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: September 30, 2023

or

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

For the transition period from ____________ to _____________

Commission File Number: 001-41612

ASSET ENTITIES INC.
(Exact name of registrant as specified in its charter)

Nevada	**88-1293236**
(State or other jurisdiction of incorporation)	(I.R.S. Employer Identification No.)
100 Crescent Ct, 7th Floor, Dallas, TX	**75201**
(Address of principal executive offices)	(Zip Code)

(214) 459-3117
(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report)

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

Title of each class	**Trading Symbol(s)**	**Name of each exchange on which registered**
Class B Common Stock, $0.0001 par value per share	ASST	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 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 November 14, 2023, there were a total of 8,385,276 shares of the registrant's Class A Common Stock, $0.0001 par value per share, outstanding and 5,639,134 shares of the registrant's Class B Common Stock, $0.0001 par value per share, outstanding.

ASSET ENTITIES INC.

Quarterly Report on Form 10-Q
Period Ended September 30, 2023

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PART I
FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

ASSET ENTITIES INC.
UNAUDITED FINANCIAL STATEMENTS

ASSET ENTITIES INC.
Balance Sheets

	September 30, 2023		December 31, 2022	
ASSETS				
Current Assets				
Cash	$	4,021,161	$	137,177
Prepaid expenses		122,553		-
Deferred offering costs		-		235,844
Total Current Assets		4,143,714		373,021
Property and equipment, net		7,320		-
TOTAL ASSETS	**$**	**4,151,034**	**$**	**373,021**
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current Liabilities				
Accounts payable and credit card liability	$	111,760	$	214,590
Contract liabilities		23,556		4,648
Total Current Liabilities		135,316		219,238
TOTAL LIABILITIES		135,316		219,238
Commitments and contingencies				
Stockholders' Equity				
Preferred Stock; $0.0001 par value, 50,000,000 authorized		-		-
Common Stock; $0.0001 par value, 200,000,000 authorized				
Class A Common Stock; $0.0001 par value, 10,000,000 authorized 8,385,276 shares issued and outstanding		839		839
Class B Common Stock; $0.0001 par value, 190,000,000 authorized 5,375,724 and 2,364,724 shares issued and outstanding, respectively		538		236
Additional paid in capital		8,224,258		779,826
Accumulated deficit		(4,209,917)		(627,118)
TOTAL STOCKHOLDERS' EQUITY		4,015,718		153,783
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$**	**4,151,034**	**$**	**373,021**

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

ASSET ENTITIES INC.
Statements of Operations
(Unaudited)

	Three Months Ended September 30,		Nine months ended September 30,	
	2023	**2022**	**2023**	**2022**
Revenues	$ 60,135	$ 81,414	$ 196,182	$ 280,137
Operating expenses				
Contract labor	56,537	32,471	141,201	114,555
General and administrative	518,248	100,696	1,361,902	340,333
Management compensation	675,841	31,900	2,275,878	238,241
Total operating expenses	1,250,626	165,067	3,778,981	693,129
Loss from operations	(1,190,491)	(83,653)	(3,582,799)	(412,992)
Net loss	$ (1,190,491)	$ (83,653)	$ (3,582,799)	$ (412,992)
Loss per share of common stock - basic and diluted	$ (0.09)	$ (0.01)	$ (0.27)	$ (0.04)
Weighted average number of shares of common stock outstanding - basic and diluted	13,761,000	10,250,000	13,317,385	10,104,015

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

ASSET ENTITIES INC.
Statement of Stockholders' Equity
(Unaudited)

For the nine months ended September 30, 2023:

	Preferred Stock		Class A Common Stock		Class B Common Stock		Additional Paid in Capital	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount	Shares	Amount			
Balance - December 31, 2022	-	$ -	8,385,276	$ 839	2,364,724	$ 236	$ 779,826	$ (627,118)	$ 153,783
Class B common stock and warrant issued	-	-	-	-	1,500,000	150	6,540,343	-	6,540,493
Class B Common stock issued for restricted stock awards	-	-	-	-	1,411,000	141	200,069	-	200,210
Net loss	-	-	-	-	-	-	-	(1,071,251)	(1,071,251)
Balance - March 31, 2023	-	$ -	8,385,276	$ 839	5,275,724	$ 527	$ 7,520,238	$ (1,698,369)	$ 5,823,235
Class B Common stock issued for restricted stock awards	-	-	-	-	100,000	10	403,705	-	403,715
Net loss	-	-	-	-	-	-	-	(1,321,057)	(1,321,057)
Balance - June 30, 2023	-	$ -	8,385,276	$ 839	5,375,724	$ 537	$ 7,923,943	$ (3,019,426)	$ 4,905,893
Rounding adjustment	-	-	-	-	-	1	(1)	-	-
Class B Common stock issued for restricted stock awards	-	-	-	-	-	-	300,316	-	300,315
Net loss	-	-	-	-	-	-	-	(1,190,491)	(1,190,491)
Balance - September 30, 2023	-	$ -	8,385,276	$ 839	5,375,724	$ 538	$ 8,224,258	$ (4,209,917)	$ 4,015,718

ASSET ENTITIES INC.
Statement of Stockholders' Equity
(Unaudited)

For the nine months ended September 30, 2022:

	Preferred Stock		Class A Common Stock		Class B Common Stock		Additional Paid in Capital	Subscription Receivable	Retained earnings (Accumulated Deficit)	Total
	Shares	Amount	Shares	Amount	Shares	Amount				
Balance - December 31, 2021	-	$ -	9,756,000	$ 976	244,000	$ 24	$ 249,976	$ (225,976)	$ 18,137	$ 43,137
Subscription received	-	-	-	-	-	-	-	75,000	-	75,000
Net loss	-	-	-	-	-	-	-	-	(84,200)	(84,200)
Balance - March 31, 2022	-	$ -	9,756,000	$ 976	244,000	$ 24	$ 249,976	$ (150,976)	$ (66,063)	$ 33,937
Conversion from Class A to Class B common stock	-	-	(770,724)	(77)	770,724	77	-	-	-	-
Class B Common stock issued	-	-	-	-	250,000	25	174,900	-	-	174,925
Subscription received	-	-	-	-	-	-	-	150,000	-	150,000
Net loss	-	-	-	-	-	-	-	-	(245,139)	(245,139)
Balance - June 30, 2022	-	$ -	8,985,276	$ 899	1,264,724	$ 126	$ 424,876	$ (976)	$ (311,202)	$ 113,723
Subscription received	-	-	-	-	-	-	-	976	-	976
Net loss	-	-	-	-	-	-	-	-	(83,653)	(83,653)
Balance - September 30, 2022	-	$ -	8,985,276	$ 899	1,264,724	$ 126	$ 424,876	$ -	$ (394,855)	$ 31,046

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

ASSET ENTITIES INC.
Statements of Cash Flows
(Unaudited)

	Nine months ended September 30, 2023	Nine months ended September 30, 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (3,582,799)	$ (412,992)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock based compensation	904,241	-
Depreciation and amortization	223	-
Changes in operating assets and liabilities:		
Prepaid expenses	(122,553)	-
Accounts payable and accrued expenses	(171,543)	18,573
Contract liabilities	18,908	1,217
Net cash used in operating activities	(2,953,523)	(393,202)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(7,543)	-
Net cash used in Investing Activities	(7,543)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Class A common stock subscription proceeds received	-	976
Class B common stock subscription proceeds received, net	6,845,050	399,925
Deferred offering costs	-	(24,530)
Net cash provided by financing activities	6,845,050	376,371
Net change in cash	3,883,984	(16,831)
Cash at beginning of period	137,177	33,731
Cash at end of period	$ 4,021,161	$ 16,900
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for income taxes	$ -	$ -
Cash paid for interest	$ -	$ -
NON CASH INVESTING AND FINANCING ACTIVITIES		
Conversion from Class A to Class B common stock	$ -	$ 77

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

ASSET ENTITIES INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2023
(Unaudited)

Note 1. Organization, Description of Business and Liquidity

Organization

Asset Entities Inc. ("Asset Entities", "we", "us" or the "Company"), began operations as a general partnership in August 2020 and formed Assets Entities Limited Liability Company in the state of California on October 20, 2020. The financial statements reflect the operations of the Company from inception of the general partnership. On March 15, 2022, the Company filed Articles of Merger to register and incorporate with the state of Nevada and changed the company name to Asset Entities Inc.

On March 9, 2022, the Company filed Articles of Incorporation with the state of Nevada to authorize the Company to issue 250,000,000 shares, consisting of 10,000,000 shares of Class A Common Stock, $0.0001 par value per share ("Class A Common"), 190,000,000 shares of Class B Common stock, $0.0001 par value per share ("Class B Common"), and 50,000,000 shares of Preferred Stock, $0.0001 par value (the "Preferred Stock").

On March 28, 2022, all 51,250,000 units of the previously outstanding membership interests were exchanged for 9,756,000 shares of Class A Common Stock and 244,000 shares of Class B Common Stock.

Description of Business

Asset Entities is an Internet company providing social media marketing, content delivery, and development and design services across Discord, TikTok, and other social media platforms. Based on the rapid growth of our Discord servers and social media following, we have developed three categories of services. First, we provide subscription upgrades to premium content on our investment education and entertainment servers on Discord. Second, we codevelop and execute influencer social media and marketing campaigns for clients. Third, we design, develop and manage Discord servers for clients under our "AE.360.DDM" brand. Our AE.360.DDM service was just released in December 2021. All of these services – our Discord investment education and entertainment, social media and marketing, and AE.360.DDM services – are therefore based on our effective use of Discord in combination with ongoing social media outreach on TikTok, Facebook, Twitter, Instagram, and YouTube.

Liquidity

The Company had an accumulated deficit of $4,209,917 as of September 30, 2023 and a net loss of $3,582,799 during the nine months ended September 30, 2023. However, in February 2023, the Company completed an equity offering which generated net proceeds of $6.6 million. Consequently, the Company's existing cash resources and the cash received from the equity offering are expected to provide sufficient funds to carry out the Company's planned operations through the next twelve (12) months.

Note 2. Summary of Significant Accounting Policies

Basis of Presentation

The Company prepares its financial statements in accordance with rules and regulations of the U.S. Securities and Exchange Commission ("SEC") and generally accepted accounting principles in the United States of America ("GAAP"). The accompanying interim financial statements have been prepared in accordance with GAAP for interim financial information in accordance with Article 8 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the Company's opinion, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the nine months ended September 30, 2023, are not necessarily indicative of the results for the full year. While management of the Company believes that the disclosures presented herein are adequate and not misleading, these interim financial statements should be read in conjunction with the audited financial statements and the footnotes thereto for the year ended December 31, 2022, contained in the Company's Form 10-K filed on September 30, 2023.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Some of these judgments can be subjective and complex, and, consequently, actual results may differ from these estimates.

Cash and Cash Equivalents

For purposes of balance sheet presentation and reporting of cash flows, the Company considers all unrestricted demand deposits, money market funds and highly liquid debt instruments with an original maturity of less than 90 days to be cash and cash equivalents. The Company had no cash equivalents at September 30, 2023 and December 31, 2022.

Periodically, the Company may carry cash balances at financial institutions more than the federally insured limit of $250,000 per institution. The amount in excess of the FDIC insurance as of September 30, 2023, was approximately $3.7 million. The Company has not experienced losses on account balances and management believes, based upon the quality of the financial institutions, that the credit risk with regard to these deposits is not significant.

Accounts Receivable

Accounts receivable are recorded in accordance with ASC 310, “Receivables.” Accounts receivable are recorded at the invoiced amount and do not bear interest. The allowance for doubtful accounts is the Company’s best estimate of the amount of probable credit losses in its existing accounts receivable. The Company had no accounts receivable of as of September 30, 2023 to account for the delinquency related to one specific transaction. Based on management’s estimate under the expected credit loss model and based on all other accounts being current and settled, the Company has not deemed it necessary to make any additional general provision for doubtful accounts at the time of this report. To measure expected credit losses, accounts receivable are grouped based on shared risk characteristics and days past due.

Deferred Offering Costs

As of December 31, 2022, deferred offering costs represent legal fees for preparation of any securities purchase agreements or current registration statement. The Company records these fees as a current asset that will be netted against gross proceeds received from any offering or placements. In February 2023, the Company issued common stock as initial public offering and recorded offering cost as additional paid in capital.

Property and equipment

Property and equipment are stated at cost. Depreciation is computed on the straight-line method.

Maintenance and repairs are charged to expense as incurred. Improvements of a major nature are capitalized. At the time of retirement or other disposition of property and equipment, the cost and accumulated depreciation are removed from the accounts and any gains or losses are reflected in income.

The long-lived assets of the Company are reviewed for impairment in accordance with ASC No. 360, “Property, Plant and Equipment” (“ASC No. 360”), whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the future undiscounted cash flows expected to be generated by the assets. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets.

Fair Value Measurements

The Company uses a three-tier fair value hierarchy to classify and disclose all assets and liabilities measured at fair value on a recurring basis, as well as assets and liabilities measured at fair value on a non-recurring basis, in periods subsequent to their initial measurement. The hierarchy requires the Company to use observable inputs when available, and to minimize the use of unobservable inputs, when determining fair value. The three tiers are defined as follows:

- Level 1—Observable inputs that reflect quoted market prices (unadjusted) for identical assets or liabilities in active markets;
- Level 2—Observable inputs other than quoted prices in active markets that are observable either directly or indirectly in the marketplace for identical or similar assets and liabilities; and
- Level 3—Unobservable inputs that are supported by little or no market data, which require the Company to develop its own assumptions.

The Company’s financial instruments, including cash, accounts receivable, prepaid expense, deferred offering costs and contract liabilities, other current liabilities are carried at historical cost. At September 30, 2023 and December 31, 2022, the carrying amounts of these instruments approximated their fair values because of the short-term nature of these instruments.

Revenue Recognition

The Company recognizes revenue utilizing the following steps: (i) Identify the contract, or contracts, with a customer; (ii) Identify the performance obligations in the contract; (iii) Determine the transaction price; (iv) Allocate the transaction price to the performance obligations in the contract; (v) Recognize revenue when the Company satisfies a performance obligation.

Subscriptions

Subscription revenue is related to a single performance obligation that is recognized over time when earned. Subscriptions are paid in advance and can be purchased on a monthly, quarterly, or annual basis. Any quarterly or annual subscription revenue is recognized as a contract liability expensed over the contracted service period.

Marketing

Revenue related to marketing campaign contracts with customers are normally of a short duration, typically less than two weeks.

AE.360.DDM Contracts

Revenue related to AE.360.DDM contracts with customers are normally of a short duration, typically less than one week.

Contract Liabilities

Contract liabilities consist of quarterly and annual subscription revenue that have not been recognized. As of September 30, 2023 and December 31, 2022, total contract liabilities were $23,556 and $4,648, respectively. Contract liabilities are typically expected to be recognized to revenue over a period not to exceed twelve (12) months.

Earnings per Share of Common Stock

The Company has adopted ASC Topic 260, *“Earnings per Share”* which requires presentation of basic earnings per share on the face of the statements of operations for all entities with complex capital structures and requires a reconciliation of the numerator and denominator of the basic earnings per share computation. In the accompanying financial statements, basic loss per share is computed by dividing net loss by the weighted average number of shares of common stock outstanding during the year. Diluted earnings per share is computed by dividing net income by the weighted average number of shares of common stock and potentially dilutive outstanding shares of common stock during the period to reflect the potential dilution that could occur from common stock issuable through contingent share arrangements, stock options and warrants unless the result would be antidilutive. The Company would account for the potential dilution from convertible securities using the as-if converted method. The Company accounts for warrants and options using the treasury stock method. As of September 30, 2023, dilutive potential common shares include outstanding warrants.

Income Taxes

As described in more detail above, the business now conducted by the Company was operated as a partnership from August 1, 2020 until October 19, 2020, when it was reorganized as a limited liability company, or LLC, and that LLC was merged into the Company on March 28, 2022. Prior to that date, the partnership and the subsequent LLC were not subject to federal income tax and all income, deductions, gains and losses were attributed to the partners or members.

The Company adopted FASB ASC 740, Income Taxes, at its inception. Under FASB ASC 740, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets, including tax loss and credit carryforwards, and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Deferred income tax expense represents the change during the period in the deferred tax assets and deferred tax liabilities. The components of the deferred tax assets and liabilities are individually classified as current and non-current based on their characteristics. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

Related Parties

The Company follows ASC 850, "*Related Party Disclosures*", for the identification of related parties and disclosure of related party transactions and balances.

Commitments and Contingencies

The Company follows ASC 450-20, *"Loss Contingencies"*, to report accounting for contingencies. Liabilities for loss contingencies arising from claims, assessments, litigation, fines and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount of the assessment can be reasonably estimated.

Recent Accounting Pronouncements

In June 2022, the FASB issued ASU 2022-03, ASC Subtopic "Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions". These amendments clarify that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security and, therefore, is not considered in measuring fair value. The amendments in this update are effective for public business entities for fiscal years, including interim periods within those fiscal years, beginning after December 15, 2023. Early adoption is permitted. The Company is currently assessing the impact of the adoption of this standard on its financial statements.

The Company has considered all other recently issued accounting pronouncements and does not believe the adoption of such pronouncements will have a material impact on its financial statements.

Note 3. Stockholders' Equity

Authorized Capital Stock

On March 9, 2022, the Company filed Articles of Incorporation with the state of Nevada to authorize the Company to issue 250,000,000 shares, consisting of 10,000,000 shares of Class A Common Stock, $0.0001 par value per share ("Class A Common"), 190,000,000 shares of Class B Common stock, $0.0001 par value per share ("Class B Common"), and 50,000,000 shares of Preferred Stock, $0.0001 par value (the "Preferred Stock").

On March 28, 2022, all 51,250,000 units of the previously outstanding membership interests were exchanged for 9,756,000 shares of Class A Common Stock and 244,000 shares of Class B Common Stock.

Preferred Stock

The Company shall have the authority to issue the shares of Preferred Stock in one or more series with such rights, preferences and designations as determined by the Board of Directors of the Company.

Class A Common Stock

Each share of Class A Common Stock entitles the holder to ten (10) votes, in person or proxy, on any matter on which an action of the stockholders of the Company is sought and is convertible by the holder into one (1) share of Class B Common Stock.

The Company had 8,385,276 shares of Class A Common Stock issued and outstanding as of September 30, 2023 and December 31, 2022.

Class B Common Stock

Each share of Class B Common Stock entitles the holder to one (1) vote, in person or proxy, on any matter on which an action of the stockholders of the Company is sought.

On February 3, 2023, the Company closed an initial public offering of its class B common stock. The Company raised total gross proceeds of $7,500,000 in the offering, and after deducting $884,880 of underwriting discounts and commissions, the non-accountable expense allowance, and other expenses from the offering, the Company received net proceeds of $6,615,120.

During the nine months ended September 30, 2023, the Company granted 1,511,000 shares of class B restricted stock awards ("RSA") under the 2022 Equity Incentive Plan ("2022 Plan") to directors and executive officers, valued at $3,532,130.

The Company had 5,375,724 and 2,364,724 shares of Class B Common Stock issued and outstanding as of September 30, 2023 and December 31, 2022, respectively.

2022 Equity Incentive Plan

The maximum number of shares of Class B Common Stock that may be issued pursuant to awards granted under the 2022 Plan is 2,750,000 shares. Awards that may be granted include: (a) Incentive Stock Options, or ISO (b) Non-statutory Stock Options, (c) Stock Appreciation Rights, (d) Restricted Stock, (e) Restricted Stock Units, or RSUs, (f) Stock granted as a bonus or in lieu of another award, and (g) Performance Awards. These awards offer us and our shareholders the possibility of future value, depending on the long-term price appreciation of our Class B Common Stock and the award holder's continuing service with us.

The RSA shares to directors vest quarterly for one year from the date of grantee's appointment as a director. The RSA shares to officers vest annually over three years from the grant date. RSA shares are measured at fair market value on the date of grant and stock-based compensation expense is recognized as the shares vest with a corresponding offset credited to additional paid-in-capital. For the nine months ended September 30, 2023, the Company recorded stock-based compensation expense of $904,241. As of September 30, 2023, 127,000 RSA shares have vested.

Warrants

On February 7, 2023, the Company issued 105,000 warrants exercisable into 105,000 shares of the Company's Class B Common Stock which is equal to 7% of the aggregate number of shares of Class B Common Stock sold in the above mentioned initial public offering. These warrants carry an exercise price of $6.25 per share, which is equal to 125% of the public offering price, subject to adjustment, the warrants also include a cashless exercise provision; these warrants may be exercised at any time for five years following the date of issuance.

A summary of activity for nine months ended September 30, 2023, follows:

	Number of shares		Weighted Average Exercise Price	Weighted Average Life (years)
Outstanding, December 31, 2022	52,500	$	6.25	4.68
Granted	105,000		6.25	
Expired	-		-	-
Exercised	-		-	-
Outstanding, September 30, 2023	157,500	$	6.25	4.22

All of the outstanding warrants are exercisable as of September 30, 2023. The intrinsic value of the warrants as of September 30, 2023, is $0.

Note 4. Subsequent Events

Management evaluated all events from the date of the balance sheet, which was September 30, 2023 through the date these financial statements were available to be issued. Based on our evaluation no material events have occurred that require disclosure.

In October 2023, following the delivery of a Closing Notice by the Company to Triton Funds LP ("Triton") on September 29, 2023 under the Amended and Restated Closing Agreement, dated as of August 1, 2023, as amended by the Amendment to Amended and Restated Closing Agreement, dated as of September 27, 2023, between the Company and Triton, the Company issued 263,410 shares of Class B Common Stock to Triton and received $46,084, net of discount. The agreement was extended to December 30, 2023. As of the date these financial statements were available to be issued, the Company may elect to require Triton to purchase up to an additional $928,916 in shares of Class B Common Stock under the Amended A&R Closing Agreement until December 30, 2023.

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

The following management's discussion and analysis of financial condition and results of operations provides information that management believes is relevant to an assessment and understanding of our plans and financial condition. The following financial information is derived from our condensed consolidated financial statements and should be read in conjunction with such condensed consolidated financial statements and notes thereto set forth elsewhere herein.

Use of Terms

Except as otherwise indicated by the context and for the purposes of this report only, references in this report to "we," "us," "our," the "Company," "Asset Entities," and "our company" are to Asset Entities Inc., a Nevada corporation. "Class A Common Stock" refers to the Company's Class A Common Stock, $0.0001 par value per share. "Class B Common Stock" refers to the Company's Class B Common Stock, $0.0001 par value per share.

Note Regarding Trademarks, Trade Names and Service Marks

We use various trademarks, trade names and service marks in our business, including "AE 360 DDM", "Asset Entities Where Assets Are Created", "SiN", "Social Influencer Network", and associated marks. For convenience, we may not include the ℠, ® or ™ symbols, but such omission is not meant to indicate that we would not protect our intellectual property rights to the fullest extent allowed by law. Any other trademarks, trade names or service marks referred to in this report are the property of their respective owners.

Special Note Regarding Forward-Looking Statements

This report contains forward-looking statements that are based on our management's beliefs and assumptions and on information currently available to us. All statements other than statements of historical facts are forward-looking statements. These statements relate to future events or to our future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. Forward-looking statements include, but are not limited to, statements about:

- the potential impact of the COVID-19 pandemic on our operations and financial condition;
- our ability to introduce new products and services;
- our ability to obtain additional funding to develop additional services and offerings;
- anticipated compliance with obligations under intellectual property licenses with third parties;
- market acceptance of our new offerings;
- competition from existing online offerings or new offerings that may emerge;
- our ability to establish or maintain collaborations, licensing or other arrangements;
- our ability and third parties' abilities to protect intellectual property rights;
- our ability to adequately support future growth;
- our goals and strategies;
- our future business development, financial condition and results of operations;
- expected changes in our revenue, costs or expenditures;
- growth of and competition trends in our industry;
- the accuracy and completeness of the data underlying our or third-party sources' industry and market analyses and projections;

- our expectations regarding demand for, and market acceptance of, our services;
- our expectations regarding our relationships with investors, institutional funding partners and other parties with whom we collaborate;
- fluctuations in general economic and business conditions in the markets in which we operate; and
- relevant government policies and regulations relating to our industry.

In some cases, you can identify forward-looking statements by terms such as “may,” “could,” “will,” “should,” “would,” “expect,” “plan,” “intend,” “anticipate,” “believe,” “estimate,” “predict,” “potential,” “project” or “continue” or the negative of these terms or other comparable terminology. These statements are only predictions. You should not place undue reliance on forward-looking statements because they involve known and unknown risks, uncertainties and other factors, which are, in some cases, beyond our control and which could materially affect results. Factors that may cause actual results to differ materially from current expectations include, among other things, those listed under “Item 1A. *Risk Factors*” and elsewhere in this report. If one or more of these risks or uncertainties occur, or if our underlying assumptions prove to be incorrect, actual events or results may vary significantly from those implied or projected by the forward-looking statements. No forward-looking statement is a guarantee of future performance.

In addition, statements that “we believe” and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this report, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain and investors are cautioned not to unduly rely upon these statements.

The forward-looking statements made in this report relate only to events or information as of the date on which the statements are made in this report. Except as expressly required by the federal securities laws, there is no undertaking to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changed circumstances or any other reason.

Overview

Asset Entities is a technology company providing social media marketing and content delivery services across Discord and other social media platforms. We also design, develop and manage servers for communities on Discord. Based on the rapid growth of our Discord servers and social media following, we have developed three categories of services: (1) our Discord investment education and entertainment services, (2) social media and marketing services, and (3) our AE.360.DDM services. All of our services are based on our effective use of Discord as well as other social media including TikTok, Twitter, Instagram, and YouTube.

Our Discord investment education and entertainment service is designed primarily by and for enthusiastic Generation Z, or Gen Z, retail investors, creators and influencers. Gen Z is commonly considered to be people born between 1997 and 2012. Our investment education and entertainment service focuses on stock, real estate, cryptocurrency, and NFT community learning programs designed for the next generation. While we believe that Gen Z will continue to be our primary market, our recently-expanded Discord server offering features education and entertainment content covering real estate investments, which is expected to appeal strongly to older generations as well. Our combined server user member base was approximately 225,000 as of September 30, 2023.

Our social media and marketing services utilize our management’s social influencer backgrounds by offering social media and marketing campaign services to business clients. Our team of social influencer independent contractors, which we call our “SiN” or “Social Influencer Network”, can perform social media and marketing campaign services to expand our clients’ Discord server bases and drive traffic to their businesses, as well as increase the number of members of our own servers.

Our “AE.360.DDM, Design Develop Manage” service, or “AE.360.DDM”, is a suite of services to individuals and companies seeking to create a server on Discord. We believe we are the first company to provide “Design, Develop and Manage,” or DDM, services for any individual, company, or organization that wishes to join Discord and create their own community. With our AE.360.DDM rollout, we are uniquely positioned to offer DDM services in the growing market for Discord servers. During the quarter ended September 30, 2023, we signed AE.360.DDM contracts with apparel brand Kappa USA, rock band Matchbox Twenty, and former professional football player Michael Irvin.

We believe that we are a leading provider of all of these services, that we have built a scalable and sustainable business model and that our competitive strengths position us favorably in each aspect of our business.

Our revenue depends in part on the number of paying subscribers to our Discord servers. During the three months ended September 30, 2023 and 2022, we received revenue from 298 and 685 Asset Entities Discord server paying subscribers, respectively. We define "members" as all Discord users who join any of our Discord servers, regardless of whether they subscribe to our premium content, and "paying subscribers" as members who pay a fee to subscribe to our premium Discord content.

Impact of COVID-19 Pandemic

The global pandemic of a novel strain of coronavirus, or COVID-19, prompted public health authorities and governments at local, national and international levels to announce various measures to counter the pandemic. Some measures that directly or indirectly impact our business include voluntary or mandatory quarantines, school and workplace closures, restrictions on travel, and limiting gatherings of people in public places.

We believe that we have fully complied with all federal, state and local requirements relating to COVID-19. We have undertaken various measures in an effort to mitigate the spread of COVID-19. From our founding, we have been a highly efficient remote-first company, which has been able to continue to function as normal even with pandemic-related stay-at-home orders and other regulations. We have also exploited certain trends related to the COVID-19 pandemic, including its acceleration of global growth in virtual services.

Conversely, we believe we have experienced a substantial decrease in subscriptions and related revenues compared to those generated during 2021 largely as a result of the reversal of COVID-19-pandemic countermeasures. We believe that the general full reopening of schools, workplaces, social settings, and travel services in most of the United States as of the first quarter of 2022 has reduced demand for online services like ours. The rapid growth of our revenues from 2020 to 2021 as disclosed in previous filings with the SEC is therefore not believed to be indicative of our performance for subsequent periods.

In addition, were the COVID-19 pandemic to resurge in severity, there is no assurance that it would contribute favorably to our results of operations. Pandemic-related effects have included and may in the future include adverse impacts on global economic activity and significant volatility and negative pressure in financial markets. The resulting global deterioration in economic conditions and financial volatility may have an adverse impact on discretionary consumer spending or investing, and could also impact our business and demand for our services. Therefore, the manner and extent to which future pandemic-related measures may impact our results will depend on future developments, which are highly uncertain and cannot be predicted as of the date of this report. The pandemic and the current financial, economic and capital markets environment, and future developments in these and other areas present material uncertainty and risk with respect to our performance, financial condition, results of operations and cash flows. See also "Item 1A. *Risk Factors – Risks Related to Our Business and Industry – The COVID-19 pandemic may cause a material adverse effect on our business*" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022.

Emerging Growth Company

We qualify as an "emerging growth company" under the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"). As a result, we are permitted to, and intend to, rely on exemptions from certain disclosure requirements. For so long as we are an emerging growth company, we will not be required to:

- have an auditor report on our internal controls over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act;

- comply with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements (i.e., an auditor discussion and analysis);

- submit certain executive compensation matters to stockholder advisory votes, such as "say-on-pay" and "say-on-frequency;" and

- disclose certain executive compensation related items such as the correlation between executive compensation and performance and comparisons of the chief executive officer's compensation to median employee compensation.

In addition, Section 107 of the JOBS Act also provides that an emerging growth company can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act of 1933, as amended (the "Securities Act"), for complying with new or revised accounting standards. In other words, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected to take advantage of the benefits of this extended transition period. Our financial statements may therefore not be comparable to those of companies that comply with such new or revised accounting standards.

We will remain an emerging growth company until the earliest of (i) the last day of the fiscal year following the fifth anniversary of our initial public offering, (ii) the last day of the first fiscal year in which our total annual gross revenues are $1,235,000,000 or more, (ii) the date that we become a "large accelerated filer" as defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which would occur if the market value of our common stock that is held by non-affiliates exceeds $700 million as of the last business day of our most recently completed second fiscal quarter or (iv) the date on which we have issued more than $1 billion in non-convertible debt during the preceding three year period.

Principal Factors Affecting Our Financial Performance

Our operating results are primarily affected by the following factors:

- our ability to acquire new customers and users or retain existing customers and users;
- our ability to offer competitive pricing;
- our ability to broaden product or service offerings;
- industry demand and competition;
- our ability to leverage technology and use and develop efficient processes;
- our ability to attract and retain talented employees and contractors; and
- market conditions and our market position.

Recent Developments

On August 1, 2023, the Company entered into an Amended and Restated Closing Agreement (the "Amended and Restated Closing Agreement") with Triton Funds LP, a Delaware limited partnership ("Triton"). Subject to its terms, the Amended and Restated Closing Agreement provided that the Company may deliver a closing notice ("Closing Notice") to Triton at any time on or before September 30, 2023, pursuant to which Triton was required to purchase securities of the Company with an aggregate gross purchase price of $1,000,000 in the following manner. Upon delivery of a Closing Notice and the issuance and delivery of securities as described below, Triton was required to purchase newly-issued shares of Class B Common Stock ("Triton Shares") in an amount equal to up to 9.99% of the outstanding shares of Class B Common Stock following such purchase, pre-funded warrants ("Triton Pre-Funded Warrants" and together with Triton Shares, "Triton Securities") that may be exercised to purchase an amount of newly-issued shares of Class B Common Stock ("Triton Warrant Shares"), or both Triton Shares and Triton Pre-Funded Warrants, such that the aggregate price of the Triton Shares and the Triton Pre-Funded Warrants together with the exercise price to be paid upon full exercise of the Triton Pre-Funded Warrants was required to equal a total gross purchase price of $1,000,000. Upon the Company's election to deliver a Closing Notice, the price of each of the Triton Shares must be set at 85% of the lowest daily volume-weighted average price of the Class B Common Stock during the five business days after the date that the Triton Securities were received by Triton. Any proceeds under the Amended and Restated Closing Agreement must be reduced by a $25,000 administrative fee. The Amended and Restated Closing Agreement also provided that it would expire either upon the date that Triton paid the required purchase price after receiving a Closing Notice, or September 30, 2023.

The Amended and Restated Closing Agreement provided that Triton's obligation to purchase the Triton Securities was subject to certain conditions. These conditions included the filing and effectiveness of a registration statement for the resale of the Triton Securities. In addition, the Class B Common Stock was required to remain listed on the Nasdaq Capital Market tier of The Nasdaq Stock Market LLC ("Nasdaq"), and the issuance of the Triton Securities was required to not violate any requirements of Nasdaq. Triton's purchase requirement was also subject to provisions that prevented Triton from acquiring shares of Class B Common Stock at the time of any sale of the Triton Securities or exercise of the Triton Pre-Funded Warrants that would result in the number of shares beneficially owned by Triton and its affiliates exceeding 9.99% of the total number of shares of Class B Common Stock outstanding immediately after giving effect to the issuance of the shares under the Amended and Restated Closing Agreement or the Triton Pre-Funded Warrants (the "Beneficial Ownership Limitation"). The Amended and Restated Closing Agreement provided for the issuance of the Triton Pre-Funded Warrants in lieu of issuance of some or all the Triton Shares, with an exercise price of $0.01 per share and with no expiration date, if, in Triton's sole discretion, it would otherwise exceed the Beneficial Ownership Limitation, or otherwise upon Triton's election. For each of the Triton Shares that Triton instead elected to be issuable as Triton Warrant Shares, the number of Triton Shares that we were required to issue to Triton at the time of any sale of the Triton Securities was required to be decreased on a one-for-one basis. We were also required to provide indemnification against liabilities relating to misrepresentations, breaches of obligations, and third-party claims relating to the Amended and Restated Closing Agreement, with certain exceptions.

In connection with the Amended and Restated Closing Agreement, pursuant to an engagement letter agreement between the Company and Boustead Securities, LLC, a registered broker-dealer ("Boustead"), dated November 29, 2021 (the "Boustead Engagement Letter"), and the underwriting agreement between the Company and Boustead, as representative of the underwriters of the Company's initial public offering, dated February 2, 2023 (the "Underwriting Agreement"), upon a closing under the Amended and Restated Closing Agreement, the Company must pay Boustead a cash fee equal to 7% of the gross proceeds to be received from such closing and pay Boustead a non-accountable expense allowance equal to 1% of the gross proceeds to be received from such closing. The Company must also issue Boustead a warrant with respect to any Triton Shares exercisable for a number of shares of Class B Common Stock equal to 7% of the number of the Triton Shares at an exercise price equal to the price per share for the Triton Shares, and a warrant with respect to the issuance of any Triton Pre-Funded Warrants exercisable for a number of shares of Class B Common Stock equal to 7% of the Triton Warrant Shares at an exercise price equal to $0.01 per share (any such warrant, a "Tail Warrant"). Each Tail Warrant must be exercisable for a period of five years and contain cashless exercise provisions. The Company also must reimburse Boustead for all reasonable invoiced out-of-pocket expenses in connection with its performance of any services relating to the Amended and Restated Closing Agreement, regardless of whether a sale under the Amended and Restated Closing Agreement occurred. For further discussion of the Underwriting Agreement and the Boustead Engagement Letter, see "*—Liquidity and Capital Resources – Initial Public Offering and Underwriting Agreement*" and "*—Liquidity and Capital Resources – Engagement Letter with Boustead Securities, LLC*".

On August 18, 2023, the Company filed a Registration Statement on Form S-1 (File No. 333-274079) (the "Registration Statement") to register the offer and sale of the Triton Securities in an amount of up to 885,000 shares of Class B Common Stock consisting of Triton Shares and Triton Warrant Shares. The Registration Statement also registered the offer and sale of up to 61,950 shares of Class B Common Stock under Tail Warrants. The Registration Statement was declared effective on September 6, 2023.

Under an Amendment to Amended and Restated Closing Agreement (the "Amendment"), dated as of September 27, 2023, the Company and Triton agreed to amend the Amended and Restated Closing Agreement (as amended, the "Amended A&R Closing Agreement") to provide that the Amended A&R Closing Agreement will expire on December 30, 2023 instead of September 30, 2023; to provide that up to an aggregate value of $1,000,000 of the Class B Common Stock, based on the purchase price formula described above, may be sold and purchased pursuant to a Closing Notice; and to amend the form of Closing Notice to provide for a specific number of shares that may be sold to Triton under the Amended A&R Closing Agreement. The Amendment did not amend any of the other provisions of the Amended and Restated Closing Agreement.

As an incentive to Triton to enter into the Amendment and agree to the extension of the term of the $1,000,000 equity line under the Amended A&R Closing Agreement to December 30, 2023, the Company indicated to Triton that it would deliver a Closing Notice under the Amended A&R Closing Agreement to sell a number of shares of Class B Common Stock equal to approximately 4.9% of the outstanding shares of Class B Common Stock prior to the sale. Therefore, on September 29, 2023, under the Amended A&R Closing Agreement, the Company delivered a Closing Notice to Triton (the "First Closing Notice") for the purchase of 263,410 Triton Shares (the "First Triton Shares"), which was the amount of shares of Class B Common Stock equal to approximately 4.9% of the 5,375,724 shares of Class B Common Stock outstanding on that date. Pursuant to the Amended A&R Closing Agreement, the closing date for this purchase was required to take place within five business days after the Triton Shares were received by Triton (the "Closing Date"). On the Closing Date, Triton was required to pay the Company a purchase price per share equal to 85% of the lowest daily volume-weighted average price of the Class B Common Stock during the period between the date that the shares were delivered to Triton and the Closing Date, the proceeds of which would be reduced by the $25,000 administrative fee, in accordance with the terms of the Amended A&R Closing Agreement.

On October 4, 2023, the First Triton Shares were received by Triton. Pursuant to the Amended A&R Closing Agreement, on the fifth business day following the day that the First Triton Shares were received, Triton was required to pay the Company $46,083.53, based on a price per share of $0.26894, equal to 85% of $0.3164, the lowest daily volume-weighted average price of the Class B Common Stock during the five-business-day period ending October 11, 2023, less the $25,000 administrative fee. The Company received payment of this amount on October 13, 2023.

Pursuant to the terms of the Amended A&R Closing Agreement, the Company may sell additional shares of Class B Common Stock having an aggregate value of up to $953,916.47 to Triton until December 30, 2023, equal to $1,000,000 less the aggregate value of the First Triton Shares, based on the purchase price formula described above, and subject to the other terms and conditions of the Amended A&R Closing Agreement.

In connection with the closing pursuant to the First Closing Notice under the Amended A&R Closing Agreement described above, pursuant to the Boustead Engagement Letter and the Underwriting Agreement, the Company paid Boustead a fee of $4,975.85, equal to 7% of the aggregate purchase price, and non-accountable expense allowance of $710.84, equal to 1% of the aggregate purchase price for the First Triton Shares. In addition, the Company issued a Tail Warrant to Boustead for the purchase of 18,439 shares of Class B Common Stock, equal to 7% of the number of the First Triton Shares, with an exercise price of $0.26894 per share, equal to the purchase price per share of the First Triton Shares.

Results of Operations

Comparison of Three Months Ended September 30, 2023 and 2022

Consolidated Operations Data	**Three Months Ended September 30, 2023**	**Three Months Ended September 30, 2022**
Revenues	$ 60,135	$ 81,414
Operating expenses		
Contract labor	56,537	32,471
General and administrative	518,248	100,696
Management compensation	675,841	31,900
Total operating expenses	1,250,626	165,067
Loss from operations	(1,190,491)	(83,653)
Net loss	**(1,190,491)**	**(83,653)**

Revenues. Our revenues decreased 26.1% to approximately $0.06 million for the three months ended September 30, 2023 from approximately $0.08 million for the three months ended September 30, 2022. This decrease was primarily due to a decrease in revenues from Discord paying subscribers for the three months ended September 30, 2023, compared to such revenues for the three months ended September 30, 2022. There was no material difference in the Company's subscription pricing structure between these periods.

Operating Expenses. Our total operating expenses increased 657.6% to approximately $1.25 million for the three months ended September 30, 2023 from approximately $0.17 million for the three months ended September 30, 2022. This increase was primarily due to an increase in costs associated with the Company's February 2023 initial public offering and administrative cost of public filings of approximately $0.4 million and an increase in management compensation costs of approximately $0.6 million for the three months ended September 30, 2023 compared to such costs for the three months ended September 30, 2022.

Loss From Operations. Our loss from operations increased 1,323.1% to approximately $1.19 million for the three months ended September 30, 2023 from approximately $0.08 million for the three months ended September 30, 2022. This increase was primarily due to an increase in costs associated with the Company's February 2023 initial public offering and administrative cost of public filings of approximately $0.4 million and an increase in management compensation costs of approximately $0.6 million for the three months ended September 30, 2023 compared to such costs for the three months ended September 30, 2022.

Net Loss. Our net loss increased 1,323.1% to approximately $1.19 million for the three months ended September 30, 2023 from approximately $0.08 million for the three months ended September 30, 2023. This increase was primarily due to an increase in costs associated with the Company's February 2023 initial public offering and administrative cost of public filings of approximately $0.4 million and an increase in management compensation costs of approximately $0.6 million for the three months ended September 30, 2023 compared to such costs for the three months ended September 30, 2022.

Comparison of Nine Months Ended September 30, 2023 and 2022

	Nine Months Ended	
Consolidated Operations Data	**September 30, 2023**	**September 30, 2022**
Revenues	$ 196,182	$ 280,137
Operating expenses		
Contract labor	141,201	114,555
General and administrative	1,361,902	340,333
Management compensation	2,275,878	238,241
Total operating expenses	3,778,981	693,129
Loss from operations	(3,582,799)	(412,992)
Net loss	**(3,582,799)**	**(412,992)**

Revenues. Our revenues decreased 30.0% to approximately $0.2 million for the nine months ended September 30, 2023 from approximately $0.3 million for the nine months ended September 30, 2022. This decrease was primarily due to a decrease in revenues from Discord paying subscribers for the nine months ended September 30, 2023, compared to such revenues for the nine months ended September 30, 2022. There was no material difference in the Company's subscription pricing structure between these periods.

Operating Expenses. Our total operating expenses increased 445.2% to approximately $3.8 million for the nine months ended September 30, 2023 from approximately $0.7 million for the nine months ended September 30, 2022. This increase was primarily due to an increase in costs associated with the Company's February 2023 initial public offering and administrative cost of public filings of approximately $1.0 million and an increase in management compensation costs of approximately $2.0 million for the nine months ended September 30, 2023 compared to such costs for the nine months ended September 30, 2022.

Loss From Operations. Our loss from operations increased 767.5% to approximately $3.6 million for the nine months ended September 30, 2023 from approximately $0.4 million for the nine months ended September 30, 2022. This increase was primarily due to an increase in costs associated with the Company's February 2023 initial public offering and administrative cost of public filings of approximately $1.0 million and an increase in management compensation costs of approximately $2.0 million for the nine months ended September 30, 2023 compared to such costs for the nine months ended September 30, 2022.

Net Loss. Our net loss increased 767.5% to approximately $3.6 million for the nine months ended September 30, 2023 from approximately $0.4 million for the nine months ended September 30, 2023. This increase was primarily due to an increase in costs associated with the Company's February 2023 initial public offering and administrative cost of public filings of approximately $1.0 million and an increase in management compensation costs of approximately $2.0 million for the nine months ended September 30, 2023 compared to such costs for the nine months ended September 30, 2022.

Liquidity and Capital Resources

As of September 30, 2023, we had cash consisting of approximately $4.0 million. To date, we have financed our operations primarily through contributed capital and sales of our services. In February 2023 we raised approximately $6.6 million in net proceeds from the Company's initial public offering. We believe that our current levels of cash will be sufficient to meet our anticipated cash needs for our operations and cash payment obligations for the 12 months ended September 30, 2024 and in the long-term beyond this period, including our anticipated costs associated with being a public reporting company. We may, however, in the future require additional cash resources due to changing business conditions, implementation of our strategy to expand our business, or other investments or acquisitions we may decide to pursue. If our own financial resources are insufficient to satisfy our capital requirements, we may seek to sell additional equity or debt securities or obtain additional credit facilities. The sale of additional equity securities could result in dilution to our stockholders. The incurrence of indebtedness would result in increased debt service obligations and could require us to agree to operating and financial covenants that would restrict our operations. Financing may not be available in amounts or on terms acceptable to us, if at all. Any failure by us to raise additional funds on terms favorable to us, or at all, could limit our ability to expand our business operations and could harm our overall business prospects.

Summary of Cash Flow

The following table provides detailed information about our net cash flow for the nine months ended September 30, 2023 and 2022.

	Nine Months Ended September 30,	
	2023	2022
Net cash provided by (used in) operating activities	$ (2,953,523)	$ (393,202)
Net cash provided by (used in) investing activities	(7,543)	-
Net cash provided by (used in) financing activities	6,845,050	376,371
Net change in cash	3,883,984	(16,831)
Cash at beginning of period	137,177	33,731
Cash at end of period	$ 4,021,161	$ 16,900

Net cash used in operating activities was approximately $3.0 million for the nine months ended September 30, 2023, as compared to net cash used in operating activities of approximately $0.4 million for the nine months ended September 30, 2022. The increase was primarily due to an increase in costs associated with the Company's February 2023 initial public offering and administrative cost of public filings of approximately $1.0 million and an increase in management compensation costs of approximately $2.0 million for the nine months ended September 30, 2023 compared to such costs for the nine months ended September 30, 2022.

Net cash provided by financing activities was approximately $6.8 million for the nine months ended September 30, 2023, as compared to approximately $0.4 million net cash provided by financing activities for the nine months ended September 30, 2022. The change was primarily due to an increase in financing activities from the Company's February 2023 initial public offering compared to financing from private placements conducted during the nine months ended September 30, 2022.

Initial Public Offering and Underwriting Agreement

On February 2, 2023, we entered into the Underwriting Agreement with Boustead, as representative of the underwriters named on Schedule 1 thereto, relating to the Company's initial public offering of 1,500,000 shares of Class B Common Stock (the "IPO Shares"). Pursuant to the Underwriting Agreement, in exchange for Boustead's firm commitment to purchase the IPO Shares, the Company agreed to sell the IPO Shares to Boustead at a purchase price (the "IPO Price") of $4.65 (93% of the public offering price per share of $5.00, after deducting underwriting discounts and commissions and before deducting a 0.75% non-accountable expense allowance), and one or more warrants to purchase 7% of the aggregate number of shares of Class B Common Stock sold in the initial public offering, at an exercise price equal to 125% of the public offering price, subject to adjustment (the "Representative's Warrant").

On February 3, 2023, the IPO Shares and 1,500,000 outstanding shares of Class B Common Stock that were registered for resale as described below were listed and commenced trading on the Nasdaq Capital Market tier of Nasdaq.

The closing of the initial public offering took place on February 7, 2023. At the closing, the Company sold the IPO Shares for total gross proceeds of $7,500,000. After deducting the underwriting discounts, commissions, non-accountable expense allowance, and other expenses from the initial public offering, the Company received net proceeds of approximately $6.6 million. The Company also issued Boustead the Representative's Warrant exercisable for the purchase of 105,000 shares of Class B Common Stock at an exercise price of $6.25 per share, subject to adjustment. The Representative's Warrant may be exercised by payment of cash or by a cashless exercise provision, and may be exercised at any time for five years following the date of issuance.

The IPO Shares were offered and sold, and the Representative's Warrant was issued, pursuant to the Company's Registration Statement on Form S-1 (File No. 333-267258), as amended, initially filed with the Securities and Exchange Commission (the "SEC") on September 2, 2022, and declared effective by the SEC on February 2, 2023 (the "IPO Registration Statement"), and the final prospectus, dated February 2, 2023 (the "Final IPO Prospectus"), filed with the SEC on February 6, 2023 pursuant to Rule 424(b)(4) of the Securities Act. In addition, a total of 1,500,000 shares of Class B Common Stock were registered for resale by the selling stockholders named in the IPO Registration Statement, and a final prospectus relating to these shares, dated February 2, 2023 (the "Final Resale Prospectus"), was filed with the SEC on February 6, 2023 pursuant to Rule 424(b)(3) of the Securities Act. As stated in the Final Resale Prospectus, any resales of these shares occurred at a fixed price of $5.00 per share until the Class B Common Stock was listed on Nasdaq. Thereafter, these sales will occur at fixed prices, at market prices prevailing at the time of sale, at prices related to prevailing market prices, or at negotiated prices. The Company would not receive any proceeds from the resale of Class B Common Stock by the selling stockholders.

The IPO Registration Statement also registered for sale shares of Class B Common Stock with a maximum aggregate offering price of $1,125,000 for an additional 225,000 shares of Class B Common Stock at the assumed public offering price of $5.00 per share upon full exercise of the underwriters' over-allotment option; and up to an additional 15,750 shares of Class B Common Stock underlying the Representative's Warrant with a maximum aggregate offering price of $98,437.50 at the assumed exercise price of $6.25 per share assuming full exercise of the over-allotment option. As of the date of this report, the underwriters' over-allotment option had expired unexercised and we have not received any proceeds from the exercise of the Representative's Warrant because it has not been exercised.

On April 4, 2023, Post-Effective Amendment No. 1 to the IPO Registration Statement (the "Post-Effective Amendment") was filed with the SEC and became effective on April 14, 2023. The Post-Effective Amendment was required to be filed to update the IPO Registration Statement's prospectus to include, among other things, the information contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022, which was filed with the SEC on June 30, 2023. The Post-Effective Amendment maintained the effectiveness of the IPO Registration Statement with respect to the sale of shares of common stock issuable upon exercise of the Representative's Warrant and the resale of the shares of common stock held by the selling stockholders. Updated prospectuses were included with the Post-Effective Amendment.

As stated in the Final IPO Prospectus, the Company intended to use the net proceeds from the initial public offering for investment in corporate infrastructure, marketing and promotion of Discord communities, social campaigns, and the Company's "AE.360.DDM" service, expansion of the Company's "SiN" service, increasing staff and company personnel, and general working capital, operating, and other corporate expenses.

The following is our reasonable estimate of the uses of the proceeds from the Company's initial public offering from the date of the closing of the offering on February 7, 2023 through September 30, 2023:

- None was used for construction of plant, building and facilities;
- None was used for the purchase and installation of machinery and equipment;
- None was used for purchases of real estate;
- None was used for the acquisition of other businesses;
- None was used for the repayment of indebtedness;
- $2.2 million was used for working capital; and
- None was used for temporary investments.

As of the date of this report, none of the proceeds from the initial public offering were used to make direct or indirect payments to any of our directors or officers, any of their associates, any persons owning 10% or more of any class of our equity securities, or any of our affiliates, or direct or indirect payments to any others other than for the direct costs of the offering.

There has not been, and we do not expect, any material change in the planned use of proceeds from the initial public offering as described in the IPO Registration Statement, the Final IPO Prospectus, and the Post-Effective Amendment.

Pursuant to the Underwriting Agreement, as of February 3, 2023, we are subject to a lock-up agreement that provides that we may not, for 12 months, subject to certain exceptions, (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, change the terms of, or grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any shares of capital stock of the Company or any securities convertible into or exercisable or exchangeable for shares of capital stock of the Company; (ii) file or cause to be filed any registration statement with the SEC relating to the offering of any shares of capital stock of the Company or any securities convertible into or exercisable or exchangeable for shares of capital stock of the Company (other than pursuant to a registration statement on Form S-8 for employee benefit plans); or (iii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of capital stock of the Company, whether any such transaction described in clause (i), (ii) or (iii) above is to be settled by delivery of shares of capital stock of the Company or such other securities, in cash or otherwise.

The Underwriting Agreement contains other customary representations, warranties and covenants by the Company, customary conditions to closing, indemnification obligations of the Company and Boustead, including for liabilities under the Securities Act, other obligations of the parties, and termination provisions. The representations, warranties and covenants contained in the Underwriting Agreement were made only for purposes of such agreement and as of specific dates, were solely for the benefit of the parties to such agreement, and may be subject to limitations agreed upon by the contracting parties.

Engagement Letter with Boustead Securities, LLC

Under the Boustead Engagement Letter, following the termination or expiration of the Boustead Engagement Letter, we must compensate Boustead with a cash fee equal to seven percent (7.0%) and non-accountable expense allowance equal to one percent (1.0%) of the gross proceeds received by the Company from the sale of securities in an investment transaction, or up to ten percent (10.0%) of the gross proceeds from certain other merger, acquisition, or joint venture, strategic alliance, license, research and development, or other similar transactions, with a party, including any investor in a private placement in which Boustead served as placement agent or in the initial public offering, or who became aware of the Company or who became known to the Company prior to the termination or expiration of the Boustead Engagement Letter, including any Company officers, directors, employees, consultants, advisors, stockholders, members, or partners, for such transactions that occur during the 12-month period following the termination or expiration of the Boustead Engagement Letter (the “Tail Rights”). The Boustead Engagement Letter will expire upon the later to occur of February 7, 2024 (12 months from the completion date of the initial public offering), or mutual written agreement of the Company and Boustead.

We also agreed to provide Boustead a right of first refusal (the “Right of First Refusal”) for two years following the expiration of the Boustead Engagement Letter to act as financial advisor, lead managing underwriter, book runner, placement agent, or to act as joint advisor, managing underwriter, book runner, or placement agent on at least equal economic terms, on any public or private financing (debt or equity), merger, business combination, recapitalization or sale of some or all of the equity or assets of the Company. In the event that we engage Boustead to provide such services, Boustead will be compensated consistent with the Boustead Engagement Letter, as described below, unless we mutually agree otherwise.

Under the Boustead Engagement Letter, in connection with a transaction as to which Boustead duly exercises the Right of First Refusal or is entitled to the Tail Rights, Boustead shall receive compensation as follows:

- other than normal course of business activities, as to any sale, merger, acquisition, joint venture, strategic alliance, license, research and development, or other similar agreements, Boustead will accrue compensation under a percentage fee of the Aggregate Consideration (as defined in the Boustead Engagement Letter) calculated as follows:

  - 10.0% for Aggregate Consideration of less than $10,000,000; plus
  - 8.0% for Aggregate Consideration between $10,000,000 - $25,000,000; plus
  - 6.0% for Aggregate Consideration between $25,000,001 - $50,000,000; plus
  - 4.0% for Aggregate Consideration between $50,000,001 - $75,000,000; plus
  - 2.0% for Aggregate Consideration between $75,000,001 - $100,000,000; plus
  - 1.0% for Aggregate Consideration above $100,000,000;

- for any investment transaction including any common stock, preferred stock, ordinary shares, convertible stock, limited liability company or limited partnership memberships, debt, convertible debentures, convertible debt, debt with warrants, stock warrants, stock options (excluding issuances to Company employees), stock purchase rights, or any other securities convertible into common stock, any form of debt instrument involving any form of equity participation, and including the conversion or exercise of any securities sold in any transaction, Boustead shall receive upon each investment transaction closing a success fee, payable in (i) cash, equal to 7% of the gross amount to be disbursed to the Company from each such investment transaction closing, plus (ii) a non-accountable expense allowance equal to 1% of the gross amount to be disbursed to the Company from each such investment transaction closing, plus (iii) warrants equal to 7% of the gross amount to be disbursed to the Company from each such investment transaction closing, including shares issuable upon conversion or exercise of the securities sold in any transaction, and in the event that warrants or other rights are issued in the investment transaction, 7% of the shares issuable upon exercise of the warrants or other rights, and in the event of a debt or convertible debt financing, warrants to purchase an amount of Company stock equal to the 7% of the gross amount or facility received by the Company in a debt financing divided by the warrant exercise share. The warrant exercise price will be the lower of: (i) the fair market value price per share of the Company's common stock as of each such financing closing date; (ii) the price per share paid by investors in each respective financing; (iii) in the event that convertible securities are sold in the financing, the conversion price of such securities; or (iv) in the event that warrants or other rights are issued in the financing, the exercise price of such warrants or other rights;

- any such warrants will be transferable in accordance with rules of the Financial Industry Regulatory Authority, Inc. ("FINRA") and SEC regulations, exercisable from the date of issuance and for a term of five years, contain cashless exercise provisions, be non-callable and non-cancelable with immediate piggy-back registration rights, have customary anti-dilution provisions and any future stock issuances, etc., at a price(s) below the exercise price per share, at terms no less favorable than the terms of any warrants issued to participants in the related transaction, and provide for automatic exercise immediately prior to expiration; and

- reasonable out-of-pocket expenses in connection with the performance of its services, regardless of whether a transaction occurs.

The Boustead Engagement Letter contains other customary representations, warranties and covenants by the Company, customary conditions to closing, indemnification obligations of the Company and Boustead, including for liabilities under the Securities Act, other obligations of the parties, and termination provisions. The representations, warranties and covenants contained in the Boustead Engagement Letter were made only for purposes of such agreement and as of specific dates, were solely for the benefit of the parties to such agreement, and may be subject to limitations agreed upon by the contracting parties.

Amended A&R Closing Agreement

On August 1, 2023, the Company and Triton entered into the Amended and Restated Closing Agreement. On September 27, 2023, the Company and Triton entered into the Amendment, which amended the Amended and Restated Closing Agreement. See "—*Recent Developments*" for a description of the Amended and Restated Closing Agreement, the Amendment, and related developments which occurred subsequent to September 30, 2023.

Contractual Obligations

During the nine months ended September 30, 2023 and 2022, we had no significant cash requirements for capital expenditures or other cash needs under any contractual or other obligations.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Critical Accounting Policies 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 principles 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. While our significant accounting policies are described in more detail in the notes to our financial statements included with this report, 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. We believe our most critical accounting policies and estimates relate to the following:

Revenue Recognition

The Company recognizes revenue utilizing the following steps: (i) Identify the contract, or contracts, with a customer; (ii) Identify the performance obligations in the contract; (iii) Determine the transaction price; (iv) Allocate the transaction price to the performance obligations in the contract; (v) Recognize revenue when the Company satisfies a performance obligation.

Subscriptions

Subscription revenue is related to a single performance obligation that is recognized over time when earned. Subscriptions are paid in advance and can be purchased on a monthly, quarterly, or annual basis. Any quarterly or annual subscription revenue is recognized as a contract liability expensed over the contracted service period.

Marketing

Revenue related to marketing campaign contracts with customers are normally of a short duration, typically less than two weeks.

AE.360.DDM Contracts

Revenue related to AE.360.DDM contracts with customers are normally of a short duration, typically less than one week.

Earnings per Share of Common Stock

The Company has adopted Accounting Standards Codification ("ASC") Topic 260, "*Earnings per Share*", which requires presentation of basic earnings per share on the face of the statements of operations for all entities with complex capital structures and requires a reconciliation of the numerator and denominator of the basic earnings per share computation. In the accompanying financial statements, basic loss per share is computed by dividing net loss by the weighted average number of shares of common stock outstanding during the year. Diluted earnings per share is computed by dividing net income by the weighted average number of shares of common stock and potentially dilutive outstanding shares of common stock during the period to reflect the potential dilution that could occur from common stock issuable through contingent share arrangements, stock options and warrants unless the result would be antidilutive. The Company would account for the potential dilution from convertible securities using the as-if converted method. The Company accounts for warrants and options using the treasury stock method. As of September 30, 2023, dilutive potential shares of common stock include outstanding warrants.

Income Taxes

As described in more detail above (see "*Part 1. Financial Information – Item 1. Financial Statements – Note 1***.** *Organization, Description of Business and Liquidity – Organization*"), the business now conducted by the Company was operated as a partnership from August 1, 2020 until October 19, 2020, when it was reorganized as a limited liability company, or LLC, and that LLC was merged into the Company on March 28, 2022. Prior to that date, the partnership and the subsequent LLC were not subject to federal income tax and all income, deductions, gains and losses were attributed to the partners or members.

The Company adopted Financial Accounting Standards Board ("FASB") ASC Topic 740, "Income Taxes" ("FASB ASC 740"), at its inception. Under FASB ASC 740, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets, including tax loss and credit carryforwards, and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Deferred income tax expense represents the change during the period in the deferred tax assets and deferred tax liabilities. The components of the deferred tax assets and liabilities are individually classified as current and non-current based on their characteristics. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

Recent Accounting Pronouncements

In June 2022, the FASB issued Accounting Standards Update 2022-03, ASC Subtopic “Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions”. These amendments clarify that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security and, therefore, is not considered in measuring fair value. The amendments in this update are effective for public business entities for fiscal years, including interim periods within those fiscal years, beginning after December 15, 2023. Early adoption is permitted. The Company is currently assessing the impact of the adoption of this standard on its financial statements.

The Company has considered all other recently issued accounting pronouncements and does not believe the adoption of such pronouncements will have a material impact on its financial statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not applicable.

ITEM 4. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act). Disclosure controls and procedures refer to controls and other procedures designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act, such as this Quarterly Report on Form 10-Q, is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC 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.

As required by Rule 13a-15(e) of the Exchange Act, our management has carried out an evaluation, with the participation and under the supervision of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as of September 30, 2023. Based upon, and as of the date of this evaluation, our Chief Executive Officer and Chief Financial Officer determined that our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in applicable rules and forms and is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

We regularly review our system of internal control over financial reporting and make changes to our processes and systems to improve controls and increase efficiency, while ensuring that we maintain an effective internal control environment. Changes may include such activities as implementing new, more efficient systems, consolidating activities, and migrating processes.

There have been no changes in our internal control over financial reporting during the three months ended September 30, 2023 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.

From time to time, we may become involved in various lawsuits and legal proceedings which arise in the ordinary course of business. However, litigation is subject to inherent uncertainties, and an adverse result in these, or other matters, may arise from time to time that may harm our business. We are not currently aware of any such legal proceedings or claims that we believe will have a material adverse effect on our business, financial condition or operating results.

ITEM 1A. RISK FACTORS.

Not applicable.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES, USE OF PROCEEDS, AND ISSUER PURCHASES OF EQUITY SECURITIES.

Use of Proceeds from Registered Securities

On February 2, 2023, we entered into the Underwriting Agreement with Boustead, as representative of the underwriters named on Schedule 1 thereto, relating to the Company's initial public offering of the IPO Shares. Pursuant to the Underwriting Agreement, in exchange for Boustead's firm commitment to purchase the IPO Shares, the Company agreed to sell the IPO Shares to Boustead at the IPO Price as reduced by a 0.75% non-accountable expense allowance, and the Representative's Warrant.

On February 3, 2023, the IPO Shares and 1,500,000 outstanding shares of Class B Common Stock that were registered for resale as described below were listed and commenced trading on the Nasdaq Capital Market tier of Nasdaq.

The closing of the initial public offering took place on February 7, 2023. At the closing, the Company sold the IPO Shares for total gross proceeds of $7,500,000. After deducting the underwriting discounts, commissions, non-accountable expense allowance, and other expenses from the initial public offering, the Company received net proceeds of approximately $6.6 million. The Company also issued Boustead the Representative's Warrant exercisable for the purchase of 105,000 shares of Class B Common Stock at an exercise price of $6.25 per share, subject to adjustment. The Representative's Warrant may be exercised by payment of cash or by a cashless exercise provision, and may be exercised at any time for five years following the date of issuance.

The IPO Shares were offered and sold, and the Representative's Warrant was issued, pursuant to the IPO Registration Statement (File No. 333-267258), initially filed with the SEC on September 2, 2022, and declared effective by the SEC on February 2, 2023, and the Final IPO Prospectus filed with the SEC on February 6, 2023 pursuant to Rule 424(b)(4) of the Securities Act. In addition, a total of 1,500,000 shares of Class B Common Stock were registered for resale by the selling stockholders named in the IPO Registration Statement and the related Final Resale Prospectus. As stated in the Final Resale Prospectus, any resales of these shares occurred at a fixed price of $5.00 per share until the Class B Common Stock was listed on Nasdaq. Thereafter, these sales will occur at fixed prices, at market prices prevailing at the time of sale, at prices related to prevailing market prices, or at negotiated prices. The Company would not receive any proceeds from the resale of Class B Common Stock by the selling stockholders.

The IPO Registration Statement also registered for sale shares of Class B Common Stock with a maximum aggregate offering price of $1,125,000 for an additional 225,000 shares of Class B Common Stock at the assumed public offering price of $5.00 per share upon full exercise of the underwriters' over-allotment option; and up to an additional 15,750 shares of Class B Common Stock underlying the Representative's Warrant with a maximum aggregate offering price of $98,437.50 at the assumed exercise price of $6.25 per share assuming full exercise of the over-allotment option. As of the date of this report, the underwriters' over-allotment option had expired unexercised and we have not received any proceeds from the exercise of the Representative's Warrant because it has not been exercised.

On April 4, 2023, the Post-Effective Amendment was filed with the SEC and became effective on April 14, 2023. The Post-Effective Amendment was required to be filed to update the IPO Registration Statement's prospectus to include, among other things, the information contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022, which was filed with the SEC on June 30, 2023. The Post-Effective Amendment maintained the effectiveness of the IPO Registration Statement with respect to the sale of shares of common stock issuable upon exercise of the Representative's Warrant and the resale of the shares of common stock held by the selling stockholders. Updated prospectuses were included with the Post-Effective Amendment.

As stated in the Final IPO Prospectus, the Company intended to use the net proceeds from the initial public offering for investment in corporate infrastructure, marketing and promotion of Discord communities, social campaigns, and the Company's "AE.360.DDM" service, expansion of the Company's "SiN" service, increasing staff and company personnel, and general working capital, operating, and other corporate expenses.

The following is our reasonable estimate of the uses of the proceeds from the Company's initial public offering from the date of the closing of the offering on February 7, 2023 until September 30, 2023:

- None was used for construction of plant, building and facilities;
- None was used for the purchase and installation of machinery and equipment;
- None was used for purchases of real estate;
- None was used for the acquisition of other businesses;
- None was used for the repayment of indebtedness;
- $2.2 million was used for working capital; and
- None was used for temporary investments.

As of the date of this report, none of the proceeds from the initial public offering were used to make direct or indirect payments to any of our directors or officers, any of their associates, any persons owning 10% or more of any class of our equity securities, or any of our affiliates, or direct or indirect payments to any others other than for the direct costs of the offering.

There has not been, and we do not expect, any material change in the planned use of proceeds from the initial public offering as described in the IPO Registration Statement, the Final IPO Prospectus, and the Post-Effective Amendment.

Unregistered Sales of Equity Securities

During the three months ended September 30, 2023, we did not sell any equity securities that were not registered under the Securities Act and that were not previously disclosed in a Current Report on Form 8-K.

Purchases of Equity Securities

No repurchases of our common stock were made during the three months ended September 30, 2023.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

ITEM 5. OTHER INFORMATION.

We have no information to disclose that was required to be disclosed in a Current Report on Form 8-K during the three months ended September 30, 2023 but was not reported. There have been no material changes to the procedures by which security holders may recommend nominees to our board of directors where those changes were implemented after the Company last provided disclosure of such procedures.

ITEM 6. EXHIBITS.

Exhibit No.	Description
3.1	Articles of Incorporation of Asset Entities Inc. (incorporated by reference to Exhibit 3.1 to Registration Statement on Form S-1 filed on September 2, 2022)
3.2	Bylaws of Asset Entities Inc. (incorporated by reference to Exhibit 3.2 to Registration Statement on Form S-1 filed on September 2, 2022)
4.1	Form of Pre-Funded Common Stock Purchase Warrant (incorporated by reference to Exhibit 4.1 to Current Report on Form 8-K filed on August 7, 2023)
4.2	Form of Common Stock Purchase Warrant issuable to Boustead Securities, LLC (incorporated by reference to Exhibit 4.2 to Current Report on Form 8-K filed on August 7, 2023)
10.1	Amended and Restated Closing Agreement between Asset Entities Inc. and Triton Funds LP, dated as of August 1, 2023 (incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K filed on August 7, 2023)
10.2	Amendment to Amended and Restated Closing Agreement between Asset Entities Inc. and Triton Funds LP, dated as of September 27, 2023 (incorporated by reference to Exhibit 10.2 to Current Report on Form 8-K filed on October 3, 2023)
10.3*	Amendment to Letter Agreement between Arman Sarkhani and Asset Entities Inc., dated as of August 15, 2023
31.1*	Certifications of Principal Executive Officer filed pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certifications of Principal Financial and Accounting Officer filed pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1**	Certifications of Principal Executive Officer furnished pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2**	Certifications of Principal Financial and Accounting Officer furnished pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS*	Inline XBRL Instance Document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith

** Furnished herewith

SIGNATURES

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

Date: November 14, 2023	**ASSET ENTITIES INC.**
	/s/ Arshia Sarkhani
	Name: Arshia Sarkhani
	Title: Chief Executive Officer and President *(Principal Executive Officer)*
	/s/ Matthew Krueger
	Name: Matthew Krueger
	Title: Chief Financial Officer *(Principal Accounting and Financial Officer)*

Exhibit 10.3

ASSET ENTITIES INC.
100 Crescent Ct, 7th Floor
Dallas, TX 75201

August 15, 2023

Arman Sarkhani
c/o Asset Entities Inc.
100 Crescent Ct, 7th Floor
Dallas, TX 75201

Re: Modification to Employment Terms

Dear Arman:

Reference is made to that certain letter agreement dated April 21, 2022, between you and Asset Entities Inc. (the "**Agreement**"). Capitalized terms used but not defined herein shall have the meaning ascribed to them in the Agreement.

On August 10, 2023, the Compensation Committee of the board of directors of the Company granted a raise to your annual salary to $150,000 per year, effective September 1, 2023. Accordingly, we hereby agree to modify your employment terms by amending the third paragraph of the Agreement to add the following sentence:

> "Effective as of September 1, 2023, your salary will increase to $150,000 per year, less payroll deductions and withholdings, paid on the Company's normal payroll schedule and you will continue to be eligible to receive an annual cash bonus as determined by the Board of Directors."

Except as expressly set forth in this written modification, all terms and conditions of the Agreement shall remain in full force and effect. Please sign below if you wish to accept the terms of the Agreement as modified herein.

Very truly yours,

Asset Entities Inc.

By: /s/ Arshia Sarkhani
Name: Arshia Sarkhani
Title: Chief Executive Officer

AGREED AND ACKNOWLEDGED:

/s/ Arman Sarkhani
Arman Sarkhani

Exhibit 31.1

CERTIFICATIONS

I, Arshia Sarkhani, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Asset Entities Inc.;

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

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

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) 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) 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

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

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2023

/s/ Arshia Sarkhani

Arshia Sarkhani
Chief Executive Officer and President
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATIONS

I, Matthew Krueger, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Asset Entities Inc.;

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

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

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) 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) 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

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

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2023

/s/ Matthew Krueger

Matthew Krueger
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

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

The undersigned Chief Executive Officer of Asset Entities Inc. (the “Company”), DOES HEREBY CERTIFY that to my knowledge:

1. The Company’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2023 (the “Report”), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. Information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

IN WITNESS WHEREOF, the undersigned has executed this statement on November 14, 2023.

/s/ Arshia Sarkhani
Arshia Sarkhani
Chief Executive Officer and President
(Principal Executive Officer)

A signed original of this written statement required by Section 906 has been provided to Asset Entities Inc. and will be retained by Asset Entities Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

The forgoing certification is being furnished to the Securities and Exchange Commission pursuant to 18 U.S.C. Section 1350. It is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Exhibit 32.2

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

The undersigned Chief Financial Officer of Asset Entities Inc. (the “Company”), DOES HEREBY CERTIFY that to my knowledge:

1. The Company’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2023 (the “Report”), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. Information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

IN WITNESS WHEREOF, the undersigned has executed this statement on November 14, 2023.

/s/ Matthew Krueger
Matthew Krueger
Chief Financial Officer
(Principal Financial and Accounting Officer)

A signed original of this written statement required by Section 906 has been provided to Asset Entities Inc. and will be retained by Asset Entities Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

The forgoing certification is being furnished to the Securities and Exchange Commission pursuant to 18 U.S.C. Section 1350. It is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.