023 March 31, 2024 and 2022, 2023, totaled approximately \$164 \$104 thousand and \$254 \$294 thousand, respectively. Total costs incurred in relation to 10Clouds for the nine months ended September 30, 2023 and 2022, totaled approximately \$699 thousand and \$688 thousand, respectively.

### Legal Services

A member of management provides legal services to the Company from a law firm privately owned and separate from the Company. Certain services are provided to the Company through this law firm. Total expenses incurred by the Company in relation to these services totaled \$0 and \$32 thousand during the three months ended September 30, 2023 and 2022, respectively. Total expenses incurred by the Company in relation to these services totaled \$0 and \$95 thousand during the nine months ended September 30, 2023 and 2022, respectively. Amounts payable as of September 30, 2023 and December 31, 2022 were \$0.

### Options Agreement

The Company has agreed, with effect from November 13, 2020, to grant a three-year loan in the amount of \$335 thousand with an abated interest rate of 0.25% per annum to an advisory contractor to purchase 281,648 options. The options provide for the right to acquire shares of Class A Common Stock at a strike price of \$6.00 per share. The options have no vesting period and will expire in November 2023. The loan was repaid with in-kind services from the contractor at a rate of \$9 thousand per month for 36 months with the first payment receipt in April 2020 and the final payment received in February 2023. As of September 30, 2023 and December 31, 2022, the shareholder loan balances were \$0 and \$19 thousand, respectively.

### Mutual Channel Agreement

On November 15, 2020, the Company entered into a Mutual Channel Agreement with Vital4Data, Inc., a company at which Kristin Stafford one of our Directors serves as Chief Executive Officer, who is a current Director of the Company. Pursuant to the agreement, the Company engaged Vital4Data, Inc. as a non-exclusive sales representative for the Company's products and services. Vital4Data, Inc. is entitled to compensation in the form of commissions, receiving a 20% of commission-eligible on net revenue from sales generated by Vital4Data, Inc. in the first year of the contract term, which is reduced to 10% in the second year, and 5% in the third year. The Company has not earned or expensed any commissions pursuant to the Vital4Data, Inc. agreement to date. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the Vital4Data, Inc. commission due was \$0.

## 9. Malta Grant

During July 2020 the Company entered into an agreement with the Republic of Malta that would provide for a grant of up to €200 thousand or \$251 thousand as reimbursement for operating expenses over the first twelve months following Trust Stamp Malta's incorporation in the Republic of Malta. The Company must provide an initial capital amount of €50 thousand or \$62 thousand, which is matched with a €50 thousand or \$62 thousand grant. The remaining €150 thousand or \$190 thousand are provided as reimbursement of operating expenses twelve months following incorporation.

U.S. GAAP does not provide authoritative guidance regarding the receipt of economic benefits from government entities in return for compliance with certain conditions. Therefore, based on ASC 105-10-05-2, non-authoritative accounting guidance from other sources was considered by analogy in determining the appropriate accounting treatment, the Company

elected to apply International Accounting Standards 20 – Accounting for Government Grants and Disclosure of Government Assistance and recognizes the expected reimbursements from the Republic of Malta as deferred income. As reimbursable operating expenses are incurred, a receivable is recognized (reflected within "Prepaid expenses and other current assets" in the unaudited condensed consolidated balance sheets) and income is recognized in a similar systematic basis over the same periods in the unaudited condensed consolidated statements of operations. During the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, the Company incurred \$0 in expenses that are reimbursable under the grant. As of September 30, 2023 March 31, 2024, all amounts provided for under this grant were received.

On January 25, 2022, the Company entered into an additional agreement with the government of Malta for a grant of up to €100 thousand or \$107 thousand, in terms of the 'Investment Aid to produce the COVID-19 Relevant Product' program, to support the proposed investment. The estimated value of the grant is €136,568 €137 thousand or \$146,493, \$146 thousand, at an aid intensity of 75% to cover eligible wage costs incurred after February 1, 2022 in relation to new employees engaged specifically for the implementation of the project. On September 22, 2022, the Company entered into an amendment agreement that enables the Company to submit eligible employee expenses for reimbursement by October 31, 2022. The grant was approved in January 2022, however, the request for payment was not approved and management abandoned the agreement. Hence, during the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, the Company incurred \$0, respectively, in expenses that are reimbursable under the grant. As of September 30, 2023 March 31, 2024, no amounts provided under this grant were received.

## 10. Leases and Commitments

**Operating Leases** — The Company leases office space in Atlanta, Georgia, which serves as its corporate headquarters, office space in Malta, which serves as its research and development facility, and vehicles in Malta that are considered operating lease arrangements under ASC 842 guidance. In addition, the Company contracts for month-to-month coworking arrangements in other office spaces in North Carolina, Denmark, Poland, and Rwanda to support its dispersed workforce. As of **September 30, 2023** **March 31, 2024**, there were no minimum lease commitments related to month-to-month lease arrangements.

Initial lease terms are determined at commencement date, the date the Company takes possession of the property, and the commencement date is used to calculate straight-line expense for operating leases. Certain leases contain renewal options for varying periods, which are at the Company's sole discretion. For leases where the Company is reasonably certain to exercise a renewal option, such option periods have been included in the determination of the Company's Operating lease right-of-use assets and Operating lease liabilities. The Company's leases have remaining terms of 1 to 35 years. As the

Company's leases do not provide an implicit rate, the present value of future lease payments is determined using the Company's incremental borrowing rate based on information available at the commencement date.

	September 30, 2023	March 31, 2024
Lease term and discount rate		
Weighted average remaining lease term	1.29	2.58 years
Weighted average discount rate		5.0 %

During the nine months ended September 30, 2023, the Company terminated four leases including two offices in Malta and two vehicles in Malta. The terminated leases were did not terminate any operating leases. As a result of the terminations, the Company incurred \$11 thousand in lease termination fees and recorded a loss of \$178 related to this lease termination for the nine months ended September 30, 2023.

	September 30, 2023
Leases terminated	4
Lease termination fees	\$ 10,932
Operating lease right-of-use assets derecognized upon lease termination	\$ 82,095
Lease liabilities derecognized upon lease termination	\$ 77,648
Loss recognized upon lease termination	\$ 178

On April 28, 2023, the Company extended the Malta office lease agreement, which would have ended on July 28, 2023, for a term of one additional year. The lease extension increased the Operating lease right-of-use asset by \$82 thousand and the operating lease liability by \$83 thousand. The Company classified the amended lease as an operating lease under ASC 842.

Balance sheet information related to leases as of September 30, 2023 as of March 31, 2024 and December 31, 2022 December 31, 2023 was as follows:

	September 30, 2023	December 31, 2022	
	March 31, 2024	March 31, 2024	December 31, 2023
<b>Operating lease right-of- use assets</b>			
Operating lease right- of-use assets			
<b>Operating lease right-of- use assets</b>	<b>Operating lease right-of- use assets</b>		
Operating lease right-of- use assets	Operating lease right-of- use assets		
Operating lease right-of- use assets	Operating lease right-of- use assets	\$164,854	\$315,765
<b>Operating lease liabilities</b>	<b>Operating lease liabilities</b>		

<b>Operating lease liabilities</b>				
<b>Operating lease liabilities</b>				
Short-term operating lease liabilities				
Short-term operating lease liabilities				
Short-term operating lease liabilities	Short-term operating lease liabilities	\$108,583	\$177,795	
Long-term operating lease liabilities	Long-term operating lease liabilities	31,785	102,407	
<b>Total operating lease liabilities</b>	<b>Total operating lease liabilities</b>	<b>\$140,368</b>	<b>\$280,202</b>	

Future maturities of ASC 842 lease liabilities as of **September 30, 2023** **March 31, 2024** are as follows:

	Imputed			
	Principal	Interest	Total	
	Payments	Payments	Payments	
2023	\$ 38,207	\$ 1,497	\$ 39,704	
<b>Years Ending December 31,</b>				
31,				
2024	2024	79,362	2,350	81,712
2025	2025	22,220	380	22,600
2026	2026	579	—	579
2027				
2028				
<b>Total future maturities</b>	<b>Total future maturities</b>	<b>\$140,368</b>	<b>\$ 4,227</b>	<b>\$144,595</b>

Total lease expense, under ASC 842, was included in Selling, general, and administrative expenses in our consolidated statement of operations for the three **and nine** months ended **September 30, 2023** **March 31, 2024** and **2023** as follows:

	Three months ended		Nine months ended			
	September 30,	2023	September 30,	2023		
<b>For the three months ended March 31,</b>						
	2024		2024		2023	
<b>Operating lease expense</b>	<b>Operating lease expense</b>					
— fixed	— fixed					
<b>payments</b>	<b>payments</b>	<b>\$40,060</b>	<b>\$—</b>	<b>\$169,496</b>	<b>\$—</b>	

Short term lease expense	Short term lease expense	10,846	—	48,399	—
Total lease expense	Total lease expense	\$50,906	\$—	\$217,895	\$—

Supplemental cash flows information related to leases was as follow:

	Nine Months Ended September 30, 2023
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ (145,483)
	For the three months ended March 31,
	2024 2023
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ (41,741) \$ (66,546)

During the ~~nine~~ three months ended ~~September 30, 2023~~ March 31, 2024, the Company did not incur variable lease expense.

**Financial Liability Obligation** — As of September 30, 2023, the ~~The~~ Company's financial liability totaled \$0 and \$162 thousand as of March 31, 2024 and December 31, 2023, respectively, for an executed agreement with a telecommunications company for acquiring mobile hardware. On March 3, 2023, the Company provided a 30-day termination notice to the telecommunications company which terminates the mobile hardware data service. Under the contract terms with the telecommunications company, upon termination of the data service the Company must pay the remaining financial liability during the final data service billing period. The remaining financial liability ~~was resolved with a settlement and no further payment is expected to be paid within the year ending December 31, 2023 due as of March 31, 2024.~~

**Litigation** — The Company is not currently involved with and does not know of any pending or threatening litigation against the Company or any of its officers or directors in connection with its business.

## 11. Subsequent Events

Subsequent events have been evaluated through November 7, 2023. **Securities and Purchase Agreement** — On April 1, 2024, the ~~date these unaudited condensed consolidated financial statements were available~~ Company entered into a Securities Purchase Agreement (the "SPA") with the Selling Stockholder. On April 3, 2024 the transaction contemplated by the SPA occurred pursuant to ~~to be issued~~ the terms of the SPA, the Selling Stockholder agreed, at the closing of the SPA and upon the terms and subject to the conditions set forth in the SPA, to purchase from the Company 499,990 shares of Class A Common Stock, par value \$0.01 of the Company, and pre-funded warrants to purchase 1,500,010 shares of Class A Common Stock of the Company at a purchase price of \$0.968 per share ("Warrant A") for a total purchase price of \$1,936,000. The Company paid offering costs of \$220,520 resulting in net proceeds of \$1,715,480.

Additionally, pursuant to the SPA, as additional consideration for the share and Warrant A purchase described above, the Company agreed to issue to the Selling Stockholder a stock purchase warrant for the purchase of 2,000,000 shares of the Company's Class A Common Stock at an exercise price of \$0.968 per share ("Warrant B"), and a stock purchase warrant for the purchase of 1,600,000 shares of the Company's Class A Common Stock at an exercise price of \$1.06 per share ("Warrant C").

## ITEM Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited condensed consolidated financial statements and the accompanying notes thereto included elsewhere in this Quarterly Report. All share and per share amounts in these unaudited condensed Report on Form 10-Q and with our audited consolidated financial statements have been retroactively restated to reflect and the one share accompanying notes thereto included in our Annual Report on Form 10-K for every five shares Reverse Split that became effective March 23, 2023 the year ended December 31, 2023, as described in Note 1 to previously filed with the financial statements provided under Item 1 of this report. Commission. This discussion contains forward-looking statements based upon current plans, expectations, and beliefs, involving risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements. Our historical results are not necessarily indicative of the results that may be expected for any period in the future.

### Overview

Trust Stamp was incorporated under the laws of the State of Delaware on April 11, 2016 as "T Stamp Inc." T Stamp Inc. and its subsidiaries ("Trust Stamp", "we", or the "Company") develop and market identity authentication software for enterprise and government partners and peer-to-peer markets.

Trust Stamp develops proprietary artificial intelligence-powered identity and trust solutions at the intersection of biometrics, privacy, and cybersecurity, that enable organizations to protect themselves and their users while empowering individuals to retain ownership of their identity data and prevent fraudulent activity using their identity.

Trust Stamp tackles industry challenges including data protection, regulatory compliance, and financial accessibility, with **cutting edge** **cutting-edge** technology including biometric science, cryptography, **artificial intelligence**, and machine learning. Our core technology irreversibly transforms identity information to create tokenized identifiers that enable **probabilistic** **accurate** authentication without the need to store or share **biometric images or traditional templates**, **sensitive** data. By retaining the usefulness of biometric-derived data while minimizing the risk, we allow businesses **NGOs, and government agencies** to adopt biometrics and other anti-fraud initiatives while protecting **end-user** personal information from hacks and leaks.

Trust Stamp's key sub-markets are identity authentication for the purpose of account opening, access, and fraud detection, the creation of tokenized digital identities to facilitate financial and societal inclusion, and in-community case management software for alternatives to detention and other governmental uses.

As biometric solutions proliferate, so does the need to protect biometric data. Stored biometric images and templates represent a growing and unquantified financial, security, and PR liability and are the subject of governmental, media, and public scrutiny since biometric data cannot be "changed" once they are hacked, as they are directly linked to the user's physical features and/or behaviors. Privacy concerns around biometric technology have led to close attention from regulators, with multiple jurisdictions placing biometrics in a special or sensitive category of personal data and demanding much stronger safeguards around collection and safekeeping.

To address this unprecedented danger and the increased cross-industry need to establish trust quickly and securely in virtual environments, Trust Stamp has developed its Irreversibly Transformed Identity Token, or **IT2TM**, **IT2TM**, solutions, which replace biometric templates with a cryptographic hash that can never be rebuilt into the original data and cannot be used to identify the subject outside the environment for which it is designed.

Trust Stamp's data transformation and comparison technology is vendor and **modality agnostic**, **modality-agnostic**, allowing organizations including other biometric services providers to benefit from the increased protection, efficiency, and utility of our proprietary tokenization process. With online and offline functionality, Trust Stamp technology is effective in even the most remote locations in the world.

Trust Stamp also offers end-to-end solutions for multi-factor biometric authentication for account access and recovery, KYC/AML compliance, customer onboarding, and more, which allow organizations to approve more genuine users, keep bad actors from accessing systems and services and retain existing users with a superior user experience.

## Markets

Trust Stamp has evaluated the market potential for its services in part by reviewing the following reports, articles, and data sources, none of which were commissioned by the Company, and none of which are to be incorporated by reference:

### **Data security** **Security and fraud** **Fraud**

- In 2022, 4,145 publicly disclosed breaches exposed over 22 billion records according to the "2021 Year End Report: Data Breach QuickView" published by Flashpoint.
- The cumulative merchant losses to online payment fraud between 2023 and 2027 will exceed \$343 billion globally according to a 2022 report titled "Fighting Online Payment Fraud in 2022 & Beyond" published by Juniper Research.

Trust Stamp addresses this market with biometric identity verification and biometric authentication solutions — which offer Trust Stamp's proprietary irreversible identity token to perform biometric-based matching in a secure and tokenized domain, matching tokenized personally identifiable information while implementing liveness detection.

### **Biometric authentication** **Authentication**

- By 2027, the value of biometrically authenticated remote mobile payments will reach \$1.2 trillion globally, according to a 2022 report titled "Mobile Payment Biometrics" published by Juniper Research.
- The global biometric system market size is valued at \$41.1 billion per annum in 2023, with a forecast compound growth of 20.4% from 2023 to 2030 with a 2030 revenue forecast of \$150.6 billion according to the 2023 report titled "Biometric Technology Market Size, Share & Trends Analysis Report By Component, By Offering, By Authentication Type, By Application, By End-use, By Region, And Segment Forecasts, 2023 — 2030" published by Grand View Research.

Trust Stamp addresses this market through its biometric authentication and liveness detection products — which offer Trust Stamp's proprietary irreversible identity token to perform biometric matching in a secure and tokenized domain. This permits biometric authentication without the risk of storing pictures and biometric templates.

In addition to identity authentication, the Company's deep learning algorithms can be used to identify specific criteria from facial biometric captures and the Company has been developing and testing age-estimation software for the rapidly growing age verification market. The new age estimation software is expected to go live with a first commercial client in Q3 of 2024.

### **Financial and societal inclusion** **Societal Inclusion**

- As of 2021, 1.4 billion people were unbanked according to the "Global Findex Database 2021" published by The World Bank.
- 131 million small and medium-sized enterprises in emerging markets lack access to finance, limiting their ability to grow and thrive (UNSGSA Financial Inclusion Webpage, Accessed March 2023).
- The global market for Microfinance is estimated at \$157 Billion in the year 2020, and is projected to reach \$342 billion by 2026 according to the 2022 report titled "Microfinance - Global Market Trajectory & Analytics" published by Global Industry Analysts, Inc.

Trust Stamp's biometric authentication, liveness detection, and information tokenization enable individuals to verify and establish their identities using **data derived from** biometrics. While individuals in this market lack traditional means of identity verification, Trust Stamp provides a means to authenticate identity that preserves an individual's privacy and control over that identity.

### **Alternatives to Detention** ("ATD")

- The ATD market includes Federal, State, and Municipal agencies for both criminal justice and immigration purposes. Trust Stamp addresses the ATD market with applications built on Trust Stamp's privacy-preserving solutions allowing individuals to comply with ATD requirements using ethical and humane technology methodologies. Trust Stamp has developed innovative patented technologies for use in the ATD market encompassing biometrics, geolocation, and tokenization as well as a proprietary, tamper-resistant, battery-free "Tap-In-Band" that can complement or replace biometric check-in requirements and provide a lower-cost and more humane alternative to traditional "ankle bracelet" technology.

In addition to its key sub-markets, the The Company is developing products and working with partners and industry organizations in other sectors that offer significant market opportunities, in particular, the travel, IOT, global data management, healthcare, Metaverse platform and cryptographic key and account credential safekeeping sectors. For example, the Company has developed a "crypto key vault" solution that leverages proven facial biometric authentication and irreversible data transformation technology to protect private keys for digital assets while ensuring long-term data protection and access credential availability.

#### Principal Products and Services

Trust Stamp's most important technology is the Irreversibly Transformed Identity Token™ TokenTM (also known as the IT2IT2™, Evergreen Hash™, EgHash™ HashTM, EgHashTM and MyHash™ MyHashTM) combined with a data architecture that can use one or multiple sources of biometric or other identifying data. Once a "hash translation" algorithm is created, like-modality hashes are comparable regardless of their origin. The IT2IT2 protects against system and data redundancy, providing a lifelong "digital-DNA" that can store (or pivot to) any type of KYC or relationship data with fields individually hashed or (salted and) encrypted, facilitating selective data sharing. Products utilizing the IT2IT2 are Trust Stamp's primary products, accounting for the majority of its revenues during the nine three months ended September 30, 2023 March 31, 2024.

We adhere to the best practices outlined in the National Institute of Standards and Technology ("NIST") and International Organization for Standardization ("ISO") frameworks, and our policies and procedures in managing personally identifiable information ("PII") are in compliance comply with General Data Protection Regulation ("GDPR") requirements wherever such requirements are applicable.

#### Key Customers

The Company's initial business consisted of developing proprietary privacy-first identity solutions and then implementing them through custom applications built and maintained for a small number of key customers. In 2022, the Company added to its product offerings a modular and highly scalable Software-as-a-Service (SaaS) SaaS model with low-code or no implementation ("the Orchestration Layer"). Although the Company remains open to significant opportunities to deliver custom solutions, sales of Orchestration Layer products are the primary focus of the Company's sales and development initiatives. This strategic pivot in the Company's go-to-market approach is expected to negatively impact impacted revenue in 2023 while we believe that it will substantially increasing increase potential revenue in 2024 and thereafter.

Historically, the Company generated most of its income through two long-term partnerships, comprising a relationship with an S&P 500 bank with services provided pursuant to a Master Software Agreement entered into in 2017, together with a relationship with Mastercard International ("Mastercard") with services provided under the terms of a ten-year technology services agreement entered into in March 2019 (the "TSA"). Both of those relationships remain strong, and the Company anticipates future revenue growth from the two relationships.

Under the TSA, IT2IT2™ technology is being implemented by Mastercard for Humanitarian & Development purposes as a core element of its Community Pass and Inclusive Identity offerings. Use cases include not only financial services for individuals and businesses but also empowering people and communities to meet basic needs, such as nutritious food, clean water, housing, education, and healthcare. Under the TSA, the The Company is paid to develop and host software solutions utilizing the IT2IT2 and to support Mastercard's implementations. In addition, the Company is paid on a "per user per year" basis for all transactions utilizing its technology. In December of 2022, the Company entered into a modification of the agreed pricing schedule with Mastercard to move from a per-use to a per-user-year model to broaden the range of potential use cases. The TSA may be terminated by either party in the event of a material breach by the other party that remains uncured within thirty days after notice is received of such a breach. Either party may terminate the TSA if the other party becomes, including, but not limited to, insolvent, subject to bankruptcy, dissolved, or liquidated. Unless the TSA is terminated, the TSA will automatically renew for additional one year-periods in perpetuity unless either party provides ninety days written notice of intent not to renew. To date, the Company has received guaranteed minimum annual payments on account of usage. According to the October 2023 interview of Mastercard Executive Vice President and Founder of the Community Pass from the article titled "Mastercard's Community Pass founder says digital ID platform improving lives, digital inclusion" published by Biometric Update. Mastercard's Community Pass program currently serves approximately 3.5 million users and is targeting 30 million users by 2027. Based upon information provided to us by Mastercard we anticipate user-based revenue starting in 2024 and growing year-on-year thereafter.

In 2022, the Company expanded its key customer base to include a relationship with Fidelity Information Services, LLC ("FIS"), FIS, a relationship focused upon the implementation of our Orchestration Layer and underlying technologies in FIS' Global KYC product offering.

The Orchestration Layer is a low-code platform that is designed to be a one-stop shop for Trust Stamp services and provides for easy integration to our products; chargeable on a per-use basis. The Orchestration Layer utilizes the Company's next-generation identity package, offering rapid deployment across devices and platforms, with custom workflows that seamlessly orchestrate trust across the identity lifecycle for a consistent user experience in processes for onboarding and KYC/AML, multi-factor authentication, account recovery, fraud prevention, compliance, and more. The Orchestration Layer facilitates no-code and low-code implementations of the Company's technology making adoption and updating faster and cost-effective for a broader range of potential customers.

In the third quarter of 2022, the Company acquired its first 2 new customers on the Orchestration Layer through its partnership with FIS, and in the fourth quarter of 2022, 4 additional FIS customers onboarded. As of the date of this Quarterly Report, March 31, 2024, a total of 35 48 financial institutions with over \$297 billion \$345 billion in assets have been onboarded via FIS, bringing the total number of (FIS and non-FIS) customers either fully implemented or are currently implementing the Orchestration Layer to 38, 51. The first (non-FIS) client onboarded to the Orchestration Layer in the third quarter of 2022 has generated \$180 generated \$286 thousand of revenue revenue for the Company to date including \$137 \$53 thousand during the nine three months ended September 30, 2023 March 31, 2024. Although each of the institutions onboarded via FIS pays a small onboarding fee, given the typical time taken by a financial institution to test, implement, and roll out any new technology, the Company does not anticipate any significant revenue from the new FIS customers until late in 2024.

Reinforced by the product-market fit indicated by the FIS roll-out, the Company is building an internal direct sales force to offer the Orchestration Layer to non-FIS institutions. A key **criteria** criterion for the account executives recruited is possessing significant experience and a successful track record in the identity solutions market. **The** This expansion into direct sales is a work-in-progress and the Company anticipates contracted revenue from this initiative in 2023 and significant banked revenue in 2024. **is** is dynamically adapting its approach based upon progress towards acceptable success metrics.

In Management's opinion, **we** **would** **be** **able** **to** **continue** **operations** **without** **while** **the** **unanticipated** **loss** **of** **any** **one** **of** **our** **current** **customers**, **including** **our** **channel** **partnership** **with** **FIS**. **However**, **the** **unanticipated** **loss** **of** **the** **Company's** **current** **customers** **FIS**, **could** **have** **an** **adverse** **effect** **on** **the** **Company's** **financial** **position**. **position**, **it** **would** **not** **prevent** **us** **from** **continuing** **our** **operations**.

## Key Business Measures

In addition to the measures presented in our unaudited condensed consolidated financial statements, we use the following key non-GAAP business **measure** **measures** to help us evaluate our business, identify trends affecting our business, formulate business plans and financial projections, and make strategic decisions.

### Adjusted EBITDA

This discussion includes information about Adjusted EBITDA that is not prepared in accordance with U.S. GAAP. Adjusted EBITDA is not based on any standardized methodology prescribed by U.S. GAAP and is not necessarily comparable to similar measures presented by other companies. A reconciliation of this non-GAAP measure is included below.

Adjusted EBITDA is a non-GAAP financial measure that represents U.S. GAAP net income (loss) adjusted to exclude (1) other expense, (2) other income, (3) gain on sale of mobile hardware, (4) interest expense, (5) interest income, (6) stock-based compensation, (7) **change in fair value of warrant liabilities** (8) impairment of assets, (8) (9) non-cash expenses for in-kind services, (9) (10) depreciation, and (10) (11) certain other items management believes affect the comparability of operating results.

Management believes that Adjusted EBITDA, when viewed with our results under U.S. GAAP and the accompanying reconciliations, provides useful information about our period-over-period results. Adjusted EBITDA is presented because management believes it provides additional information with respect to the performance of our fundamental business activities and is also frequently used by securities analysts, investors and other interested parties in the evaluation of comparable companies. We also rely on Adjusted EBITDA as a primary measure to review and assess the operating performance of our Company and our management, and it will be a focus as we invest in and grow the business.

Adjusted EBITDA has limitations as an analytical tool and should not be considered in isolation from, or as a substitute for, analysis of our results as reported under GAAP. Some of these limitations are:

- Adjusted EBITDA does not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments.
- Adjusted EBITDA does not reflect changes in, or cash requirements for our working capital needs.
- Although Depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and Adjusted EBITDA does not reflect any cash requirements for such replacements.
- Adjusted EBITDA does not include the impact of certain charges or gains resulting from matters we consider not to be indicative of our ongoing operations.

Due to these limitations, Adjusted EBITDA should not be considered as a measure of discretionary cash available to us to invest in the growth of our business. We compensate for these limitations by relying primarily on our U.S. GAAP results and using Adjusted EBITDA only as a supplement to our U.S. GAAP results.

### Reconciliation of Net Loss to Adjusted EBITDA

		For the three months ended		For the nine months ended	
		September 30,		September 30,	
		2023	2022	2023	2022
For the three months					
ended					
March 31,					
		2024		2024	
		2023		2023	
Net loss	Net loss				
before taxes	before taxes	\$(35,162)	\$(3,439,892)	\$(4,752,980)	\$(8,054,240)
Add: Other	Add: Other				
expense	expense	1,377	7,484	4,174	102,269
Less: Other	Less: Other				
income	income	—	(3,546)	(48,335)	(16,160)
Less: Gain on sale of mobile					
hardware		—	—	(212,882)	—
Add: Interest	Add: Interest				
expense, net	expense, net	9,759	2,889	29,753	9,202
Add: Change in fair value of					
warrant liability		2,142	(11,307)	(3,473)	(88,367)

Add: Stock-based compensation	Add: Stock-based compensation	148,040	850,801	305,350	1,598,233
Add: Impairment loss of assets		—	1,260	16,819	25,144
Add (Less):					
Change in fair value of warrant liability					
Add: Non-cash expenses for in-kind services	Add: Non-cash expenses for in-kind services	—	27,930	18,547	83,790
Add: Depreciation and amortization	Add: Depreciation and amortization	189,655	203,106	596,109	547,737
Adjusted EBITDA income (loss) (non-GAAP)		\$315,811	\$(2,361,275)	\$(4,046,918)	\$(5,792,392)
Adjusted EBITDA loss (non-GAAP)					

Adjusted EBITDA loss (non-GAAP) income (loss) for the three months ended September 30, 2023 was \$316 thousand representing an improvement of 113.37% March 31, 2024, increased by 3.69%, to \$2.37 million from the Adjusted EBITDA (non-GAAP) income (loss) of \$2.36 million \$2.28 million for the three months ended September 30, 2022 March 31, 2023. The overall improvement increase in Adjusted EBITDA income (loss) during the three months ended September 30, 2023 loss (non-GAAP) was driven primarily by the decrease of \$3.40 million or 98.98% in Net loss before taxes as a result of recognizing Interactive Global Solutions ("IGS") non-refundable license revenue advances for the provision of software of \$2.51 million. In addition, Net loss before taxes decreased due to various operating cost reductions initiated in 2022, particularly increase in Selling, general, and administrative expenses which (as a result of bolstering our sales resources and bringing in-house technical positions that were previously outsourced) for the Company is now reaping three months ended March 31, 2024 when compared to the benefit of in 2023. three months ended March 31, 2023. See "Results of Operations" below for further discussion on the drivers behind the decrease increase in Net Adjusted EBITDA loss before taxes (non-GAAP) during the three months ended September 30, 2023 March 31, 2024.

Adjusted EBITDA (non-GAAP) income (loss) for the nine months ended September 30, 2023, decreased by 30.13%, to \$4.05 million from \$5.79 million for the nine months ended September 30, 2022. The overall decrease in Adjusted EBITDA income (loss) was driven primarily by reductions in Selling, general, and administrative expenses (as a result of various operating cost reductions initiated in 2022) including the \$1.29 million reduction of stock-based compensation during the nine months ended September 30, 2022 but not during the nine months ended September 30, 2023. In addition, the IGS Contract resulted in \$2.51 million in Net revenue for the provision of software during the nine months ended September 30, 2023, and the release from future contractual obligations for maintenance and upgrades as a result of the termination of the IGS Contract discussed in *Liquidity and Capital Resources* subsection below. See "Results of Operations" below for further discussion on the drivers behind the decrease in stock-based compensation during the nine months ended September 30, 2023.

#### Comparison Results of the Three and Nine Months Ended September 30, 2023 and 2022 Operations

The following table summarizes our condensed consolidated statements of operations for the three and nine months ended September 30, 2023 March 31, 2024 and 2022: 2023:

	For the three months ended		For the nine months ended			
	September 30,		September 30,			
	2023	2022	2023	2022		
For the three months ended						
	March 31,		March 31,		For the three months ended	
	2024		2023		March 31,	
Net revenue	Net revenue	\$3,065,804	\$ 1,348,478	\$ 3,985,242	\$ 4,877,809	
Operating Expenses:	Operating Expenses:					
Cost of services (exclusive of depreciation and amortization shown separately below)						

Cost of services (exclusive of depreciation and amortization shown separately below)					
Cost of services (exclusive of depreciation and amortization shown separately below)	Cost of services (exclusive of depreciation and amortization shown separately below)	239,313	529,023	660,199	1,571,166
Research and development	Research and development	605,196	777,800	1,811,962	1,766,164
Selling, general, and administrative	Selling, general, and administrative	2,053,524	3,281,661	5,900,715	9,014,894
Depreciation and amortization	Depreciation and amortization	189,655	203,106	596,109	547,737
Total Operating Expenses	Total Operating Expenses	3,087,688	4,791,590	8,968,985	12,899,961
Operating Loss	Operating Loss	(21,884)	(3,443,112)	(4,983,743)	(8,022,152)
Non-Operating Income (Expense):	Non-Operating Income (Expense):				
Interest expense, net	Interest expense, net	(9,759)	(2,889)	(29,753)	(9,202)
Interest expense, net					
Interest expense, net					
Change in fair value of warrant liability	Change in fair value of warrant liability	(2,142)	11,307	3,473	88,367
Impairment of digital assets		—	(1,260)	—	(25,144)
Other income	Other income	—	3,546	261,217	16,160
Other expense	Other expense	(1,377)	(7,484)	(4,174)	(102,269)
Total Other Income (Expense), Net	Total Other Income (Expense), Net	(13,278)	3,220	230,763	(32,088)
Net Loss before Taxes	Net Loss before Taxes	(35,162)	(3,439,892)	(4,752,980)	(8,054,240)
Income tax expense	Income tax expense	—	—	—	—
Net loss including non-controlling interest		(35,162)	(3,439,892)	(4,752,980)	(8,054,240)
Net loss before non-controlling interest					

Net loss attributable to non- controlling interest	Net loss attributable to non- controlling interest	—	—	—	—
Net loss attributable to	Net loss attributable to				
T Stamp Inc.	T Stamp Inc.	\$ (35,162)	\$ (3,439,892)	\$ (4,752,980)	\$ (8,054,240)
Basic and diluted net loss per share	Basic and diluted net loss per share				
attributable to	attributable to				
T Stamp Inc.	T Stamp Inc.	\$ (0.00)	\$ (0.75)	\$ (0.71)	\$ (1.75)
Weighted- average shares used to compute basic and diluted net loss per share	Weighted- average shares used to compute basic and diluted net loss per share	8,155,617	4,693,465	6,658,205	4,632,683
Weighted-average shares used to compute basic and diluted net loss per share				10,111,993	5,044,775

Comparison of the three months ended September 30, 2023 Three Months Ended March 31, 2024 and 2022 2023

#### Net revenue

	Three months ended September 30,			\$ Change	% Change
	2023	2022			
Net revenue	\$ 3,065,804	\$ 1,348,478		\$ 1,717,326	127.35 %
For the three months ended March 31,					
Net revenue	\$ 573,676	\$ 458,633		\$ 115,043	25.08 %

During the three months ended September 30, 2023 March 31, 2024, Net revenue increased to \$3.07 million, \$574 thousand, or 127.35% a 25.08% increase from the Net revenue of \$1.35 million \$459 thousand for the three months ended September 30, 2022 March 31, 2023. During the three months ended September 30, 2023 March 31, 2024, the \$3.07 million \$574 thousand in Net revenue consisted of \$2.51 million from IGS, \$243 thousand from Mastercard, \$186 \$327 thousand from an S&P 500 bank, and \$127 \$154 thousand from Mastercard, and various other customers. customers for the remaining \$92 thousand. The majority of the increase in the Net revenue for the comparative periods relates to results from an S&P 500 bank adopting the termination of the September 15, 2022 Master Services Agreement with IGS ("IGS Contract") Orchestration Layer, which resulted in \$2.51 million in Net increased revenue during the three months ended September 30, 2023 and the release from future contractual obligations for maintenance and upgrades as a result of the termination of the IGS Contract discussed in Liquidity and Capital Resources subsection below. Despite this termination, the Company is optimistic about future growth in the government sector and is actively engaged with potential strategic partners and identified opportunities.

by \$216 thousand.

During the three months ended September 30, 2023 March 31, 2024, the Company generated \$139 \$297 thousand total revenue from customers using the Orchestration Layer including implementing the Orchestration Layer platform for 734 new enterprise customers onboarded through FIS. FIS on the Software-as-a-Service (SaaS) platform. In comparison, during the three months ended March 31, 2023, the Company generated \$58 thousand total revenue from Orchestration Layer customers. Since its launch in the third quarter of 2022, there have been 3851 enterprise customers on the Orchestration Layer platform, including 3548 financial institutions, as of September 30, 2023 March 31, 2024. Additionally, revenue from the Orchestration Layer's first flagship enterprise customer grew 26.24% between the comparative periods as a result of transitioning and launching the customer on the Orchestration Layer

platform. Orchestration Layer's flagship enterprise customer is already in full production with revenue growth of 235% and generation of generating monthly recurring revenue with gross margins in excess of 84% 83.44%. Finally, the Company's S&P 500 bank customer began its transition to an augmented version of the SaaS platform during the three months ended September 30, 2023.

The Orchestration Layer is designed to be a one-stop-shop for Trust Stamp services and provides for easy integration to our products; chargeable on a per-use basis and is accelerating the Company's evolution from being exclusively a custom solutions provider to also offering a modular and highly scalable SaaS model with low-code implementation.

The increases in Net revenue during the three months ended September 30, 2023 were offset by the September 23, 2021 U.S. Immigration and Customs Enforcement contract ("ICE Contract") which produced \$844 thousand in Net revenue during the three months ended September 30, 2022 and was subsequently terminated during fiscal year 2022.

#### Cost of services

	Three months ended September 30,			
	2023	2022	\$ Change	% Change
Cost of services	\$ 239,313	\$ 529,023	\$ (289,710)	(54.76)%

Cost of services ("COS") decreased by \$290 thousand or 54.76% for the three months ended September 30, 2023, compared to the three months ended September 30, 2022. The decrease over the comparison periods was primarily driven by the costs related to servicing requirements from the ICE Contract. ICE Contract-related COS for the three months ended September 30, 2022, were \$269 thousand, including vendor and other miscellaneous costs as well as direct labor costs, versus \$0 during the three months ended September 30, 2023 (as a result of the ICE Contract being terminated in 2022).

After adjusting the COS for ICE Contract, COS was reduced by \$21 thousand despite onboarding 29 new enterprise customers during the nine months ended September 30, 2023, and is a result of the lower marginal costs that are inherent in SaaS platforms such as the Orchestration Layer.

#### Research and development

	Three months ended September 30,			
	2023	2022	\$ Change	% Change
Research and development	\$ 605,196	\$ 777,800	\$ (172,604)	(22.19)%

Research and development ("R&D") expenses decreased by \$173 thousand, or 22.19% for the three months ended September 30, 2023, compared to the three months ended September 30, 2022. The decrease in R&D expense during the three months ended September 30, 2023 was driven by a decrease in the Company's R&D team which reduced from 64 full-time equivalents ("FTE") for the three months ended September 30, 2022 to 50 FTE for the three months ended September 30, 2023.

In addition, R&D costs decreased for the three months ended September 30, 2023 due to a reduction in outsourced software development as the Company continued to transition this work internally.

#### Selling, general, and administrative

	Three months ended September 30,			
	2023	2022	\$ Change	% Change
Selling, general, and administrative	\$ 2,053,524	\$ 3,281,661	\$ (1,228,137)	(37.42)%

Selling, general, and administrative expense ("SG&A") decreased by \$1.23 million, or 37.42%, for the three months ended September 30, 2023, compared to the three months ended September 30, 2022. The decrease in SG&A expense was driven mostly by the reductions in global headcount and associated overhead as result of the Company's 2022 cost cutting

initiatives. Headcount reductions were 14.00%, from 100 FTE for the three months ended September 30, 2022 compared to 86 FTE for the three months ended September 30, 2023. In effect, salaries, bonus and stock-based compensation, related payroll costs, and sales commissions reduced by \$738 thousand for the three months ended September 30, 2023 compared to the three months ended September 30, 2022.

Other notable reductions in SG&A for the three months ended September 30, 2023 included a \$681 thousand combined reduction due to decreases in costs related to carrying mobile hardware assets, corporate travel, management consulting and training, rent expense, marketing expense, and subscription fees as direct result of the Company's recent non-personnel cost cutting initiative, offset by various increases including \$180 thousand for legal and professional services.

#### Depreciation and amortization

	Three months ended September 30,			
	2023	2022	\$ Change	% Change
Depreciation and amortization	\$ 189,655	\$ 203,106	\$ (13,451)	(6.62)%

Depreciation and amortization ("D&A") decreased by \$13 thousand, or 6.62% for the three months ended September 30, 2023, compared to the three months ended September 30, 2022. The \$13 thousand decrease in D&A expense between the comparative periods was primarily related to the \$30 thousand decrease in D&A expense related to the depreciation of mobile hardware assets that were sold during the three months ended September 30, 2023. There were no mobile hardware assets or related depreciation expenses during that period.

The decrease of depreciation expense from the sale of mobile hardware assets was offset by the increase in patent amortization during the three months ended September 30, 2023 as a result of new pending patent applications and issued patents with the United States Patent and Trademark Office. During the three months ended September 30, 2023, the Company had 3 new provisional and utility patents issued including the patent for the Tap-In Band™. The Tap-In Band™ is a wrist-worn, tamper resistant, hypoallergenic near-field communication band that facilitates discrete check-in by, and communication with, participants in community based supervision programs. This technology and associated

biometric processes utilize Trust Stamp's patented IT<sub>2</sub> identity tokenization processes that allow users to biometrically authenticate without the need to store biometric images or templates.

In addition, there was an increase in amortization expense for Capitalized internal-use software driven by the increase in the total balance of Capitalized internal-use software. While the amounts of Capitalized internal-use software vary from period to period, we continue to see a trend of increasing software amortization which has been driven by the growth in software capitalization over the prior periods. Overall, this is a further result of newly issued patents continuing to produce new internal-use software, or microservices, that have reached technical feasibility and can be configured into new products for monetization.

#### **Operating loss**

	Three months ended September 30,			
	2023	2022	\$ Change	% Change
Operating loss	\$ (21,884)	\$ (3,443,112)	\$ 3,421,228	(99.36)%

The Company's Operating loss decreased by \$3.42 million or 99.36% for the three months ended September 30, 2023, compared to the three months ended September 30, 2022. The increase in Net revenue of \$1.72 million or 127.35% was chiefly due to the recognition of IGS nonrefundable license revenue. Additionally, there was a \$1.70 million or 35.56% reduction in operating expenses as a result of various cost cutting measures initiated during fiscal years 2022 and 2023 that have outpaced the reduction in Net revenue, thereby producing desirable margin growth and greater company efficiency.

#### **Interest expense, net**

	Three months ended September 30,			
	2023	2022	\$ Change	% Change
Interest expense, net	\$ (9,759)	\$ (2,889)	\$ (6,870)	237.80 %

Interest expense, net increased by \$7 thousand, or 237.80% for the three months ended September 30, 2023, compared to the three months ended September 30, 2022. During the three months ended September 30, 2023, there was \$155 and \$10 thousand of interest income and interest expense, respectively. During the three months ended September 30, 2022, there was \$1 thousand and \$4 thousand of interest income and interest expense, respectively. All interest earned and expensed during the comparative periods were a result of normal operating activities within various immaterial interest-earning accounts.

#### **Change in fair value of warrant liability**

	Three months ended September 30,			
	2023	2022	\$ Change	% Change
Change in fair value of warrant liability	\$ (2,142)	\$ 11,307	\$ (13,449)	(118.94)%

The Company recognized a loss in Change in fair value of warrant liability during three months ended September 30, 2023 of \$2 thousand compared to a gain of \$11 thousand during the three months ended September 30, 2022. This change is based on the fair value assessment and adjustment for one warrant liability as described in Note 3 to the financial statements provided under Item 1 of this report.

#### **Impairment of digital assets**

	Three months ended September 30,			
	2023	2022	\$ Change	% Change
Impairment of digital assets	\$ —	\$ (1,260)	\$ 1,260	(100.00)%

The Company recognized an impairment on digital assets during the three months ended September 30, 2022, of \$1 thousand. Digital assets are considered indefinite-lived Intangible assets, net under applicable accounting rules. Accordingly, any decrease in their fair values below our carrying values for such assets at any time subsequent to their acquisition requires recognition of impairment.

#### **Other income**

	Three months ended September 30,			
	2023	2022	\$ Change	% Change
Other income	\$ —	\$ 3,546	\$ (3,546)	(100.00)%

Other income decreased by \$4 thousand for the three months ended September 30, 2023, compared to the three months ended September 30, 2022. The three months ended September 30, 2022 balance consists primarily of miscellaneous income from Biometric Innovations Limited related to VAT and statutory maternity pay refunds. For the three months ended September 30, 2023 there was no Other income due to the lack of operations in Biometric Innovations Limited.

#### **Other expense**

	Three months ended September 30,			

	2023	2022	\$ Change	% Change
Other expense	\$ (1,377)	\$ (7,484)	\$ 6,107	(81.60)%

Other expense decreased by \$6 thousand for the three months ended September 30, 2023, compared to the three months ended September 30, 2022. During the three months ended September 30, 2022, the Company recorded \$8 thousand for subsidiary expense eliminations. The main variance is a result of a subsidiary company dissolution that was effective on May 10, 2023.

#### Comparison of the nine months ended September 30, 2023 and 2022

##### Net revenue

	Nine months ended September 30,			
	2023	2022	\$ Change	% Change
Net revenue	\$ 3,985,242	\$ 4,877,809	\$ (892,567)	(18.30)%

During the nine months ended September 30, 2023, Net revenue decreased to \$3.99 million, being a decrease of 18.30% from Net revenue of \$4.88 million for the nine months ended September 30, 2022. During the nine months ended September 30, 2023, the \$3.99 million in Net revenue consisted of \$2.51 million from IGS, \$596 thousand from a S&P 500 bank, \$502 thousand from Mastercard, and various other customers for the remaining \$377 thousand. The majority of the decrease in the comparative periods relates to the September 23, 2021 U.S. Immigration and Customs Enforcement contract ("ICE Contract") which produced \$3.29 million in Net revenue during the nine months ended September 30, 2022 and was subsequently terminated during fiscal year 2022.

The decrease from the ICE contract termination is offset by the increase in the Net revenue from the IGS Contract which resulted in \$2.51 million in Net revenue for the provision of software during the nine months ended September 30, 2023, and the release from future contractual obligations for maintenance and upgrades as a result of the termination of the IGS Contract discussed in *Liquidity and Capital Resources* subsection below. Despite this termination, the Company is optimistic about future opportunities in the government sector and retains the capability to provide future services for maintenance, upgrades, and deployments of the product for additional fees.

During the nine months ended September 30, 2023, the Company generated \$346 thousand total revenue from customers using the Orchestration Layer including implementing the Orchestration Layer platform for 29 new enterprise customers through FIS on the Software-as-a-Service (SaaS) platform. Since its launch in the third quarter of 2022, there have been 38 enterprise customers on the Orchestration Layer platform, including 35 financial institutions, as of September 30, 2023. Additionally, revenue from the Orchestration Layer's flagship enterprise customer grew 235% between the comparative periods as a result of transitioning and launching the customer on the Orchestration Layer platform. Orchestration Layer's flagship enterprise customer is already in full production and generating monthly recurring revenue with gross margins in excess of 83.61%. Finally, the Company's S&P 500 bank customer began its transition to an augmented version of the SaaS platform during the nine months ended September 30, 2023 March 31, 2024.

The Orchestration Layer is designed to be a one-stop-shop for Trust Stamp services and provides for easy integration to our products; chargeable on a per-use basis and is accelerating the Company's evolution from being exclusively a custom solutions provider to also offering a modular and highly scalable SaaS model with low-code implementation.

##### Cost of services

	Nine months ended September 30,			
	2023	2022	\$ Change	% Change
Cost of services	\$ 660,199	\$ 1,571,166	\$ (910,967)	(57.98)%

  

	For the three months ended March 31,			
	2024	2023	\$ Change	% Change
Cost of services	\$ 294,598	\$ 216,958	\$ 77,640	35.79 %

Cost of services ("COS") decreased increased by \$911 thousand or 57.98% for the nine months ended September 30, 2023 March 31, 2024, compared to the nine months ended September 30, 2022 March 31, 2023. The decrease increase during this period was primarily driven by the costs related to servicing requirements from \$42 thousand for the ICE Contract. ICE Contract-related COS expansion of our proof of identity solutions using a third-party as required for proof of identity contracts. The solution was not considered a cost of sale until the ninth quarter of 2023, thus, there were no expenses for this solution during the three months ended September 30, 2022, were \$802 thousand, including vendor and other miscellaneous costs as well as direct labor costs, versus \$0 March 31, 2023. In addition, the Company saw an increase in service requests during the nine months ended September 30, 2023 (as a result March 31, 2024 from our S&P 500 Bank customer under existing statements of the ICE Contract being terminated in 2022).

After adjusting the comparative periods' COS for ICE Contract related costs, COS reduced by \$109 thousand despite onboarding 29 new enterprise customers during the nine months ended September 30, 2023, and is a result of the low marginal costs that are inherent in SaaS platforms such as the Orchestration Layer.

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##### Research and development

	Nine months ended September 30,			
	2023	2022	\$ Change	% Change
Research and development	\$ 1,811,962	\$ 1,766,164	\$ 45,798	2.59 %

	For the three months ended March 31,			
	2024	2023	\$ Change	% Change
Research and development	\$ 451,842	\$ 632,369	\$ (180,527)	(28.55)%

Research and development ("R&D") expenses increased/decreased by \$46 \$181 thousand, or 2.59% 28.55% for the nine three months ended September 30, 2023 March 31, 2024, compared to the nine three months ended September 30, 2022 March 31, 2023. The increase/decrease in R&D expense during the nine three months ended September 30, 2023 March 31, 2024 was primarily driven by an increase/decrease in R&D FTE allocation due to outsourced software development as the Company continued to reduce demand for their time for customer implementations. While transitioning work internally which results in cost savings as internal work is more cost effective. Comparatively, outsourced software development costs decreased by 64.66% when comparing the R&D costs increased slightly, there was a 21.88% reduction of R&D FTE in which the Company's R&D team reduced from 64 FTE for the nine three months ended September 30, 2022 March 31, 2024 to 50 FTE for the nine three months ended September 30, 2023 March 31, 2023.

Additionally, the Company recognized an impairment loss on Capitalized internal-use software of \$17 thousand during the nine months ended September 30, 2023 that offset the increase in In both periods, R&D. Capitalized internal-use software are considered long-lived assets under applicable accounting guidance. Recoverability of assets held &D expenses mainly were related to R&D payroll and used is measured by comparison of the carrying amount of an asset or an asset group to estimated undiscounted future net cash flows expected to be generated by the asset or asset group. If the carrying amount of an asset exceeds these estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the assets exceeds the fair value of the asset or asset group. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. other R&D compensation expenses.

#### Selling, general, and administrative

	Nine months ended September 30,			
	2023	2022	\$ Change	% Change
Selling, general, and administrative	\$ 5,900,715	\$ 9,014,894	\$ (3,114,179)	(34.54)%

	For the three months ended March 31,			
	2024	2023	\$ Change	% Change
Selling, general, and administrative	\$ 2,491,693	\$ 1,969,875	\$ 521,818	26.49 %

Selling, general, and administrative expense ("SG&A") decreased/increased by \$3.11 million, \$522 thousand, or 34.54% 26.49%, for the nine three months ended September 30, 2023 March 31, 2024, compared to the nine three months ended September 30, 2022 March 31, 2023. The decrease/increase in SG&A expense was driven mostly by the reductions/a \$604 thousand increase in global headcount and associated overhead related to the 2022 cost cutting initiative. Headcount reductions were 14.00%, from 100 FTE for the nine months ended September 30, 2022, compared to 86 FTE for the nine months ended September 30, 2023. In effect, salaries, bonus and stock-based compensation, related payroll costs, and sales commissions reduced during the three months ended March 31, 2024. Headcount increased by \$2.09 million 2.41%, from 83 FTE for the nine three months ended September 30, 2023 March 31, 2023, compared to 85 FTE for the nine three months ended September 30, 2022, March 31, 2024 due to bolstering our sales resources and bringing in-house technical positions that were previously outsourced. Likewise, there was an increase of \$249 thousand in SG&A during the three months ended March 31, 2024 due to the timing of stock-based compensation awards.

Other The increases in SG&A were offset by notable reductions in SG&A for the nine three months ended September 30, 2023 included March 31, 2024 including a \$1.21 million net total reduction between corporate travel, of \$281 thousand in professional fees, management consulting and training, office rent, and costs related to carrying mobile hardware assets as direct result of the Company's recent non-personnel cost cutting initiative.

In both periods, SG&A expenses were primarily comprised of payroll and other compensation expenses to our Company's workforce.

#### Depreciation and amortization

	Nine months ended September 30,			
	2023	2022	\$ Change	% Change
Depreciation and amortization	\$ 596,109	\$ 547,737	\$ 48,372	8.83 %

	For the three months ended March 31,			
	2024	2023	\$ Change	% Change
Depreciation and amortization	\$ 184,801	\$ 219,181	\$ (34,380)	(15.69)%

Depreciation and amortization ("D&A") increased decreased by \$48 \$34 thousand, or 8.83% 15.69% for the nine three months ended September 30, 2023 March 31, 2024, compared to the nine three months ended September 30, 2022 March 31, 2023. The primary increase in D&A expense related to driver for the \$40 thousand increase in depreciation of Capitalized internal-use software between the comparative periods. While the amounts of Capitalized internal-use software vary from period to period, we continue to see a trend of increasing software amortization which is driven by the growth in software capitalization over the prior periods. Overall, this is a further result of newly issued patents continuing to produce new internal-use software, or microservices, that have reached technical feasibility at which point the Company begins to capitalize the related costs.

Patent amortization also increased during the nine months ended September 30, 2023 by \$36 thousand as a result of new pending patent applications and issued patents with the United States Patent and Trademark Office. During the nine months ended September 30, 2023, the Company added 4 issued patent, 3 new patent applications, and 1 trademark registration

including the patent for Tap-In Band™. The Tap-In Band™ is a wrist-worn, tamper resistant, hypoallergenic near-field communication band that facilitates discrete check-in by, and communication with, participants in community based supervision programs. This technology and associated biometric processes utilize Trust Stamp's patented IT<sub>2</sub> identity tokenization processes that allow users to biometrically authenticate without the need to store biometric images or templates.

These increases were partially offset by a \$30 thousand decrease in D&A expense related relates to the depreciation of Company selling mobile hardware assets that were sold in April 2023. As a result of the sale, there is \$0 expense for mobile hardware depreciation during the nine three months ended September 30, 2023 March 31, 2024 and \$30 thousand of expense for mobile hardware depreciation during the three months ended March 31, 2023.

#### Operating loss

	Nine months ended September 30,			
	2023	2022	\$ Change	% Change
Operating loss	\$ (4,983,743)	\$ (8,022,152)	\$ 3,038,409	(37.88)%
For the three months ended March 31,				
	2024	2023	\$ Change	% Change
Operating loss	\$ (2,849,258)	\$ (2,579,750)	\$ (269,508)	10.45 %

The Company's Operating loss decreased increased by \$3.04 million \$270 thousand or 37.88% 10.45% for the nine three months ended September 30, 2023 March 31, 2024, compared to the nine three months ended September 30, 2022 March 31, 2023. The decrease increase in Operating loss was mostly related to the decrease increase of \$3.93 million \$385 thousand or 30.47% reduction 12.66% rise in operating expenses as a result of various cost cutting measures initiated in fiscal years 2022 bolstering our sales resources and 2023 bringing in-house technical positions that outpaced the reduction in Net revenue thereby producing desirable margin growth and greater company efficiency growth.

#### Interest expense, net

	Nine months ended September 30,			
	2023	2022	\$ Change	% Change
Interest expense, net	\$ (29,753)	\$ (9,202)	\$ (20,551)	223.33 %
For the three months ended March 31,				
	2024	2023	\$ Change	% Change
Interest expense, net	\$ (18,549)	\$ (10,231)	\$ (8,318)	81.30 %

Interest expense, net increased by \$21 \$8 thousand, or 223.33% 81.30% for the nine three months ended September 30, 2023 March 31, 2024, compared to the nine three months ended September 30, 2022. During the nine months ended September 30, 2023, there was \$470 and \$30 thousand of interest income and March 31, 2023. The increase in interest expense respectively. During the nine months ended September 30, 2022, there was \$3 is primarily due to an increase of \$5 thousand and \$12 thousand of interest income and interest expense, respectively. All interest earned and expensed during the comparative periods were as a result of normal operating activities within various immaterial interest-bearing and interest-earning accounts, the Malta loan interest rate increasing from 4.5% for the three months ended March 31, 2023 to 6.5% for the three months ended March 31, 2024. Additionally, the Company recorded \$4 thousand in interest expense during the three months ended March 31, 2024 for interest accrued on Malta's tax obligations. Interest earned decreased by \$43 to \$117 for the three months ended March 31, 2024 from \$160 for the three months ended March 31, 2023.

#### Change in fair value of warrant liability

	Nine months ended September 30,			
	2023	2022	\$ Change	% Change

Change in fair value of warrant liability	\$ 3,473	\$ 88,367	\$ (84,894)	(96.07)%
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	For the three months ended March 31,			
	2024	2023	\$ Change	% Change
Change in fair value of warrant liability	\$ 2,460	\$ (1,340)	\$ 3,800	(283.58)%

The Company recognized a gain in Change in fair value of warrant liability during **nine** the three months ended **September 30, 2023** **March 31, 2024** of **\$3** **\$2** thousand compared to a gain loss of **\$88** **\$1** thousand during the **nine** three months ended **September 30, 2022** **March 31, 2023**. This change is based on the fair value assessment and adjustment for one warrant liability as described in Note 3 to the **unaudited condensed consolidated financial statements** provided under Item 1 of this report.

#### **Impairment of digital assets**

	Nine months ended September 30,			
	2023	2022	\$ Change	% Change
Impairment of digital assets	\$ —	\$ (25,144)	\$ 25,144	(100.00)%

The Company recognized an impairment on digital assets during the nine months ended September 30, 2022, of \$25 thousand. Digital assets are considered indefinite-lived Intangible assets, net under applicable accounting rules. Accordingly, any decrease in their fair values below our carrying values for such assets at any time subsequent to their acquisition requires recognition of impairment.

#### **Other income**

	Nine months ended September 30,			
	2023	2022	\$ Change	% Change
Other income	\$ 261,217	\$ 16,160	\$ 245,057	1,516.44 %

	For the three months ended March 31,			
	2024	2023	\$ Change	% Change
Other income	\$ 193,114	\$ 44,614	\$ 148,500	332.86 %

Other income increased by **\$245** **\$149** thousand for the **nine** three months ended **September 30, 2023** **March 31, 2024**, compared to the **nine** three months ended **September 30, 2022** **March 31, 2023**. The increase was primarily due to a **\$213** **\$187** thousand gain on the sale from a settlement of the a mobile hardware assets. Additionally, bill that was outstanding as of March 31, 2023, which we negotiated for a lower payment, and paid during the **nine** three months ended **September 30, 2023** there was \$22 thousand related to various other non-operating income including educational service fees received from participants in a startup accelerator program conducted by the Company in Malta with the objective of strengthening the innovation platform and startup ecosystem in Malta. **March 31, 2024**.

#### **Other expense**

	Nine months ended September 30,			
	2023	2022	\$ Change	% Change
Other expense	\$ (4,174)	\$ (102,269)	\$ 98,095	(95.92)%

	For the three months ended March 31,			
	2024	2023	\$ Change	% Change
Other expense	\$ (6,336)	\$ (743)	\$ (5,593)	752.76 %

Other expense decreased increased by **\$98** **\$6** thousand for the **nine** three months ended **September 30, 2023** **March 31, 2024**, compared to the **nine** three months ended **September 30, 2022** **March 31, 2023**. The Company incurred **\$96** **\$5** thousand in unrealized loss on foreign currency translation expense for the **nine** three months ended **September 30, 2022** **March 31, 2024**, for intercompany transactions between the parent company, T Stamp Inc., and its subsidiaries, Trust Stamp Malta Limited, Biometric Innovations Limited, and Trust Stamp Rwanda Limited with currencies denominated in United States Dollars European Union Euros, Pound Sterling, and Rwandan Franc, respectively. As of June 30, 2022, the Company determined that there was currently no intention to settle intercompany accounts in the foreseeable future; therefore, beginning in June 30, 2022, future fluctuations in foreign currencies between the Company and its subsidiaries are recorded to Accumulated other comprehensive income on the balance sheet instead of Other expense.

## Liquidity and Capital Resources

As of September 30, 2023, and December 31, 2022 March 31, 2024, the Company had approximately \$3.18 million and \$1.25 million \$817 thousand cash in its banking accounts, respectively.

accounts. The increase of \$1.93 million in Cash and cash equivalents from December 31, 2022 to September 30, 2023 was Company is generating revenues, but has not yet generated profits, with a result of the net cash inflow which consisted of \$5.88 million and \$180 thousand outflows, and \$8.03 million inflow, in operating, investing, and financing activities, respectively. Additionally, there was a \$43 thousand cash outflow for a foreign currency transaction adjustment. See the "Cash Flows" subsection below for more details on cash activities during the quarter ended September 30, 2023.

Total Current Assets loss for the comparative periods increased by 49.60% or \$1.43 million from \$2.87 million three months ended March 31, 2024 of \$2.68 million, Net operating cash outflows of \$2.16 million for the same period, and an accumulated deficit of \$53.53 million as of December 31, 2022, to \$4.30 million as of September 30, 2023 March 31, 2024. The increase Company is not currently generating sufficient amounts of cash to meet its requirements for the next 12 months. The Company anticipates that it will need to raise capital from equity and/or debt financings within the next six (6) months in current assets was primarily driven by the increase in cash of \$1.93 million (discussed above). Additionally, there was a \$467 thousand decrease in Accounts receivable that offset the increase, mostly due order to decreased billing fund its operations.

## Subsequent Investment and a slight delay in the collection of invoice receipts by several enterprise customers billed as of December 31, 2022. Pro Forma Balance Sheet

Total Current Liabilities decreased by 53.91% or \$2.40 million from \$4.45 million as of December 31, 2022 compared to \$2.05 million as of September 30, 2023. This decrease is primarily attributed to the \$1.72 million decrease in Deferred revenue. Deferred revenue decreased primarily due to the recognition of \$2.51 million in non-refundable revenue advances for software provisioned by the Company for IGS. Upon termination of the MSA, IGS waived their option to make additional payments in exchange for future maintenance and upgrades. As a result of the termination, Trust Stamp has no further performance obligations or contingencies related to the MSA. Additionally, there were decreases in Other current liabilities, including \$258 thousand in Accounts payable, \$238 thousand in Accrued expenses, and \$145 thousand Related party payables due to the timing of payables. The decreases in Total Current Liabilities were offset by the increase in Short-term financial liabilities of \$43 thousand due to the sale of mobile hardware assets which triggered the total financial liability balance becoming current.

In effect, the Company's current ratio (i.e., the ratio of the Company's total current assets as a multiple of total current liabilities or the Company's ability to service its near-term liabilities with its near-to-cash assets) increased from 0.65 as of December 31, 2022 to 2.10 representing a 223.08% increase during the nine months ended September 30, 2023. This is, in part, a result of the net cash inflow from financing activities, offset by the cash outflows from investing, and operating activities, discussed in further detail below.

Effective September 3, 2019 On April 1, 2024, the Company entered into a software license agreement Securities Purchase Agreement (the "SPA") with the Selling Stockholder. Pursuant to the terms of the SPA, the Selling Stockholder agreed, at the closing of the SPA (the "Closing") and upon the terms and subject to the conditions set forth in the SPA, to purchase from the Company 499,990 shares of Class A Common Stock, par value \$0.01 of the Company, and pre-funded warrants to purchase 1,500,010 shares of Class A Common Stock of the Company at a customer purchase price of \$0.968 per share ("Warrant A") for a total purchase price of \$1,936,000.

Additionally, pursuant to the SPA, as additional consideration for the share and Warrant A purchase described above, the Company agreed to issue to the Selling Stockholder a stock purchase warrant for the purchase of 2,000,000 shares of the Company's Class A Common Stock at an exercise price of \$0.968 per share ("Warrant B"), and a stock purchase warrant for the purchase of 1,600,000 shares of the Company's Class A Common Stock at an exercise price of \$1.060 per share ("Warrant C"). (Warrant A, Warrant B and Warrant C shall collectively be referred to herein as the "Warrants").

On April 3, 2024 the transaction contemplated by the SPA occurred (the "Closing"). The Closing was subject to a number of customary closing conditions, including, but not limited to, the Company's entry into a Registration Rights Agreement, and providing issuance instructions to the Company's transfer agent.

At the Closing, the Selling Stockholder purchased 499,990 shares of Class A Common Stock at a purchase price of \$0.968 per share, and the Company issued prefunded warrants for \$0.968 per share, Warrant A, to the Selling Stockholder to purchase 1,500,010 shares of Class A Common Stock at an exercise price of \$0.00 per share.

The Company paid the Placement Agent \$135,520, representing 7% of the total purchase price under the SPA of \$1,936,000. Expense reimbursements under the Placement Agent Agreement total \$10,000. Legal fees under the SPA total \$75,000. The net proceeds from the investment was \$1,715,480. The Company paid \$50,000 in legal fees during the three months ended March 31, 2024 recording the expense to Deferred financing costs as of March 31, 2024.

The Company agreed to provide the Selling Stockholder a right of participation in any subsequent financings of the Company from the date of the Closing until the date that is 18 months thereafter in which the Company issues shares of its common stock (or common stock equivalents). In such an event, the Selling Stockholder will have the right to participate in that financing in up to an amount equal to 25% of the amount raised in that financing on the same terms, conditions and price provided to other Selling Stockholders in the financing.

Warrant A is exercisable at any time by the Selling Stockholder following the issue date until five (5) years thereafter. Warrant B and Warrant C may be exercised at any time by the Selling Stockholder starting six months following the issue date until five (5) years thereafter.

As of May 14, 2024, the Selling Stockholder has not requested issuance of the pre-funded Warrants, has not exercised any of the Warrants, and still holds all 499,990 shares of Class A Common Stock purchased pursuant to the SPA.

The following table sets forth our consolidated cash and cash equivalents and capitalization as of March 31, 2024 on an actual basis and as adjusted basis to reflect the sale of (i) 499,990 shares of Class A Common Stock by us at the public offering price of \$0.968 per share, and (ii) pre-funded warrants to purchase 1,500,010 shares of our Class A Common Stock at \$0.968 per share.

Category	Amount
Total Current Assets	\$2.68 million
Total Current Liabilities	\$2.05 million
Net Working Capital	\$0.63 million
Long-term Debt	\$0.00 million
Equity	\$3.18 million
Total Capitalization	\$3.18 million

	March 31, 2024	March 31, 2024	March 31, 2024
(Pro Form As Adjusted, Reflecting the Sale of 499,990 shares of Class A Common Stock, pre-funded warrants to purchase 1,500,010 shares of our Class A Common Stock, and warrants to purchase 3,600,000 shares of our Class A Common Stock)			
<b>Assets</b>			
Cash and cash equivalents	\$ 816,692	\$	2,532,172
<b>Total Current Liabilities</b>	2,783,926		2,783,926
Warrant liabilities	254,076		254,076
Non-convertible notes payable, plus accrued interest	946,395		946,395
Long-term operating lease liabilities	84,288		84,288
<b>Total Liabilities</b>	<b>4,068,685</b>		<b>4,068,685</b>
Stockholders' Equity:			
Common stock	100,997		105,997
Additional paid-in capital	54,641,448		56,351,928
Accumulated other comprehensive income	171,361		171,361
Accumulated deficit	(53,531,854)		(53,531,854)
<b>Total T Stamp Inc. Stockholders' Equity</b>	<b>1,381,952</b>		<b>3,097,432</b>
Non-controlling interest	161,439		161,439
<b>Total Stockholders' Equity</b>	<b>1,543,391</b>		<b>3,258,871</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 5,612,076</b>	<b>\$</b>	<b>7,327,556</b>

We note that the Company currently has an effective resale registration statement on Form S-3 pursuant to which the Company received total fees. Selling Stockholder may exercise of \$150 thousand in 2020, \$200 thousand in 2021, certain of the Warrants that are exercisable for cash (which are the Warrant B and \$250 thousand in 2022. On December 31, 2022, the software license agreement was amended. The Company will receive minimum total fees of \$300 thousand in 2023 which will continue to rise by 15% in each subsequent year after 2023 with the annual minimum fee capped at \$1.00 million. Warrant C Warrants described above). The cap in the annual minimum fee does not restrict Selling Stockholder would pay the Company from earning additional fees for transactions that exceed an exercise price of either \$0.968 per share (for the annual minimum transaction volume. The Company has recognized \$225 thousand in fees from this software license agreement during Warrant B Warrants) and \$1.06 per share (for the nine months ended September 30, 2023).

On September 15, 2022 Warrant C Warrants, the Company entered into a Master Services Agreement ("the MSA") with Innovative Government Solutions ("IGS") under which the Company and IGS agreed to jointly offer services and IGS was granted a 12-year (renewable) license ("the license") to resell the Company's technology subject to payment by IGS of agreed revenue advances and end user license fees. On execution any adjustment pursuant to the terms of the MSA, IGS agreed to pay \$1.50 million to Warrants, or an aggregate of approximately \$3,632,000 if those Warrants are exercised in full for cash. However, we note that, as of the Company as a non-refundable revenue advance, an additional \$1.50 million non-refundable revenue advance date of this Quarterly Report on Form 10-Q, the last closing price of our Class A Common Stock on the first anniversary Nasdaq Capital Market was \$0.75 per share on May 14, 2024. Unless (and until) this price increases over \$0.968 and/or \$1.06, it is unlikely any of the MSA, and \$1.00 million on each of Warrants would be exercised for cash by the next two anniversaries of the MSA as additional non-refundable revenue advances. IGS has the right to terminate the MSA for convenience before the additional non-refundable revenue advances become due in which case the unpaid additional non-refundable revenue advances will not be payable and the license will terminate. On September 14, 2023, Trust Stamp received notification from IGS that it was terminating the MSA effective September 15, 2023. IGS paid Trust Stamp a total of \$2.51 million in non-refundable revenue advances for software provisioned prior to the termination. Upon terminating the MSA, IGS waived their option to make additional payments in exchange for future maintenance and upgrades. Trust Stamp has no remaining performance obligations or contingencies related to the MSA. During the nine months ended September 30, 2023, Trust Stamp recognized the \$2.51 million in IGS non-refundable revenue advances that were previously recorded to Deferred revenue. Selling Stockholder.

During the nine months ended September 30, 2023, the Company received a provisional patent for the Tap-In Band™, which is a wrist-worn, tamper resistant, hypoallergenic near-field communication band that facilitates discrete check-in by, and communication with, participants in community based supervision programs. This technology and associated biometric processes utilize Trust Stamp's patented IT2 identity tokenization processes that allow users to biometrically authenticate without the need to store biometric images or templates. The Company is optimistic about the tremendous market opportunity for the Tap-In Band™ technology, specifically in the government sector.

#### Going Concern

The accompanying unaudited condensed consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company is a business that has not yet generated profits, with a Net loss in for the nine three months ended September 30, 2023 March 31, 2024 of \$4.75 million \$2.68 million, Net operating cash outflows of \$5.88 million \$2.16 million for the same period, and an Accumulated deficit of \$44.05 million \$53.53 million as of September 30, 2023 March 31, 2024.

The Company's ability to continue as a going concern in the next twelve months, following the date the unaudited condensed consolidated financial statements were available to be issued, is dependent upon its ability to produce revenues and/or obtain financing sufficient to meet current and future obligations and deploy such to produce profitable operating results. Management has evaluated these conditions and plans to generate revenue and raise capital as needed to satisfy its capital needs. While the negotiation of significant additional revenue is well advanced, it has not reached a stage that allows it to be factored into a going concern evaluation. In addition, although the Company has previously been successful in raising capital as needed and has already made plans to do so as well as restructuring expenses to meet the Company's cash needs, no assurance can be given that

the Company will be successful in its capital raising efforts. These factors, among others, raise substantial doubt about the ability of the Company to continue as a going concern for a reasonable period.

## Cash Flows

The following table summarizes our cash flows for the **nine** three months ended **September 30, 2023** **March 31, 2024** and **2022**: **2023**:

		For the nine months ended		
		September 30,	2023	
		For the three months ended		For the three months ended March 31,
		March 31,	2024	
2024	2023	2024	2023	
Net cash flows from operating activities	\$(5,884,123)	\$(4,841,167)		
Net cash flows from investing activities	\$(179,685)	\$(735,084)		
Net cash flows from financing activities	\$ 8,034,495	\$ 5,079,292		

### Operating Activities

Net cash flows from operating activities increased by **21.54%** **1295.82%** from **\$4.84 million** **\$155 thousand** during the **nine** three months ended **September 30, 2022** **March 31, 2023**, compared to **\$5.88 million** **\$2.16 million** during the **nine** three months ended **September 30, 2023** **March 31, 2024**. Of the **\$4.75 million** **\$2.68 million** net loss for the **nine** three months ended **September 30, 2023** **March 31, 2024**, there were various cash and non-cash adjustments that were added back to the Net loss to arrive at **\$5.88 million** **\$2.16 million** cash used for operating activities for the **nine** three months ended **September 30, 2023** **March 31, 2024**.

Those adjustments included **\$1.72 million** the add back of **\$298 thousand** related to stock-based compensation mainly for the recognition due to bolstering our sales resources and bringing in-house technical positions that were previously outsourced. Additionally, there is an add back of **\$2.51 million** **\$257 thousand** in non-refundable revenue advances for software provisioned by the Company for IGS, this was partially offset by cash received and recorded to Deferred revenue from various customers. Additionally cash mainly due an annual license fee billing of **\$345 thousand** that will be recognized over the current year in alignment with the service period. Cash and non-cash adjustments noncash add backs also included **\$642 thousand** combined for payments made on invoices related to Accounts payable, Accrued expenses, and Related party payables, **\$596 thousand** for non-cash Depreciation and amortization, and **\$467 thousand** for cash received on Accounts receivable.

The add backs were offset by reductions in certain cash and noncash adjustments including **\$162 thousand** for the noncash settlement of mobile hardware liabilities, **\$69 thousand** increase in Prepaid expenses and other current assets mainly due to the receipt of invoices for billing of 2024 service period, and **\$14 thousand** from the timing of accruals.

### Investing Activities

Net cash used in investing activities during the **nine** three months ended **September 30, 2023** **March 31, 2024** was **\$180 thousand**, compared to net cash of **\$735 thousand** thousand used in the **nine** three months ended **September 30, 2022** **March 31, 2023**. The reduction in cash outflow from investing activities during the **nine** three months ended **September 30, 2023** related primarily to the **\$377 thousand** decrease of Property and equipment, net related to the sale of the mobile hardware assets. Otherwise, cash used in investing activities for the **nine** months ended **September 30, 2023** **March 31, 2024** related primarily to continued investments in technologies intended to be capitalized and develop future technologies that we intend to capitalize and monetize over time. During In addition, the **nine** Company continued to prioritize intellectual property, which produced one (1) new pending patent applications and three (3) issued patents with the United States Patent and Trademark Office during the three months ended **September 30, 2023**, cash outflow for capitalized internally developed software costs decreased by **18.83%** compared to the **nine** months ended **September 30, 2022**, as a result of the fewer software developer activities allocated to the capitalization of internally developed software for investments in products that can be used by multiple customers over time such as the Orchestration Layer SaaS platform. **March 31, 2024**.

### Financing Activities

During the **nine** three months ended **September 30, 2023** **March 31, 2024**, Net cash flows from financing activities was **\$8.03 million**, **\$22 thousand**, compared to Net cash flows from financing activities of **\$5.08 million** **\$103 thousand** for the **nine** three months ended **September 30, 2022** **March 31, 2023**. The Company raised **\$4.78 million** and **\$2.69 million** in net proceeds, during During the **nine** three months ended **September 30, 2023**, from two separate securities purchase agreements ("SPA") with an institutional investor for the issuance

of Class A Common Stock, pre-funded warrants, and common stock warrants. The same institutional investor exercised 270,000 warrants to purchase shares of Class A Common Stock of the Company for total proceeds of \$621,000. See Note 3 to the financial statements provided under Item 1 of this report for more details. In addition, during the nine months ended September 30, 2023 **March 31, 2024**, there was a **\$25** **\$22** thousand tax withholding accrual for net issuances on employee equity compensation and **\$30** **\$0** thousand for payments on financial liabilities.

During the nine months ended September 30, 2022, the Company received \$3.39 million from a warrant exercise in December 2021 from SCV and REACH® Ventures (a related party), \$78 thousand from the exercise prepayment of options, \$1.42 million from the sale of Class A Common Stock and warrants exercisable into Class A Common Stock in a private investment in public equity agreement with Armistice Capital Master Fund Ltd. ("Armistice PIPE"), and \$254 thousand in units sold and warrants exercised in connection to the Company's 2021 raises under Regulation CF, Regulation D, and Regulation S in preparation for our Nasdaq listing. The receipts were offset by \$60 thousand for principal payments made legal fees for the financial liability. April 2024 investment discussed above in "Subsequent Investment and Pro Forma Balance Sheet".

#### Critical Accounting Policies and Estimates

Our **unaudited condensed consolidated** financial statements are prepared in accordance with GAAP. The preparation of these unaudited condensed consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, and expenses, as well as related disclosures. We evaluate our estimates and assumptions on an ongoing basis. Our estimates are based on historical experience and various other assumptions that we believe to be reasonable under the circumstances. Our actual results could differ from these estimates. There have been no material changes in the critical accounting policies and estimates, assumptions, and judgments that we believe have the most significant impact from those disclosed in our Annual Report on our unaudited condensed consolidated financial statements are described below.

#### Capitalized Internal-Use Software, Net

Costs related to software acquired, developed, or modified solely to meet our internal requirements, with no substantive plans to market such software at the time of development are capitalized. The Company capitalizes eligible costs to develop internal-use software that are incurred subsequent to the preliminary project stage through the development stage. These costs consist of personnel costs (including related benefits and stock-based compensation) that are incurred during the application development stage. Costs incurred during the preliminary project stage and during the post-implementation operational stage are expensed as incurred. Maintenance costs are expensed as incurred. The estimated useful life of costs capitalized is evaluated for each specific project. Actual economic lives may differ from estimated useful lives. Periodic reviews could result in a change in estimated useful lives and therefore changes in amortization expense in future periods.

#### Revenue Recognition

The Company derives its revenue primarily from professional services. Revenue is recognized upon transfer of control of promised products and services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. If the consideration promised in a contract includes a variable amount, the Company includes an estimate of the amount it expects to receive or the total transaction price if it is probable that a significant reversal of cumulative revenue recognized will not occur.

The Company determines the amount of revenue to be recognized through the application of the following steps:

- Identification of the contract, or contracts 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 Company satisfies the performance obligations.

At contract inception, the Company will assess the services agreed upon within each contract and assess whether each service is distinct and determine those that are performance obligations. The Company then recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied. In general, each contract with a customer consists of a single performance obligation to perform services in which revenue is recognized when the service has been delivered.

#### Contract Balances

The timing of customer billing and payment relative to the start of the service period varies from contract to contract; however, the Company bills many of its customers in advance of the provision of services under its contracts, resulting in liabilities consisting of either deferred revenue (a "contract liability") or customer deposit liabilities. Deferred revenue represents billings under non-cancelable contracts before the related product or service is transferred to the customer. Such amounts are recognized by the Company over the life of the contract upon meeting the revenue recognition criteria, but generally within one year. Customer deposit liabilities consist of billings or payments received in advance of the start of the contractual term or for anticipated revenue generating activities Form 10-K for the portion of a contract term that is subject to cancellation for convenience. Certain of the Company's arrangements generally include terms that allow the customer to terminate the contract for convenience and receive a refund of the amount of the customer deposit for the percentage of the work not performed prior to the notice of termination. In these arrangements, the Company concluded there are no enforceable rights and obligations after such notice period and therefore the consideration received or due from the customer that is subject to termination for convenience is recorded as customer deposit liabilities.

The payment terms and conditions vary by contract; however, the Company's terms generally require payment within 30 to 60 days from the invoice date. In instances where the timing of revenue recognition differs from the timing of payment, the Company elected to apply the practical expedient in accordance with ASC 606 to not adjust contract consideration for the effects of a significant financing component, as the Company expects, at contract inception, that the period between when promised goods and services are

transferred to the customer and when the customer pays for those goods and services will be one year or less. As such, the Company determined its contracts do not generally contain a significant financing component.

#### **Costs to Obtain and Fulfill Contracts**

Incremental costs of obtaining a contract include only those costs that are directly related to the acquisition of contracts, including sales commissions, and that would not have been incurred if the contract had not been obtained. The Company recognizes an asset for the incremental costs of obtaining a contract with a customer if it is expected that the economic benefit and amortization period will be longer than one year. Costs to obtain contracts were not material in the periods presented. The Company recognizes an asset for the costs to fulfill a contract with a customer if the costs are specifically identifiable, generate or enhance resources used to satisfy future performance obligations, and are expected to be recovered. Costs to fulfill contracts were not material in the periods presented. The Company elected to apply the practical expedient in accordance with ASC 340, which allows the Company to expense commissions as incurred when the contract term is twelve months or less in total.

#### **Remaining Performance Obligation**

The Company's arrangements with its customers often have terms that span over multiple years. However, the Company generally allows its customers to terminate contracts for convenience prior to the end of the stated term with less than twelve months' notice. Revenue allocated to remaining performance obligations represents noncancelable contracted revenue that has not yet been recognized, which includes deferred revenue and, in certain instances, amounts that will be invoiced. The Company has elected the practical expedient allowing the Company to not disclose remaining performance obligations for contracts with original terms of twelve months or less. Cancellable contracted revenue, which includes customer deposit liabilities, is not considered a remaining performance obligation. As of September 30, 2023 and December 31, 2022 the Company did not have any related performance obligations for contracts with terms exceeding twelve months.

#### **Warrants**

The Company accounts for stock warrants as either equity instruments, derivative liabilities, or liabilities in accordance with ASC 480, Distinguishing Liabilities from Equity ("ASC 480") and ASC 815, Derivatives and Hedging ("ASC 815"), depending on the specific terms of the warrant agreement.

#### **Recent Accounting Pronouncements**

For information on recently issued accounting pronouncements, refer to Note 1. *Description of Business and Summary of Significant Accounting Policies* in our unaudited condensed consolidated financial statements included elsewhere under Item 1 in this report.

#### **Emerging Growth Company**

As a Nasdaq listed public reporting company, we are required to publicly report on an ongoing basis as an "emerging growth company" (as defined in the Jumpstart Our Business Startups Act of 2012, which we refer to as the JOBS Act) under the reporting rules set forth under the Exchange Act. For so long as we remain an "emerging growth company", we may take advantage of certain exemptions from various reporting requirements that are applicable to other Exchange Act reporting 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 extensions of time to comply with certain new or revised financial accounting standards;
- being permitted to comply with reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements; and
- being exempt from the requirement to hold a non-binding advisory vote on executive compensation and shareholder 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. We may remain an "emerging growth company" for up to five years, beginning January 26, 2022, although if the market value of our Common Stock that is held by non-affiliates exceeds \$700 million as of June 30th, before that time, we would cease to be an "emerging growth company" as of the following December 31st.

In summary, we are subject to ongoing public reporting requirements that are less rigorous than Exchange Act rules for companies that are not "emerging growth companies" and therefore, our shareholders could receive less information than they might expect to receive from more mature public companies. ended December 31, 2023.

#### **ITEM Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK 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, as amended, and are not required to provide the information required under this item.

#### **ITEM Item 4. CONTROLS AND PROCEDURES Controls and Procedures.**

##### **Evaluation of Disclosure Controls and Procedures**

We are required to maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Management necessarily applied judgment in assessing the costs and benefits of such controls and procedures, which, by their nature, can provide only reasonable assurance regarding our control objectives.

As of **September 30, 2023** **March 31, 2024**, we carried out an evaluation, under the supervision and with the participation of management, including the Chief Executive Officer along with the Chief Financial Officer, of the effectiveness, design and operation of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)). **This determination is based on Based upon the previously reported material weakness management previously identified in our internal control over financial reporting, as described below. We are in foregoing, the process of remediating Chief Executive Officer along with the material weakness in our internal control, as described below. We believe the completion of these processes should remedy our disclosure controls and procedures Based on management's evaluation, they have Chief Financial Officer concluded that our disclosure controls and procedures were not effective as of September 30, 2023. We will continue effective. In addition, based on such evaluation we have identified no changes in our internal control over financial reporting that occurred during the most recent fiscal quarter that have materially affected, or are reasonably likely to monitor this issue. materially affect, our internal control over financial reporting.**

**Notwithstanding the identified material weaknesses, management has concluded that the consolidated financial statements present fairly, in all material respects, the Company's financial position, results of operations, and cash flows as of the dates, and for the periods presented, in accordance with generally accepted accounting principles in the United States of America ("GAAP").**

#### **Previously Reported Material Weakness in Management's Report on Internal Control Controls Over Financial Reporting**

In our Annual Report for the year ended December 31, 2022, filed As a publicly traded company, we are required to comply with the **SEC** SEC's rules implementing Section 302 and 404 of the Sarbanes-Oxley Act, which require management to certify financial and other information in our quarterly and annual reports and provide an annual management report on **March 30, 2023**, the effectiveness of controls over financial reporting.

Our management is responsible for establishing and maintaining an adequate system of internal control over financial reporting, as defined in the Exchange Act Rule 13a-15(f). Management conducted an assessment of our internal control over financial reporting based on the framework established in 2013 by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control-Integrated Framework.

Based on our evaluation, management concluded that our internal **controls** **control** over financial reporting were not effective. Management identified certain material weaknesses relating to insufficient management review and approval was effective as of each journal entry prior to its posting for preparation of the financial statements and disclosures as well as inadequate controls over the management information systems related to program changes, segregation of duties, and access controls. **March 31, 2024.**

#### **Remediation Plan for Previous Existing Material Weaknesses**

Management is committed to the remediation of the material weakness described above. As such, controls have been added to ensure precision of management's review and approval of each journal entry prior to its posting for preparation of the financial statements and disclosures and controls will be added to ensure adequate controls over management information systems related to program changes, segregation of duties, and access controls.

It is our belief that these added controls will effectively remediate the previous existing material weakness.

#### **Change in Internal Control over Financial Reporting**

There was no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the three months ended **September 30, 2023** **March 31, 2024** that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## **PART II - OTHER INFORMATION**

#### **Item 1. Legal Proceedings.**

From time to time, the Company may be involved in a variety of legal matters that arise in the normal course of business. The Company is not currently involved in any litigation, and its management is not aware of any pending or threatened legal actions relating to its intellectual property, conduct of its business activities, or otherwise. See Part I, "Item 1A. Risk Factors," of our Annual Report on Form 10-K for the year ended **December 31, 2022** **December 31, 2023** for a summary of risks our Company may face in relation to litigation against our Company.

#### **Item 1A. Risk Factors.**

Not applicable.

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

During the **nine** **three** months ended **September 30, 2023** **March 31, 2024**, the Company **undertook** did not sell any securities in transactions not registered under the following unregistered sales of equity securities:

On April 14, 2023, the Company entered into a securities purchase agreement which included the sale of warrants in a private placement to acquire up to 1,573,330 shares of the Company's Class A Common Stock at an exercise price of \$3.30 per share of Class A Common Stock. As of the date of this Form 10-Q, none of the issued warrants have been exercised.

On June 1, 2023, the Company entered into a securities purchase agreement which included the sale of warrants in a private placement to acquire up to 1,279,700 shares of the Company's Class A Common Stock at an exercise price of \$2.30 per share of Class A Common Stock. As of the date of this Form 10-Q, none of the issued warrants have been exercised.

On August 18, 2023, the institutional investor exercised 270,000 warrants to purchase shares of Class A Common Stock of the Company at a price of \$2.30 per warrant, resulting in an issuance by the Company of 270,000 shares of Class A Common Stock for total proceeds of \$621,000. The warrants to purchase the remaining 120,000 shares of the Company's Class A Common Stock remained outstanding as of September 30, 2023. [Securities Act](#).

**Item 3. Defaults Upon Senior Securities.**

None.

**Item 4. Mine Safety Disclosures.**

Not applicable.

**Item 5. Other Information.**

None.

**Item 6. Exhibits.**

Exhibit No.	Exhibit Description
3.1	<a href="#">Third Amended and Restated Certificate of Incorporation (incorporated by reference to the Company's Form 8-K filed with the SEC on July 7, 2023).</a>
3.2	<a href="#">Amended and Restated Bylaws of the Company (incorporated by reference to Exhibit 2.2.3.2 to the Company's Company's Current Report on Form DOS 8-K filed with the SEC on December 30, 2019). December 12, 2022).</a>
4.1	<a href="#">Warrant issued to the Armistice Capital Master Fund Ltd. dated September 14, 2022 (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the SEC on September 15, 2022).</a>
4.2	<a href="#">Form of Warrant dated November 9, 2016 (\$5,000 per share) (incorporated by reference to Exhibit 3.9 to the Company's Form DOS filed with the SEC on December 30, 2019).</a>
4.3	<a href="#">Form of Warrant dated November 9, 2016 (\$1,000,000) (incorporated by reference to Exhibit 3.10 to the Company's Form DOS filed with the SEC on December 30, 2019).</a>
4.4	<a href="#">Form of Warrant dated September 30, 2016 (incorporated by reference to Exhibit 3.11 to the Company's Form DOS filed with the SEC on December 30, 2019).</a>
4.5	<a href="#">Form of Warrant dated December 16, 2016 (incorporated by reference to Exhibit 3.12 to the Company's Form DOS filed with the SEC on December 30, 2019).</a>
4.6	<a href="#">Warrant issued by the Company to Reach® Ventures 2017 LP (incorporated by reference to Exhibit 3.14 to the Company's Form 1-A filed with the SEC on March 12, 2020).</a>
4.7	<a href="#">Warrant issued by the Company to Second Century Ventures, LLC (incorporated by reference to Exhibit 3.15 to the Company's Form 1-A filed with the SEC on March 12, 2020).</a>

4.8 [Form of Regulation Crowdfunding Offering Warrant \(or Reg CF Warrant\) \(incorporated by reference to Exhibit 3.8 the Company's Form 1-A POS filed with the SEC on April 28, 2022\)](#)

4.9 [Form of Regulation D Offering Warrant \(or Reg D Warrant\) \(incorporated by reference to Exhibit 3.9 the Company's Form 1-A POS filed with the SEC on April 28, 2022\)](#)

4.10 [Form of Regulation S Offering Warrant \(or Reg S Warrant\) \(incorporated by reference to Exhibit 3.10 the Company's Form 1-A POS filed with the SEC on April 28, 2022\)](#)

4.11 [Form of Pre-Funded Warrant \(incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the SEC on April 18, 2023\)](#)

4.12 [Form of Private Placement Warrant \(incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed with the SEC on April 18, 2023\)](#)

4.9 [Form of Private Placement Warrant \(incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed with the SEC on June 5, 2023\)](#)

4.10 [Form of New Warrant \(incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the SEC on December 21, 2023\)](#)

4.11 [Warrant A issued to the investor dated April 1, 2024 \(incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed by the Company on April 4, 2024\)](#)

4.12 [Warrant B issued to the investor dated April 1, 2024 \(incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K filed by the Company on April 4, 2024\)](#)

4.13 [Warrant C issued to the investor dated April 1, 2024 \(incorporated by reference to Exhibit 4.3 to the Current Report on Form 8-K filed by the Company on April 4, 2024\)](#)

10.1 [Emergent Agreement dated June 11, 2020 \(incorporated by reference to Exhibit 6.11 to the Company's Form 1-SA for the six months ended June 30, 2020 filed with the SEC on September 28, 2020\)](#)

10.2 [Executive Employment Agreements of Gareth Genner and Andrew Gowasack, effective as of December 8, 2020 \(incorporated by reference to Exhibit 6.13 to the Company's Form 1-K for the year ended December 31, 2020 filed with the SEC on April 30, 2021\)](#)

10.3 [Malta Enterprise Letter dated July 8, 2020 sent to the Company \(Repayable Advance of €800,000\) \(incorporated by reference to Exhibit 6.14 to the Company's Form 1-A/A filed with the SEC on January 12, 2022\)](#)

10.4 [Purchase Order executed September 23, 2021 issued by U.S. Immigration and Customs Enforcement to the Company \(as Contractor\) \(incorporated by reference to Exhibit 6.15 to the Company's Form 1-A/A filed with the SEC on January 12, 2022\)](#)

10.5 [Letter of Appointment effective December 1, 2021 sent by the Company to Berta Pappenheim \(as non-executive director appointee\) \(incorporated by reference to Exhibit 6.16 to the Company's Form 1-A/A filed with the SEC on January 12, 2022\)](#)

10.6 [Letter of Appointment effective December 1, 2021 sent by the Company to Kristin Stafford \(as non-executive director appointee\) \(incorporated by reference to Exhibit 6.17 to the Company's Form 1-A/A filed with the SEC on January 12, 2022\)](#)

10.7 [Warrant Agency Agreement between the Company and Colonial Stock Transfer Company, Inc. dated August 20, 2021. \(incorporated by reference to Exhibit 6.18 to the Company's Form 1-A/A filed with the SEC on January 12, 2022\)](#)

10.8 [Mutual Channel Agreement dated November 15, 2020 between the Company and Vital4Data, Inc. \(incorporated by reference to Exhibit 6.19 to the Company's Form 1-A/A filed with the SEC on January 12, 2022\)](#)

10.9 [Warrant to Purchase Common Stock between the Company and Second Century Ventures, LLC dated April 22, 2020 \(incorporated by reference to Exhibit 6.9 to the Company's Form 1-A/A filed with the SEC on April 30, 2020\)](#)

10.10 [Settlement Agreement dated July 1, 2019 between Emergent Technology Holdings, LP and the Company. \(Incorporated by reference to Exhibit 6.1 to the Company's Form 1-A filed with the SEC on March 12, 2020\)](#)

10.11 [Amendment dated April 15, 2022 to Purchase Order executed September 23, 2021 issued by U.S. Immigration and Customs Enforcement to the Company \(as Contractor\) \(incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on April 21, 2022\)](#)

10.12 [Amendment dated July 15, 2022 to Purchase Order executed September 23, 2021 issued by U.S. Immigration and Customs Enforcement to the Company \(as Contractor\) \(incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on July 21, 2022\)](#)

10.13 [Securities Purchase Agreement, dated September 11, 2022 \(incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on September 15, 2022\)](#)

10.14 [Registration Rights Agreement, dated September 11, 2022 \(incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on September 15, 2022\)](#)

10.15 [Form of Lock-Up Agreement \(incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the SEC on September 15, 2022\)](#)

10.16	<a href="#">Placement Agent Agreement dated September 11, 2022 (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed with the SEC on September 15, 2022).</a>
10.17	<a href="#">Executive Employment Agreement of Alex Valdes, effective as of December 8, 2020 (incorporated by reference to Exhibit 6.12 to the Company's Form 1-K for the year ended December 31, 2020 filed with the SEC on April 30, 2021).</a>
10.18	<a href="#">Executive Employment Agreement of Andrew Scott Francis, effective as of December 8, 2020 (incorporated by reference to Exhibit 6.13 to the Company's offering statement on Form 1-A filed with the SEC on November 19, 2021).</a>
10.19	<a href="#">Form of Securities Purchase Agreement by and between the Company and a certain institutional investor dated April 14, 2023 (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the SEC on April 18, 2023).</a>
10.20	<a href="#">Form of Securities Purchase Agreement by and between the Company and a certain institutional investor dated June 1, 2023 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on June 5, 2023).</a>
10.21	<a href="#">Warrant Amendment by and between the Company and a certain institutional investor dated June 1, 2023 (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on June 5, 2023).</a>
10.22	<a href="#">Form of Warrant Exercise Agreement, dated December 21, 2023 by and between T Stamp Inc. and the Institutional Investor (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on December 21, 2023).</a>
10.23	<a href="#">Securities Purchase Agreement dated April 1, 2024 (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by the Company on April 4, 2024).</a>
10.24	<a href="#">Registration Rights Agreement dated April 1, 2024 (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed by the Company on April 4, 2024).</a>
10.25	<a href="#">Placement Agent Agreement dated April 1, 2024 (incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K filed by the Company on April 4, 2024).</a>
31.1*	<a href="#">Certification of the principal executive officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
31.2*	<a href="#">Certification of the principal financial officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
32.1*	<a href="#">Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
101.INS*	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	Inline XBRL Taxonomy Extension Schema
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase
104	Cover Page Interactive Data File—the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.

\* Filed herewith.

#### SIGNATURES

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

T STAMP INC.

/s/ Gareth Genner

Gareth Genner, Chief Executive Officer

Trust Stamp

The following persons in the capacities and on the dates indicated have signed this report.

/s/ Gareth Genner

Gareth Genner, Principal Executive Officer, Chief Executive Officer, Director

Date: November 7, 2023 May 15, 2024

/s/ Alex Valdes

Alex Valdes, Principal Financial Officer, Principal Accounting Officer

Date: November 7, 2023 May 15, 2024

/s/ Andrew Gowasack

Andrew Gowasack, President, Director

Date: November 7, 2023 May 15, 2024

/s/ William McClintock

William McClintock, Director

Date: November 7, 2023 May 15, 2024

/s/ Charles Potts

Charles Potts, Director

Date: November 7, 2023 May 15, 2024

/s/ Joshua Allen

Joshua Allen, Director

Date: November 7, 2023 May 15, 2024

/s/ Kristin Stafford

Kristin Stafford, Director

Date: November 7, 2023 May 15, 2024

/s/ Berta Pappenheim

Berta Pappenheim, Director

Date: November 7, 2023 May 15, 2024

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Exhibit 31.1

#### CERTIFICATIONS

I, Gareth Genner, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended September 30, 2023 March 31, 2024 of T Stamp Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(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 have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting

principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(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 or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **November 7, 2023** **May 15, 2024**

/s/ Gareth Gennar

Gareth Gennar

Chief Executive Officer  
(Principal Executive Officer)

**Exhibit 31.2**

#### **CERTIFICATIONS**

I, Alex Valdes, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended **September 30, 2023** **March 31, 2024** of T Stamp Inc.;

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

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

4. The registrant's other certifying officer(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 have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(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 or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **November 7, 2023** **May 15, 2024**

/s/ *Alex Valdes*

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Alex Valdes  
Chief Financial Officer  
(Principal Financial Officer)

Exhibit 32.1

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

In connection with the Quarterly Report of T Stamp Inc. (the "Company") on Form 10-Q for the quarter ended **September 30, 2023** **March 31, 2024** as filed with the Securities and Exchange Commission (the "Report"), I, Gareth Genner, Chief Executive Officer of the Company, and I, Alex Valdes, Chief Financial Officer of the Company, certify that:

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

Date: **November 7, 2023** **May 15, 2024**

/s/ *Gareth Genner*

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Chief Executive Officer  
(Principal Executive Officer)

/s/ *Alex Valdes*

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Chief Financial Officer  
(Principal Financial Officer)

#### DISCLAIMER

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