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

FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2024

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

FOR THE TRANSITION PERIOD FROM _________ to __________

COMMISSION FILE NUMBER 001-41748

JANOVER INC.

(Exact name of registrant as specified in its charter)

Delaware	**83-2676794**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
6401 Congress Avenue, Suite 250 Boca Raton, FL 33487	**(561) 559-4111**
(Address of principal executive offices) (Zip Code)	(Registrant's telephone number, including area code)

____

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.00001 per share	JNVR	The Nasdaq Stock Market LLC

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

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

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

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

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

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

As of May 14, 2024, the registrant had a total of 11,064,576 shares of its common stock, par value $0.00001 per share, issued and outstanding.

JANOVER INC.
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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends impacting the financial condition of our business. Forward-looking statements should not be read as a guarantee of future performance or results and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved. Forward-looking statements are based on information available at the time those statements are made and/or management’s good faith belief as of that time with respect to future events and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements.

Forward-looking statements include all statements that are not historical facts. In some cases, you can identify forward-looking statements by terms such as “may,” “will,” “should,” “could,” “would,” “expect,” “intend,” “seek,” “plan,” “anticipate,” “believe,” “estimate,” “project,” “predict,” “potential,” “might,” “forecast,” “continue,” or the negative of those terms, and similar expressions and comparable terminology intended to reference future periods. Forward-looking statements include, but are not limited to, statements about:

- The effect of and uncertainties related the ongoing volatility in interest rates;
- Our ability to achieve and maintain profitability in the future;
- The impact on our business of the regulatory environment and complexities with compliance related to such environment;
- Our ability to respond to general economic conditions;
- Our ability to manage our growth effectively and our expectations regarding the development and expansion of our business;
- Our ability to access sources of capital, including debt financing and other sources of capital to finance operations and growth;
- The success of our marketing efforts to access additional sales channels and our ability to expand our lender and borrower base;
- Our ability to grow market share in existing markets or any new markets we may enter;
- Our ability to develop new products, features and functionality that are competitive and meet market needs;
- Our ability to realize the benefits of our strategy, including our financial services and platform productivity;
- Our ability to make accurate credit and pricing decisions or effectively forecast our loss rates;
- Our ability to establish and maintain effective system of internal controls over financial reporting;
- Our ability to maintain the listing of our securities on Nasdaq;
- Sales of our common stock by us or our stockholders, which may result in increased volatility in our stock price;
- The outcome of any legal or governmental proceedings that may be instituted against us; and
- Other factors detailed under the section titled “Risk Factors” in the Company’s Annual Report on Form 10-K, which was filed with the SEC on March 28, 2024.

Should one or more of these risks or uncertainties materialize, or should the underlying assumptions prove incorrect, actual results may differ significantly from those anticipated, believed, estimated, expected, intended or planned.

Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We cannot guarantee future results, levels of activity, performance or achievements. Accordingly, the forward-looking statements in this Quarterly Report on Form 10-Q should not be regarded as representations that the results or conditions described in such statements will occur or that our objectives and plans will be achieved, and we do not assume any responsibility for the accuracy or completeness of any of these forward-looking statements.

PART I

ITEM 1. FINANCIAL STATEMENTS

JANOVER INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

		March 31, 2024 (Unaudited)		December 31, 2023
ASSETS				
Current assets:				
Cash and cash equivalents	$	3,924,238	$	5,075,609
Accounts receivable		120,779		86,138
Prepaid expenses		132,146		130,430
Total current assets		4,177,163		5,292,177
Property and equipment, net		33,137		28,137
Intangible assets, net		604,348		675,957
Goodwill		606,666		606,666
Other assets		18,107		18,107
Right of use asset		50,619		62,781
Total assets	$	5,490,040	$	6,683,825
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Accounts payable and accrued expenses	$	212,172	$	539,136
Deferred revenue		83,233		83,228
Right of use liability, current portion		54,502		52,731
Total current liabilities		349,907		675,095
Contingent consideration		178,819		178,819
Right of use of liability		-		13,933
Total liabilities		528,726		867,847
Commitments and contingencies (Note 9)				
Stockholders' equity:				
Series A Preferred stock, $0.00001 par value, 100,000 shares authorized, 10,000 shares issued and outstanding as of both March 31, 2024 and December 31, 2023				
Series B Preferred stock, $0.00001 par value, 1,000 shares authorized, 0 shares issued and outstanding as of both March 31, 2024 and December 31, 2023		-		-
Common stock, $0.00001 par value, 100,000,000 shares authorized, 11,064,576 and 11,046,981 shares issued and outstanding as of March 31, 2024 and Deember 31, 2023, respectively		110		110
Additional paid-in capital		12,568,730		12,459,343
Accumulated deficit		(7,607,526)		(6,643,475)
Total stockholders' equity		4,961,314		5,815,978
Total liabilities and stockholders' equity	$	5,490,040	$	6,683,825

See the accompanying notes to the unaudited condensed consolidated financial statements.

JANOVER INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended March 31,	
	2024	**2023**
Revenues	$ 411,137	$ 467,240
Cost of revenues	8,633	-
Gross profit	402,504	467,240
Operating expenses:		
Sales and marketing	415,626	293,745
Research and development	173,384	105,200
General and administrative	758,761	342,315
Depreciation and amortization	72,985	-
Total operating expenses	1,420,756	741,260
Loss from operations	(1,018,252)	(274,020)
Other income:		
Change in fair value of future equity obligations	-	45,710
Interest income	51,079	6,695
Other income	3,122	1,429
Total other income	54,201	53,834
Net loss	$ (964,051)	$ (220,186)
Weighted average common shares outstanding - basic and diluted	11,061,839	7,064,008
Net loss per common share - basic and diluted	$ (0.09)	$ (0.03)

See the accompanying notes to the unaudited condensed consolidated financial statements.

JANOVER INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(UNAUDITED)

	Series A Preferred Stock		Series B Preferred Stock		Common Stock		Additional Paid-in	Accumulated	Total Stockholders'
	Shares	Amount	Shares	Amount	Shares	Amount	Capital	Deficit	Equity
Balances at December 31, 2022	10,000	$ -	-	$ -	7,064,008	$ 71	$ 3,794,988	$ (3,269,681)	$ 525,378
Stock-based compensation	-	-	-	-	-	-	99,156	-	99,156
Net loss	-	-	-	-	-	-		(220,186)	(220,186)
Balances at March 31, 2023	10,000	-	-	-	7,064,008	71	3,894,144	(3,489,867)	404,348
Balances at December 31, 2023	10,000	-	-	-	11,046,981	110	12,459,343	(6,643,475)	5,815,978
Exercise of stock options	-	-	-	-	17,595	-	1,232	-	1,232
Stock-based compensation	-	-	-	-	-	-	108,155	-	108,155
Net loss	-	-	-	-	-	-	-	(964,051)	(964,051)
Balances at March 31, 2024	10,000	$ -	-	$ -	11,064,576	$ 110	$12,568,730	$ (7,607,526)	$ 4,961,314

See the accompanying notes to the unaudited condensed consolidated financial statements.

JANOVER INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Cash flows from operating activities:		
Net loss	$ (964,051)	$ (220,186)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	72,985	-
Stock-based compensation	108,155	99,156
Change in fair value of future equity obligations	-	(45,710)
Changes in operating assets and liabilities:		
Accounts receivable	(34,641)	(77,423)
Prepaid expenses	(1,716)	-
Accounts payable and accrued expenses	(326,964)	30,429
Deferred revenue	5	-
Net cash used in operating activities	(1,146,227)	(213,734)
Cash flows from investing activities:		
Purchase of property and equipment	(6,376)	-
Net cash used in investing activities	(6,376)	-
Cash flows from financing activities:		
Exercise of stock options	1,232	-
Net cash provided by financing activities	1,232	-
Net change in cash	(1,151,371)	(213,734)
Cash at beginning of period	5,075,609	981,125
Cash at end of period	$ 3,924,238	$ 767,391
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ -	$ -
Cash paid for taxes	$ -	$ -

See the accompanying notes to the unaudited condensed financial statements.

1. NATURE OF OPERATIONS

Janover Inc. ("Janover" or the "Company") was originally formed as Janover Ventures, LLC on November 28, 2018 in the State of Florida as a limited liability company and converted to a corporation, incorporated in the State of Delaware on March 9, 2021. The Company provides a technology platform that connects commercial mortgage and small business borrowers looking for debt to refinance, build, or buy commercial property including apartment buildings to commercial property lenders. These property lenders include traditional banks, credit unions, real estate investment trusts ("REITs"), debt funds, and other financial institutions looking to deploy capital into commercial mortgages. The Company is headquartered in Boca Raton, Florida.

Reverse Stock Split

The Company effected a 1-for-6.82 reverse stock split of its outstanding common stock on June 8, 2023. Accordingly, all share and per share amounts for all periods presented in the accompanying financial statements and notes thereto have been adjusted retroactively, where applicable, to reflect the reverse stock split. There was no effect on the number of shares of common stock or preferred stock authorized for issuance under the Company's certificate of incorporation or the par value of such securities.

Initial Public Offering

On July 24, 2023, the Company's registration statement on Form S-1 relating to its initial public offering of its common stock ("the IPO") was declared effective by the United States Securities and Exchange Commission ("SEC"). The IPO closed on July 27, 2023, which resulted in the sale of 1,412,500 shares of common stock at a public offering price of $4.00 per share. The aggregate net proceeds to the Company at the closing of the IPO were approximately $5.0 million after deducting underwriting discounts and commissions of approximately $ 0.4 million and offering expenses (excluding other offering costs incurred in connection with the IPO) of approximately $0.3 million.

Acquisition of Groundbreaker

On November 17, 2023, the Company, and Groundbreaker Tech Inc., a Delaware corporation and a wholly owned subsidiary of the Company ("Buyer"), simultaneously (i) entered into an Asset Purchase Agreement with Groundbreaker Technologies Inc., a Delaware corporation ("Seller"), and its principal stockholder, pursuant to which the Buyer agreed to acquire substantially all of the assets of the Seller and certain liabilities related to Seller's business activities (the "Seller's Business") and (ii) closed the Seller acquisition. Following the closing of the Seller acquisition, the Purchased Assets are now being held by the Buyer, and the Seller's Business is being operated by and through the Company. See Note 4 for further detail.

Janover Insurance Group Inc.

On November 27, 2023, the Company formed a wholly-owned subsidiary, Janover Insurance Group Inc., a Delaware corporation. With the new subsidiary, the Company aims to transform the landscape of commercial property insurance through the application of generative AI and its unique access to data on the commercial property market. The Company has received licensing in certain states and is pursuing licensure in various additional states. As of March 31, 2024, no revenue has been generated in relation to these efforts.

2. GOING CONCERN

The accompanying 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 sustained net losses of approximately $964,000 and $220,000 during the three months ended March 31, 2024 and 2023, respectively, and had cash used in operations of approximately $1.1 million during the three months ended March 31, 2024.

Management's Plans

As of the issuance date of these condensed consolidated financial statements, the Company expects that its cash and cash equivalents of approximately $3.9 million as of March 31, 2024, will be sufficient to fund its operating expenses and capital expenditure requirements for at least one year from the date these financial statements are issued.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accounting and reporting policies of the Company conform to accounting principles generally accepted in the United States of America ("GAAP").

Unaudited Interim Financial Information

The unaudited interim condensed consolidated financial statements and related notes have been prepared in accordance with U.S. GAAP for interim financial information, within the rules and regulations of the SEC. Certain information and disclosures normally included in the annual consolidated financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations. The unaudited interim financial statements have been prepared on a basis consistent with the audited financial statements and in the opinion of management, reflect all adjustments, consisting of only normal recurring adjustments, necessary for the fair presentation of the results for the interim periods presented and of the financial condition as of the date of the interim balance sheet. The financial data and the other information disclosed in these notes to the interim financial statements related to the three-month periods are unaudited. Unaudited interim results are not necessarily indicative of the results for the full fiscal year.

The accompanying unaudited interim condensed consolidated financial statements should be read in conjunction with the Company's audited financial statements and the notes thereto for the year ended December 31, 2023 included in the Company's Form 10-K filed on March 28, 2024.

Principles of Consolidation

These unaudited interim condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All inter-company transactions and balances have been eliminated on consolidation.

Use of Estimates

The preparation of the Company's financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates and assumptions reflected in these financial statements include, but are not limited to, the valuation of assets acquired and liabilities assumed pursuant to business combinations, contingent consideration, and stock-based compensation. The Company bases its estimates on historical experience, known trends and other market-specific or other relevant factors that it believes to be reasonable under the circumstances. On an ongoing basis, management evaluates its estimates when there are changes in circumstances, facts and experience. Changes in estimates are recorded in the period in which they become known. Actual results could differ from those estimates.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents. The Company generally maintains balances in various operating accounts at financial institutions that management believes to be of high credit quality, in amounts that may exceed federally insured limits. The Company has not experienced any losses related to its cash and cash equivalents and does not believe that it is subject to unusual credit risk beyond the normal credit risk associated with commercial banking relationships. At March 31, 2024 and December 31, 2023, the Company's cash and cash equivalents were held at accredited financial institutions.

Cash and Cash Equivalents

The Company considers all highly liquid investments with maturities of three months or less at the date of purchase to be cash equivalents.

Fair Value Measurements

Certain assets and liabilities of the Company are carried at fa ir value under GAAP. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. Financial assets and liabilities carried at fair value are to be classified and disclosed in one of the following three levels of the fair value hierarchy, of which the first two are considered observable and the last is considered unobservable:

- Level 1—Quoted prices in active markets for identical assets or liabilities.
- Level 2—Observable inputs (other than Level 1 quoted prices), such as quoted prices in active markets for similar assets or liabilities, quoted prices in markets that are not active for identical or similar assets or liabilities, or other inputs that are observable or can be corroborated by observable market data.
- Level 3—Unobservable inputs that are supported by little or no market activity that are significant to determining the fair value of the assets or liabilities, including pricing models, discounted cash flow methodologies and similar techniques.

The carrying values of the Company's accounts receivable, prepaid expenses and accounts payable and accrued expenses approximate their fair values due to the short-term nature of these assets and liabilities.

At March 31, 2024 and December 31, 2023, the Company's approximately $3.9 million and $5.1 million in cash and cash equivalents of which approximately $2.6 million and $3.8 million were invested in money market funds which are classified within Level 1, all respectively.

The Company's contingent consideration recorded in connection with the Groundbreaker acquisition (see Note 4) is a Level 3 liability. The liability is valued using a probability weighted analysis of the respective earn out provisions.

Accounts Receivable

Accounts receivable are derived from services delivered to customers and are stated at their net realizable value. The Company accounts for allowance for doubtful accounts under ASC 310-10-35. Each month, the Company reviews its receivables on a customer-by-customer basis and evaluates whether an allowance for doubtful accounts is necessary based on any known or perceived collection issues. Any balances that are eventually deemed uncollectible are written off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. As of March 31, 2024 and December 31, 2023, the Company determined there was no allowance for doubtful accounts necessary.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation expense is recognized using the straight-line method over the estimated useful life of the asset, which is three (3) to five (5) years for computer and hardware and five (5) to seven (7) years for the Company's furniture and fixtures. Estimated useful lives are periodically assessed to determine if changes are appropriate. Maintenance and repairs are charged to expense as incurred. When assets are retired or otherwise disposed of, the cost of these assets and related accumulated depreciation or amortization are eliminated from the balance sheets and any resulting gains or losses are included in the statement of operations in the period of disposal.

Intangible Assets

Intangible assets represent various domain names the Company purchased. The Company owns the domain names indefinitely. Costs to renew domains are expensed as incurred. In connection with the Groundbreaker acquisition, the Company identified developed technology and the brand name (see Note 4). The brand name is indefinite lived. The Company amortizes the developed technology intangibles on a straight-line basis over a useful life of three (3) years.

Impairment of Long-Lived Assets

The Company continually monitors events and changes in circumstances that could indicate carrying amounts of long-lived assets may not be recoverable. When such events or changes in circumstances are present, the Company assesses the recoverability of long-lived assets by determining whether the carrying value of such assets will be recovered through undiscounted expected future cash flows. If the total of the future cash flows is less than the carrying amount of those assets, the Company recognizes an impairment loss based on the excess of the carrying amount over the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or the fair value less costs to sell.

Acquisitions, Goodwill and Other Intangible Assets

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 value of the cost of an acquired business over the estimated fair value of the assets acquired and liabilities assumed is recognized as goodwill. The Company uses a variety of information sources to determine the value of acquired assets and liabilities, including identifiable intangibles.

Goodwill and indefinite-lived intangibles are not amortized but are instead evaluated annually for impairment as part of the Company’s annual financial review, or when indicators of a potential impairment are present. The annual test for impairment performed for goodwill can be qualitative or quantitative, taking into consideration certain factors surrounding the fair value of the goodwill including, level by which fair value exceeded carrying value in the prior valuation, as well as macroeconomic factors, industry conditions and actual results at the test date.

As of March 31, 2024 and December 31, 2023, the Company determined that no impairment was necessary.

Contingent Consideration

The Company records a contingent consideration liability relating to potential earnout payments based on revenue targets pursuant to the Groundbreaker acquisition. The estimated fair value of the contingent consideration is recorded using significant unobservable measures and other fair value inputs and is therefore classified as a Level 3 financial instrument.

The Company estimates and records the acquisition date fair value of contingent consideration as part of purchase price consideration for acquisitions. Additionally, each reporting period, the Company estimates changes in the fair value of contingent consideration and recognizes any change in fair in the consolidated statement of operations. The estimate of the fair value of contingent consideration requires very subjective assumptions to be made of future operating results, discount rates and probabilities assigned to various potential operating result scenarios. Future revisions to these assumptions could materially change the estimate of the fair value of contingent consideration and, therefore, materially affect the Company’s future financial results. The contingent consideration liability is to be settled with either the payment of cash or the issuance of shares of common stock once contingent provisions set forth in respective acquisition agreements have been achieved. Upon achievement of contingent provisions, respective liabilities are relieved and offset by increases to common stock and additional paid-in capital in the stockholders’ equity section of the Company’s condensed consolidated balance sheets.

Revenue Recognition

The Company accounts for revenue under ASC 606 , *Revenue from Contracts with Customers* . The Company determines revenue recognition through the following steps:

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

Revenue is recognized when control of the promised goods or services is transferred to customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services. As a practical expedient, the Company does not adjust the transaction price for the effects of a significant financing component if, at contract inception, the period between customer payment and the transfer of goods or services is expected to be one year or less.

The Company derives its revenue primarily from platform fees, which also includes referral and advisory fees. Revenue is recognized when performance obligations under the terms of a contract with a customer are satisfied and the promised services have transferred to the customer. The Company's services are generally transferred to the customer at a point in time, which is when the underlying lending transaction has closed and successfully funded. The Company may act as an agent for both lenders and borrowers.

Groundbreaker primarily derives its revenue from software as a service ("SaaS") subscription fees, which is recognized over time throughout the term of the customer contract. As of March 31, 2024, there was approximately $83,000 in deferred revenue pertaining to Groundbreaker for subscription fees received in advance of performance obligations satisfied. The revenue will be recognized in 2024 and 2025.

The disaggregation of revenue is as follows:

	Three Months Ended March 31,	
	2024	**2023**
Platform fees	$ 338,430	$ 467,240
SaaS subscription fees	72,707	-
Total Revenue	$ 411,137	$ 467,240

Cost of Revenues

Cost of revenues consist of direct software and hosting fees associated with Groundbreaker's SaaS activities.

Advertising and Promotion

Advertising and promotional costs are expensed as incurred. Advertising expenses were approximately $ 32,000 and $17,000 for the three months ended March 31, 2024 and 2023, respectively.

Research and Development Costs

Research and development costs include costs to develop and refine technological processes used to carry out business operations, including personnel costs for website and non-capitalizable software design and development functions and related software and hosting costs. Research and development costs charged to expense were approximately $173,000 and $105,000 for the three months ended March 31, 2024 and 2023, respectively.

Concentrations

The Company had four customers which accounted for 58% of accounts receivable as of March 31, 2024. The Company had four customers which accounted for 71% of accounts receivable as of December 31, 2023. During the three months ended March 31, 2024, two lenders accounted for 33% of the Company's revenues. During the three months ended March 31, 2023, two lenders accounted for 40% of the Company's revenues. The Company may be negatively affected by the loss of one of these customers.

Stock-Based Compensation

The Company accounts for stock-based compensation in accordance with ASC 718, *Compensation – Stock Compensation.* The Company measures all stock-based awards granted to employees, directors and non-employee consultants based on the fair value on the date of the grant and recognizes compensation expense for those awards over the requisite service period, which is generally the vesting period of the respective award. For awards with service-based vesting conditions, the Company records the expense for using the straight-line method. For awards with performance-based vesting conditions, the Company records the expense if and when the Company concludes that it is probable that the performance condition will be achieved.

The Company classifies stock-based compensation expense in its statement of operations in the same manner in which the award recipient's costs are classified.

The fair value of each stock option grant is estimated on the date of grant using the Black-Scholes option-pricing model. The Company was a private company and lacks company-specific historical and implied volatility information for its stock. Therefore, it estimates its expected stock price volatility based on the historical volatility of publicly traded peer companies and expects to continue to do so until such time as it has adequate historical data regarding the volatility of its own traded stock price. The expected term of the Company's stock options has been determined utilizing the "simplified" method for awards that qualify as "plain-vanilla" options. The risk-free interest rate is determined by reference to the U.S. Treasury yield curve in effect at the time of grant of the award for time periods approximately equal to the expected term of the award. Expected dividend yield is based on the fact that the Company has never paid cash dividends on common stock and does not expect to pay any cash dividends in the foreseeable future. Forfeitures are recognized as they occur. Determining the appropriate fair value of stock-based awards requires the input of subjective assumptions.

The assumptions used in calculating the fair value of stock-based awards represent management's best estimates and involve inherent uncertainties and the application of management's judgment. As a result, if factors change and management uses different assumptions, stock-based compensation expense could be materially different for future awards.

Net Loss per Share

Net earnings or loss per share is computed by dividing net income or loss by the weighted-average number of common shares outstanding during the period, excluding shares subject to redemption or forfeiture. The Company presents basic and diluted net earnings or loss per share. Diluted net earnings or loss per share reflect the actual weighted average of common shares issued and outstanding during the period, adjusted for potentially dilutive securities outstanding. Potentially dilutive securities are excluded from the computation of the diluted net loss per share if their inclusion would be anti-dilutive. As all potentially dilutive securities are anti-dilutive as of March 31, 2024 and 2023, diluted net loss per share is the same as basic net loss per share. Other potentially dilutive items outstanding as of March 31, 2024 and 2023 are as follows:

	March 31,	
	2024	**2023**
Series A Preferred Stock	10,000	10,000
Stock options	541,584	422,214
Restricted stock units	225,000	-
Warrants	70,625	-
Total potentially dilutive shares	847,209	432,214

Recently Adopted Accounting Pronouncements

Management does not believe that any other recently issued, but not yet effective, accounting standards could have a material effect on the accompanying financial statements. As new accounting pronouncements are issued, the Company will adopt those that are applicable under the circumstances.

4. BUSINESS COMBINATIONS

Groundbreaker Acquisition

The Company evaluated the Asset Purchase Agreement pursuant to *ASC 805* and *ASU 2017-01, Topic 805, Business Combinations.* The Company first determined that the Seller met the definition of a business as it includes inputs and a substantive process that together significantly contribute to the ability to create outputs. The Seller's results of operations are included in the Company's consolidated financial statements from the date of acquisition. The acquisition method of accounting requires, among other things, that the assets acquired and liabilities assumed in a business combination be measured at their estimated respective fair values as of the closing date of the acquisition. Goodwill recognized in connection with this transaction represents primarily the potential economic benefits that the Company believes may arise from the acquisition. The purchase price allocation is preliminary and could be significantly revised as a result of additional information obtained regarding assets acquired and liabilities assumed and revisions of estimates of fair values of tangible assets and related deferred tax assets and liabilities. The Company will finalize its valuation and the allocation of the purchase price, along with required retrospective adjustments, if any, within a year following the acquisition date.

On November 17, 2023, the Company issued 1,051,908 shares of common stock pursuant to the Asset Purchase Agreement for a fair value of approximately $946,000, or $0.90 per share. Additionally, the Company paid the Seller $ 60,000 in cash consideration.

Additionally, the Company issued the right to three earnout payments totaling up to $ 4,000,000 in value combined (the "Earnout Payments") which may be paid to Seller, subject to and payable in accordance with earnout thresholds specified in the Purchase Agreement. Each of these Earnout Payments may be comprised of cash and/or shares of common stock (the "Earnout Shares"), and will have to be earned during the period between closing and December 31, 2026. The Seller has the option to receive either cash or shares of common stock. The Earnout Shares will be valued at the greater of the closing price at the time of the closing, or the market price at the time of issuance based on the thirty-day volume weighted average price of the Common Stock prior to the date of the issuance in the applicable measurement year. In accordance with the earn out provisions per the Asset Purchase Agreement, the Company determined an initial fair value of approximately $179,000 based on the fair value of the shares at the acquisition date and probabilities of the respective earnout terms (see Note 5).

Total fair value of the preliminary purchase price consideration as of November 17, 2023 was determined as follows:

Cash	$	60,000
Common stock		945,665
Contingent consideration		178,819
Purchase price consideration	$	1,184,484

Purchase Price Allocation

The Company has made an allocation of the purchase price in regard to the acquisition related to the assets acquired and the liabilities assumed as of the purchase date. The following table summarizes the preliminary purchase price allocation:

Prepaid expenses	$	6,646
Intangible assets		659,779
Goodwill		606,666
Deferred revenue		(88,607)
Purchase price consideration	$	1,184,484

Goodwill is primarily attributable to the go-to-market synergies that are expected to arise as a result of the acquisition and other intangible assets that do not qualify for separate recognition. The goodwill is not deductible for tax purposes.

Unaudited Pro Forma Financial Information

The following unaudited pro forma financial information presents the Company's financial results as if the Groundbreaker acquisition had occurred as of January 1, 2023. The unaudited pro forma financial information is not necessarily indicative of what the financial results would have been, had the acquisitions been completed on this date. In addition, the unaudited pro forma financial information is not indicative of, nor does it purport to project, the Company's future financial results. The following unaudited pro forma financial information includes incremental intangible asset amortization as a result of the acquisition. The pro forma information does not give effect to any estimated and potential cost savings or other operating efficiencies that could result from the acquisition:

		Three Months Ended March 31, 2023
Revenue	$	574,609
Net loss		(254,837)
Net loss per common share - basic and diluted	$	(0.04)

5. FAIR VALUE MEASUREMENTS

The Company's financial assets and liabilities subject to fair value measurements on a recurring basis and the level of inputs used for such measurements were as follows:

	Fair Value Measurements as of March 31, 2024 Using:			
	Level 1	**Level 2**	**Level 3**	**Total**
Liabilities:				
Contingent consideration	$ -	$ -	$ 178,819	$ 178,819
	$ -	$ -	$ 178,819	$ 178,819

	Fair Value Measurements as of December 31, 2023 Using:			
	Level 1	**Level 2**	**Level 3**	**Total**
Liabilities:				
Contingent consideration	$ -	$ -	$ 178,819	$ 178,819
	$ -	$ -	$ 178,819	$ 178,819

Contingent Consideration

The Company measured the contingent consideration liability at fair value based on significant inputs not observable in the market, which causes it to be classified as a Level 3 measurement within the fair value hierarchy. The valuation of the contingent consideration liability uses assumptions and estimates the Company believes would be made by a market participant in making the same valuation. The Company assesses these assumptions and estimates on an on-going basis as additional data impacting the assumptions and estimates are obtained. Changes in the fair value of the contingent consideration liability related to updated assumptions and estimates are recognized within the statements of operations.

The fair value of the contingent consideration liability related to the Company's business combination is valued using the potential earnout payment schedule per the Groundbreaker Agreement, the underlying revenue projections of the Seller and revenue growth and volatility assumptions. In connection with the business combination, the Company utilized the following inputs for the fair value of the contingent consideration: industry revenue growth of (1.0%), revenue volatility of 148%, a discount rate of 13.9% and a term of 3 years. The Company determined there was no change in fair value as of March 31, 2024 or December 31, 2023.

6. LONG-LIVED ASSETS

Property and Equipment

The following is a summary of property and equipment, net:

	March 2024	**December 2023**
Computer and hardware	$ 26,094	$ 22,249
Furniture and fixtures	9,331	6,800
Total	35,425	29,049
Less: Accumulated depreciation	(2,288)	(912)
Property and equipment, net	$ 33,137	$ 28,137

Depreciation expense was $1,376 and $0 for the three months ended March 31, 2024 and 2023, respectively.

Intangible Assets

The following is a summary of intangible assets:

	March 31, 2024	December 31, 2023
Finite-Lived		
Developed technology	$ 576,560	$ 576,560
Less: accumulated amortization	(71,609)	-
Total	504,951	576,560
Indefinite-Lived		
Brand name	83,219	83,219
Domain name	16,178	16,178
Intangible assets	$ 604,348	$ 675,957

Amortization expense was approximately $72,000 and $0 for the three months ended March 31, 2024 and 2023, respectively. Amortization expense relates to Groundbreaker's developed technology, which will be amortized over a 3-year period.

7. STOCKHOLDERS' EQUITY

In January 2024, a director exercised 17,595 options for shares of common stock for proceeds of $ 1,232.

Janover Inc. 2021 Equity Incentive Plan

In November 2021, the Board of Directors adopted the Company's 2021 Equity Incentive Plan (the "2021 Plan"), effective as of November 1, 2021. The 2021 Plan provides for the grant of the following types of stock awards: (i) incentive stock options, (ii) non statutory stock options, (iii) stock appreciation rights, (iv) restricted stock awards, (v) restricted stock unit awards and (vi) other stock awards. The 2021 Plan is intended to help the Company secure and retain the services of eligible award recipients, provide incentives for such persons to exert maximum efforts for the success of the Company and any affiliate and provide a means by which the eligible recipients may benefit from increases in value of the common stock. The Board reserved 659,824 shares of common stock issuable upon the grant of awards. Stock options comprise all of the awards granted since the 2021 Plan's inception.

Janover Inc. 2023 Equity Incentive Plan

In September 2023, the Board of Directors adopted the Company's 2023 Equity Incentive Plan (the "2023 Plan"), effective as of September 29, 2023. The 2023 Plan provides for the grant of the following types of stock awards: (i) incentive stock options, (ii) stock appreciation rights, (iii) restricted stock awards, (iv) restricted stock unit awards and (v) performance awards. The 2023 Plan is intended to help the Company secure and retain the services of eligible award recipients, provide incentives for such persons to exert maximum efforts for the success of the Company and any affiliate and provide a means by which the eligible recipients may benefit from increases in value of the common stock.

The Board reserved 1,500,000 shares of common stock issuable upon the grant of awards, which includes the 659,824 shares reserved per the 2021 Plan noted above. Stock options and restricted stock units comprise all of the awards granted since the 2023 Plan's inception. The Company has historically granted stock options that vest between one and four years, with a contractual period of ten years. As of March 31, 2024, there were 627,355 shares in aggregate available for grant under both the 2021 and 2023 Plans.

A summary of information related to stock options for the three months ended March 31, 2024 is as follows:

	Options	Weighted Average Exercise Price	Intrinsic Value
Outstanding as of December 31, 2023	518,584	$ 2.34	$ 35,246
Granted	23,000	1.21	
Exercised	(17,595)	0.07	
Forfeited	-	-	
Outstanding as of March 31, 2024	523,989	$ 2.36	$ 49,055
Exercisable as of March 31, 2024	43,988	$ 4.32	$ 7,595
Exercisable and expected to vest at March 31, 2024	523,989	$ 2.36	$ 49,055

The weighted average duration to expiration for outstanding options at March 31, 2024 was 9.3 years.

The following table presents, on a weighted average basis, the assumptions used in the Black-Scholes option-pricing model to determine the grant-date fair value of stock options granted:

	Three Months Ended March 31,	
	2024	**2023**
Risk-free interest rate	4.0% - 4.4%	n/a
Expected term (in years)	5.83	n/a
Expected volatility	40.3% - 40.5%	n/a
Expected dividend yield	-	n/a

The weighted average grant date fair value of stock options granted during the three months ended March 31, 2024 was $ 0.56. There were no options granted during the three months ended March 31, 2023. Stock-based compensation expense related to stock options was approximately $90,000 and $99,000 for the three months ended March 31, 2024 and 2023, respectively. Total unrecognized compensation cost related to non-vested stock option awards amounted to approximately $230,000 as of March 31, 2024, which will be recognized over a weighted average period of 1.87 years.

Warrants

In connection with the Company's IPO, the Company granted an aggregate of 70,625 warrants to purchase common stock to the underwriters at an exercise price of $4.40, which is equal to 110% of the offering price. The warrants may be exercised beginning on January 25, 2024 until July 24, 2028.

Restricted Stock Units

In September 2023, the Company granted 225,000 restricted stock units ("RSUs") under the 2021 Plan to the Chief Financial Officer (see Note 9). The RSUs vest over a period of 4 years. The Company recorded stock-based compensation expense of approximately $ 18,000 in the statements of operations for the three months ended March 31, 2024. Total unrecognized compensation cost related to non-vested restricted common stock amounted to approximately $245,000 as of March 31, 2024, which is expected to be recognized over 3.5 years. As of March 31, 2024, 225,000 RSUs remained unvested.

Classification

Total stock-based compensation is as follows:

	Three Months Ended March 31,	
	2024	**2023**
Sales and marketing	$ 4,494	$ 32,659
Research and development	2,750	18,914
General and administrative	100,911	47,583
	$ 108,155	$ 99,156

8. RELATED PARTY TRANSACATIONS

See Note 7 for options exercised by a director.

During the three months ended March 31, 2024 and 2023, the Company incurred $ 0 and $57,000, respectively, to an entity owned by the Chief Executive Officer for compensation. The amounts are included in general and administrative expenses in the statements of operations.

9. COMMITMENTS AND CONTINGENCIES

Contingencies

The Company may be subject to pending legal proceedings and regulatory actions in the ordinary course of business. The results of such proceedings cannot be predicted with certainty, but the Company does not anticipate that the final outcome, if any, arising out of any such matters will have a material adverse effect on its business, financial condition or results of operations.

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

The following discussion and analysis is intended as a review of significant factors affecting our financial condition and results of operations for the periods indicated. The discussion should be read in conjunction with our unaudited condensed consolidated financial statements and the related notes included elsewhere in this Quarterly Report on Form 10-Q and the audited financial statements and the other information set forth in our Annual Report on Form 10-K. In addition to historical information, the following Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements that involve risks and uncertainties. Our actual results could differ significantly from those anticipated in these forward-looking statements as a result of certain factors discussed herein and any other periodic reports filed and to be filed with the SEC.

Overview

We provide a technology platform that connects commercial mortgage borrowers looking for debt to refinance, build, or buy commercial property including apartment buildings to commercial property lenders. These property lenders include traditional banks, credit unions, real estate investment trusts ("REITs"), debt funds, and other financial institutions looking to deploy capital into commercial mortgages.

We have developed an AI-enabled, B2B fintech platform that connects commercial borrowers and lenders, with a human touch. Commercial property owners, operators, and developers can quickly create an account on our platform, chat with our AI, set up their own profile and submit and manage loan requests on their dashboard in a digital experience. Our algorithms automatically match borrowers to their best loan option(s) or to our internal capital markets advisors (inbound sales team) that guide the borrower through the process and connect them with the right loan product and lender. Originators that work at commercial real estate mortgage lenders can log in and use their lender portal to view, sort, and engage with their new matches in real-time and communicate with the borrowers, tracking their loans right through our portal; they can setup the types of deals they are looking for as well. Our capital markets advisors have their own interface that gives them access to targeted loan opportunities, market intelligence, and data empowering them to better assist borrowers in managing their choices, leading to the best possible outcomes for both lenders and borrowers while building trust, all of which enhances our brand.

We currently have two different customer segments: lenders and borrowers. Borrowers include (but are not limited to) owners, operators, and developers of commercial real estate including multifamily properties and most recently, a growing segment of small business owners (which we believe represents a significant growth opportunity). Lenders include banks, credit unions, REITs, Fannie Mae® and Freddie Mac® multifamily lenders, FHA® multifamily lenders, debt funds, commercial mortgage-backed securities ("CMBS") lenders and Small Business Administration ("SBA") lenders, and more.

Our business model includes earning a transaction fee each time a loan closes with a lender through our platform. We are either paid a share of the revenue from the transaction by the lender and/or receive some fixed sum in an amount we negotiate from the borrower. While we are generally paid by the lender or the borrower and are paid by both sometimes. Our average fee earned per transaction is approximately 1% of the loan amount generally earned at the time of closing. We do not make loans or share risk with the lenders, with whom we conduct business with. With the recent acquisition of Groundbreaker, an increasing portion of our total revenue is recurring software subscription revenue.

Strategy

In fiscal 2024, we plan to focus on our growth opportunities which are also the foundations of our competitive advantage. We are focused on executing in the following ways:

1. Expanding our sales channels beyond search engine optimization and inbound contacts from our websites into new sales channels and strategic and referral partnerships, such as the new partnership agreement that we recently set up with La Rosa Holdings (NASDAQ: LRHC) in November 2023.

2. Building out our product, enriching it with data and features, while making it easier for lenders to onboard, borrowers to access more options, and our internal capital markets advisors to provide deeper value to both borrowers and lenders. We will continue to enhance our AI capabilities to drive future productivity and growth opportunities. We aim to create a denser network and stickier experience for all stakeholders.

3. Expanding our performance marketing within and beyond multifamily to accelerate our acquisition of high-intent office, retail, hotel, self-storage, and small business borrower accounts.

4. Focusing on expanding our core-product suite through M&A opportunities that have similar characteristics to our recent Groundbreaker acquisition. These characteristics include but are not limited to predictable recurring revenue, high gross margins, cash flow or approaching cash flow positive, and a product line that will fit into our commercial real estate funnel and ecosystem. These M&A candidates will complement our core business by upselling and cross selling both new and existing products. In 2024 we will also be focusing our attention to the commercial insurance space as we recently launched our new insurtech subsidiary, Janover Insurance Group Inc. in January 2024, which recently received its Florida license approval in March 2024.

All of this will be done by continuing to:

1. Hire high-performing and aligned personnel to help us execute our strategy.

2. Invest in our platform and technology.

3. Cultivate a culture of creativity, hard work, innovation, curiosity, and community.

Economic and Market Risks and Uncertainties in Our Business Model

We may be negatively impacted by periods of economic downturns, recessions, and disruptions in the capital markets, credit and liquidity issues in the capital markets, including international, national, regional and local markets, tax and regulatory changes and corresponding declines in the demand for commercial real estate investment and related services. Historically, commercial real estate markets and, in particular, the U.S. commercial real estate market, have tended to be cyclical and related to the flow of capital to the sector, the condition of the economy as a whole and the perceptions and confidence of market participants to the economic outlook. Cycles in the real estate markets may lead to similar cycles in our earnings and significant volatility in our stock price. Further real estate markets may “lag” behind the broader economy such that even when underlying economic fundamentals improve in a given market, additional time may be required for these improvements to translate into strength in the real estate markets. The “lag” may be exacerbated when banks delay their resolution of commercial real estate assets whose values are less than their associated loans.

Negative economic conditions, changes in interest rates, credit and the availability of capital, both debt and/or equity, disruptions in capital markets, the uncertainty of the tax and regulatory environment or declines in the demand for commercial real estate investment and related services in international and domestic markets or in significant markets in which we do business, have had and could have in the future a material adverse effect on our business, results of operations and/or financial condition. In particular, the commercial real estate market is directly impacted by (i) the lack of debt and/or equity financing for commercial real estate transactions, (ii) increased interest rates and changes in monetary policies by the U.S. Federal Reserve, (iii) changes in the perception that commercial real estate is an accepted asset class for portfolio diversification, (iv) changes in tax policy affecting the attractiveness of real estate as an investment choice, (v) changes in regulatory policy impacting real estate development opportunities and capital markets, (vi) slowdowns in economic activity that could cause residential and commercial tenant demand to decline, and (vii) declines in the regional or local demand for commercial real estate, or significant disruptions in other segments of the real estate markets could adversely affect our results of operations. Any of the foregoing would adversely affect the operation and income of commercial real estate properties.

These and other types of events could lead to a decline in transaction activity as well as a decrease in property values which, in turn, would likely lead to a reduction in financing fees relating to such transactions. These effects would likely cause us to realize lower revenues. Such declines in transaction activity and value would likely also significantly reduce our financing activities and revenues. Fiscal uncertainty, significant changes and volatility in the financial markets and business environment, and similar significant changes in the global, political, security and competitive landscape, make it increasingly difficult for us to predict our revenue and earnings into the future. As a result, any revenue or earnings projections or economic outlook which we may give may be materially affected by such events. Fiscal 2023 was one of the most challenging years for the commercial real estate industry and we expect the first half of fiscal 2024 to continue with this trend.

Seasonality

Traditionally, the commercial real estate market is seasonal in nature, with the first and fourth fiscal quarters being more active than the second and third fiscal quarters. However, during fiscal 2023 the commercial real estate market was less seasonal due to the significant macroeconomic pressures in the commercial real estate market.

Results of Operations

Three Months Ended March 31, 2024, Compared to the Three Months Ended March 31, 2023

The following table provides certain selected financial information for the periods presented:

	Three Months Ended March 31,			
	2024	2023	Change	Change %
Revenues	$ 411,137	$ 467,240	$ (56,103)	-12%
Cost of revenues	8,633	-	8,633	-%
Gross profit	402,504	467,240	(64,736)	-14%
Operating expenses:				
Sales and marketing	415,626	293,745	121,881	41%
Research and development	173,384	105,200	68,184	65%
General and administrative	758,761	342,315	416,446	122%
Depreciation and amortization	72,985	-	72,985	-%
Total operating expenses	1,420,756	741,260	679,496	92%
Loss from operations	(1,018,252)	(274,020)	(744,232)	-272%
Other income	54,201	53,834	367	1%
Net loss	$ (964,051)	$ (220,186)	$ (743,865)	-338%
Weighted average common shares outstanding - basic and diluted	11,061,839	7,064,008		
Net loss per common share - basic and diluted	$ (0.09)	$ (0.03)		

Revenue

Revenue for the three months ended March 31, 2024 was approximately $411,000 as compared to approximately $467,000 for the three months ended March 31, 2023, a decrease of 12%. This decrease was primarily due to a reduction in closed loans compared to the same period in 2023. During the three months ended March 31, 2024 there were 33 transactions that closed on our marketplace, compared to 49 during the three months ended March 31, 2023. The average revenue per transaction was $10,208 in the three months ended March 31, 2024, compared to $9,250 for the three months ended March 31, 2023. This 10% increase in average revenue per transaction was the result of a change in the average loan size during the three months ended March 31, 2024 compared to the similar period in the prior year. Our average revenue per transaction closed will vary from period to period, depending on the size of the underlying loan transactions in any given period. We will focus our efforts on revenue growth, with an emphasis on our most profitable cohorts of customers. We target increasing both our number of transactions closed and our revenue per transaction closed. During fiscal 2024, we will be focusing on larger loan opportunities, which should increase our average loan size. With the recent acquisition of Groundbreaker in November 2023, an increasing portion of our total revenue will be recurring revenue, where we receive annual, quarterly, and monthly software subscriptions. For the quarter ended March 31, 2024 approximately 18% of our total revenue was recurring revenue.

Cost of revenue

Cost of revenue for the three months ended March 31, 2024 was approximately $9,000 as compared to $0 for the three months ended March 31, 2023. The entire cost of revenue balance consists of software and hosting costs related Groundbreaker. Cost of revenue represents approximately 2% of total revenue for the three months ended March 31, 2024.

Operating Expenses

Our operating expenses by category for the three months ended March 31, 2024, and 2023 are as follows:

	Three Months Ended March 31,			
	2024	**2023**	**Change**	**Change %**
Sales and Marketing Expenses:				
Compensation and benefits	$ 355,995	$ 228,528	$ 127,467	56%
Advertising & marketing	31,707	16,591	15,116	91%
Stock-based compensation	4,494	32,659	(28,165)	-86%
Other	23,430	15,967	7,463	47%
Total sales and marketing expenses	$ 415,626	$ 293,745	$ 121,881	41%
Research and Development Expenses:				
Compensation and benefits	$ 149,610	$ 80,557	$ 69,053	86%
Stock-based compensation	2,750	18,914	(16,164)	-85%
Software license fees	21,024	5,729	15,295	267%
Total research and development expenses	$ 173,384	$ 105,200	$ 68,184	65%
General and Administrative Expenses:				
Compensation and benefits	$ 332,663	$ 193,498	$ 139,165	72%
Stock-based compensation	100,911	47,583	53,328	112%
Professional fees and insurance	249,974	47,969	202,005	421%
Office related expenses	30,564	31,919	(1,355)	-4%
Information technology support	5,955	6,896	(941)	-14%
Other	38,694	14,450	24,244	168%
Total general and administrative expenses	$ 758,761	$ 342,315	$ 416,446	122%

Sales and marketing expenses

Our sales and marketing expenses are primarily comprised of personnel and advertising costs. Sales and marketing expenses for the three months ended March 31, 2024 were approximately $416,000, compared to approximately $294,000 for the three months ended March 31, 2023, an increase of $122,000, or 41%. The majority of the increase can be attributed to an increase in compensation and benefits expense during the three months ended March 31, 2024, due to an increase in employees, compared to the same period in 2023. Offsetting this increase in sales and marketing expenses for the three months ended March 31, 2024, was a $28,000 reduction in stock-based compensation. Advertising and marketing expenses increased 91%, from approximately $32,000 for the three months ended March 31, 2024, compared to approximately $17,000 for the same period in the prior year, which was primarily due to an increase in online advertising and business development expenses. As we continue to improve the efficiency of our sales and marketing efforts, leveraging our search engine optimization and our artificial intelligence engine, we expect to continue to optimize our advertising and marketing expenses while lowering our customer acquisition costs to drive a more productive sales and marketing spend.

Research and development expenses

Our research and development expenses are primarily comprised of personnel costs and software license fees to support the development of our marketplace. Research and development expenses for the three months ended March 31, 2024 were approximately $173,000 compared to approximately $105,000 for the three months ended March 31, 2023, an increase of $68,000, or 65%. The majority of the increase can be attributed to an increase in compensation and benefits expense during the three months ended March 31, 2024, due to an increase in employees, compared to the same period in 2023. Offsetting this increase in research and development expenses for the three months ended March 31, 2024, was a $16,000 reduction in stock-based compensation. We will continue to focus on developing our digital marketplace and our AI for the benefit of driving customer value on both sides of our marketplace which we believe will drive long term value to customers and our shareholders.

General and administrative expenses

Our general and administrative expenses include personnel costs, accounting, legal, rent, and other overhead expenses. General and administrative expenses for the three months ended March 31, 2024 were approximately $759,000 compared to approximately $342,000 for the three months ended March 31, 2023, an increase of $417,000, or 122%. Most of the increase can be attributed to an increase in professional fees, compensation and benefits, and stock-based compensation expense during the three months ended March 31, 2024, primarily due to an increase in employees and increased costs associated with being a public company, compared to the same period in 2023.

Depreciation and amortization expenses

Depreciation and amortization expenses were $73,000 for the three months ended March 31, 2024, compared to $0 for the three months ended March 31, 2023. Amortization expense relates to Groundbreaker's developed technology, which will be amortized over a 3-year period. Depreciation expense relates to the company's fixed assets which comprises of computer equipment and furniture.

Other income

Other income for the three months ended March 31, 2024 and 2023 were approximately $54,000. The majority of the other income balance for the three months ended March 31, 2024, represented interest income earned during the period. Most of the other income balance for the three months ended March 31, 2023, represented a change in the fair value of future equity obligations. The change in fair value was primarily related to changes in the underlying assumptions for the valuation of future equity obligations, which were capitalized on our balance sheet in connection with our IPO, which took place in July 2023.

Liquidity and Capital Resources

Our principal liquidity requirements are for working capital to fund our sales, marketing, research and development and administrative expenditures. To date, we have funded our liquidity requirements primarily through cash on hand, cash flows from operations, as well as equity and equity-related financing. As of March 31, 2024 and December 31, 2023, we had approximately $3.9 million and $5.1 million of cash and cash equivalents, respectively. As of March 31, 2024, we had an accumulated deficit of approximately $7.6 million and incurred net losses of approximately $964,000 and $220,000 during the three months ended March 31, 2024 and 2023, respectively, had cash used in operations of approximately $1.1 million during the three months ended March 31, 2024. Management believes capital is sufficient to sustain the Company's operating expenses for at least one year. We may continue to generate operating losses for the foreseeable future as we focus on revenue growth.

Our business plan is focused on rapid growth to achieve significant market penetration over the shortest possible time horizon. As such, we intend to invest in research and development and sales and marketing to drive that rapid growth.

Cash Flows

The following table summarizes our cash flows from operating, investing, and financing activities:

	Three Months Ended March 31,					
	2024		2023		Change	
Cash used in operating activities	$	(1,146,227)	$	(213,734)	$	(932,493)
Cash used in investing activities	$	(6,376)	$	-	$	(6,376)
Cash provided by financing activities	$	1,232	$	-	$	1,232

Cash used in operating activities

For the three months ended March 31, 2024, cash used in operating activities was approximately $1.1 million compared to approximately $214,000 for the three months ended March 31, 2023. The increase in cash used in operating activities was the result our increased net loss which is a result of investing our IPO proceeds in people and process to set up the company for future growth. This increase was also related to funding changes in our working capital balances, primarily accounts receivable, and accounts payable accounts.

Cash used in investing activities

For the three months ended March 31, 2024 cash used in investing activities was approximately $6,000 compared to $0 for the three months ended March 31, 2023. The increase in cash used in investing activities was related to the purchase of property and equipment.

Cash provided by financing activities

For the three months ended March 31, 2024, cash provided by financing activities was approximately $1,000 compared to $0 for the three months ended March 31, 2023. The increase was the result of the issuance of 17,595 common shares from the exercise of stock options.

Non-GAAP Financial Measures

Adjusted EBITDA and Adjusted EBITDA per share

To provide investors and the market with additional information regarding our financial results, we disclose (see below) adjusted EBITDA and adjusted EBITDA per share, non-GAAP financial measures that we calculate as net loss excluding; stock-based compensation expense; depreciation; and other income (expense). We have provided reconciliations below of adjusted EBITDA to net loss and adjusted EBITDA per share to earnings per share, the most directly comparable GAAP financial measures.

We have included adjusted EBITDA and adjusted EBITDA per share, herein, because they are key measures used by our management and Board of Directors to evaluate our operating performance, generate future operating plans, and make strategic decisions regarding the allocation of capital. In particular, the exclusion of certain expenses in calculating adjusted EBITDA facilitates operating performance comparability across reporting periods by removing the effect of non-cash expenses. Accordingly, we believe that adjusted EBITDA and adjusted EBITDA per share provide useful information to investors and others in understanding and evaluating our operating results in the same manner as our management and Board of Directors.

We believe it is useful to exclude non-cash charges, such as, stock-based compensation expense and depreciation and amortization expense from our adjusted EBITDA and adjusted EBITDA per share, because the amount of such expenses in any specific period may not directly correlate to the underlying performance of our business operations. In addition, we believe it is useful to exclude in our adjusted EBITDA and adjusted EBITDA per share other income (expense), as neither are components of our core business operations. Adjusted EBITDA and adjusted EBITDA per share have limitations as financial measures, these non-GAAP measures should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future and adjusted EBITDA and adjusted EBITDA per share do not reflect capital expenditure requirements for such replacements or for new capital expenditures;

- Adjusted EBITDA and adjusted EBITDA per share do not reflect stock-based compensation. Stock-based compensation has been, and will continue to be for the foreseeable future, a material recurring expense in our business and an important part of our compensation strategy;

- Adjusted EBITDA and adjusted EBITDA per share do not reflect other income (expense); or changes in, or cash requirements for, our working capital; and

- Other companies, including companies in our industry, may calculate adjusted EBITDA and adjusted EBITDA per share differently, which reduces these measures' usefulness as comparative measures.

Because of these and other limitations, you should consider adjusted EBITDA and adjusted EBITDA per share only as supplemental to, and alongside with other GAAP based financial performance measures, including various cash flow metrics, net loss, and our other GAAP results.

The following table presents a reconciliation of net loss, the most directly comparable GAAP measure to adjusted EBITDA and adjusted EBITDA per share for each of the periods indicated:

RECONCILIATION OF NON-GAAP MEASURES
JANOVER INC.
(UUAUDITED)

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Consolidated Reconciliation of GAAP Net Loss to Adjusted EBITDA:		
Net loss	$ (964,051)	$ (220,186)
Add (subtract):		
Stock-based compensation	108,155	99,156
Depreciation and amortization	72,985	-
Other income	54,201	53,834
Adjusted EBITDA	$ (837,112)	$ (174,865)

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Consolidated Reconciliation of GAAP Net Loss per share to Adjusted EBITDA per share:		
Net loss per share - basic and diluted	$ (0.09)	$ (0.03)
Add (subtract):		
Stock-based compensation	0.01	0.01
Depreciation and amortization	0.01	-
Other income	-	0.01
Adjusted EBITDA per share	$ (0.07)	$ (0.03)

Critical Accounting Policies and Significant Judgments and Estimates

This discussion and analysis of our financial condition and results of operations is based on our financial statements, which have been prepared in accordance with generally accepted accounting standards in the United States (“GAAP”). The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported expenses incurred during the reporting periods. Our estimates are based on our historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. We believe that the following accounting policies are critical to understanding our historical and future performance, as these policies relate to the more significant areas involving management’s judgments and estimates.

Revenue Recognition

The Company accounts for revenue under ASC 606, Revenue from Contracts with Customers. The Company determines revenue recognition through the following steps:

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

Revenue is recognized when control of the promised goods or services is transferred to customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services.

Revenue is recognized when performance obligations under the terms of a contract with a customer are satisfied and the promised services have been transferred to the customer. The Company’s services are generally transferred to the customer at a point in time, which is when the underlying lending transaction has closed and successfully funded. The Company may act as an agent for both lenders and borrowers.

Acquisitions, Goodwill and Other Intangible Assets

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 value of the cost of an acquired business over the estimated fair value of the assets acquired and liabilities assumed is recognized as goodwill. The Company uses a variety of information sources to determine the value of acquired assets and liabilities, including identifiable intangibles.

Goodwill and indefinite-lived intangibles are not amortized but are instead evaluated annually for impairment as part of the Company’s annual financial review, or when indicators of a potential impairment are present. The annual test for impairment performed for goodwill can be qualitative or quantitative, taking into consideration certain factors surrounding the fair value of the goodwill including, level by which fair value exceeded carrying value in the prior valuation, as well as macroeconomic factors, industry conditions and actual results at the test date.

As of March 31, 2024 and December 31, 2023, the Company determined that no impairment was necessary.

Stock-Based Compensation

We record stock-based compensation in accordance with ASC 718, *Compensation-Stock Compensation*. All transactions in which goods or services are the consideration received for the issuance of equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable. Equity instruments issued to employees and the cost of the services received as consideration are measured and recognized based on the fair value of the equity instruments issued and are recognized over the employee’s required service period, which is generally the vesting period.

Off-Balance Sheet Arrangements

During the periods presented, we did not have, nor do we currently have, any off-balance sheet arrangements as defined under SEC rules.

ITEM 3. QUANTITATIVE AND QUALITIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risks in the ordinary course of our business. These risks primarily include interest rate risks and inflation risks. Periodically, we maintain deposits in accredited financial institutions in excess of federally insured limits. We deposit our cash in financial institutions that we believe have high credit quality and have not experienced any losses on such accounts and do not believe we are exposed to any unusual credit risk beyond the normal credit risk associated with commercial banking relationships.

Interest Rate Risk

Our cash consists of cash in readily available checking accounts. We may also invest in short-term money market fund investments. Such interest-earning instruments carry a degree of interest rate risk, however, historical fluctuations in interest income have not been significant.

Inflation Risk

Inflation generally affects us by increasing our cost of labor and research and development contract costs. We do not believe inflation has had a material effect on our results of operations during the periods presented.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to provide reasonable assurance that the information required to be disclosed by us in reports that we file or submit under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the time periods specified in the rules and forms promulgated by the Securities and Exchange Commission, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. Because of the inherent limitations to the effectiveness of any system of disclosure controls and procedures, no evaluation of disclosure controls and procedures can provide absolute assurance that all control issues and instances of fraud, if any, with a company have been prevented or detected on a timely basis. Even disclosure controls and procedures determined to be effective can only provide reasonable assurance that their objectives are achieved.

As of March 31, 2024, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)) pursuant to Rule 13a-15 of the Exchange Act. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are not effective at the reasonable assurance level.

Our size has prevented us from being able to employ sufficient resources to enable us to have an adequate level of supervision and segregation of duties. Therefore, it is difficult to effectively segregate accounting duties which comprises a material weakness in internal controls. This lack of segregation of duties leads management to conclude that the Company’s disclosure controls and procedures are effective to give reasonable assurance that the information required to be disclosed in reports that the Company files under the Exchange Act is recorded, processed, summarized and reported as and when required.

To the extent reasonably possible given our limited resources, we intend to take measures to cure the aforementioned weaknesses, including, but not limited to, increasing the capacity of our qualified financial personnel to ensure that accounting policies and procedures are consistent across the organization and that we have adequate control over our Exchange Act reporting disclosures.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control procedures over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) during our fiscal quarter ended March 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 1A. Risk Factors

As a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934, as amended, and in item 10(f)(1) of Regulation S-K, we are electing scaled disclosure reporting obligations and therefore are not required to provide the information requested by this item. In any event, there have been no material changes in our risk factors as previously disclosed in our Form 10-K filed with the SEC on March 28, 2024.

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

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits

Exhibit No.	Description
3.1#	Amended and Restated Certificate of Incorporation of Janover Inc.
3.2#	Series A Preferred Stock Certificate of Designation
3.3#	Amended and Restated Bylaws
3.4#	Certificate of Amendment, effective June 8, 2023, to Amended and Restated Certificate of Incorporation for 1-for-6.82 Reverse Stock Split
10.1#	Janover Inc. 2021 Equity Incentive Plan
10.2#	Janover Inc. 2023 Equity Incentive Plan
31.1*	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of the Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification by the Chief Executive Officer and Principal Financial Office.

Incorporated by reference to the same exhibit number in the Company's Registration Statement No. 333-267907, filed with the Securities and Exchange Commission on July 14, 2023.

* Filed herewith

** Exhibit 32.1 is being furnished and shall not be deemed to be "filed" for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, nor shall such exhibits be deemed to be incorporated by reference in any registration statement or other document filed under the Securities Act of 1933, as amended, or the Exchange Act, except as otherwise specifically stated in such filing.

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.

JANOVER INC.
(Registrant)

Date: May 14, 2024	By:	*/s/ Blake Janover* Chief Executive Officer, President and Chairman of the Board of Directors (Principal Executive Officer)
Date: May 14, 2024	By:	*/s/ Bruce S. Rosenbloom* Chief Financial Officer (Principal Financial and Accounting Officer)

Exhibit 31.1

CERTIFICATION PURSUANT TO RULES 13A-14(A) AND 15D-14(A) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Blake Janover, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended March 31, 2024 of Janover 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 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: May 14, 2024	By	*/s/ Blake Janover*
	Name:	Blake Janover
	Title:	Chief Executive Officer (Principal Executive Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO RULES 13A-14(A) AND 15D-14(A) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Bruce S. Rosenbloom, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended March 31, 2024 of Janover 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 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: May 14, 2024

By: */s/ Bruce S. Rosenbloom*
Name: Bruce S. Rosenbloom
Title: Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(18 U.S.C. Section 1350)

I, Blake Janover, and I, Bruce S. Rosenbloom, each certify to the best of our knowledge, based upon a review of the report on Form 10-Q for the quarter ended March 31, 2024 (the “Report”) of the Registrant, 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 results of operations of the Company.

Date: May 14, 2024

By: /s/ Blake Janover
Blake Janover
Chief Executive Officer, President, and Chairman of the Board of Directors
(Principal Executive Officer)

By: /s/ Bruce S. Rosenbloom
Bruce S. Rosenbloom
Chief Financial Officer
(Principal Financial Officer)