

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended: March 31, 2024

or

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

For the transition period from _____ to _____

Commission File Number: 001-41612

ASSET ENTITIES INC.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction
of incorporation)

88-1293236

(I.R.S. Employer
Identification No.)

100 Crescent Ct, 7th Floor, Dallas, TX

(Address of principal executive offices)

75201

(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
Non-accelerated filer

Accelerated filer
Smaller reporting company
Emerging growth company

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

As of May 15, 2024, there were a total of 7,532,029 shares of the registrant's Class A Common Stock, \$0.0001 par value per share, outstanding and 7,513,971 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 March 31, 2024

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PART I

FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

**ASSET ENTITIES INC.
UNAUDITED FINANCIAL STATEMENTS**

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ASSET ENTITIES INC.
Condensed Balance Sheets

	As of March 31, 2024	As of December 31, 2023
	<u>(Unaudited)</u>	<u></u>
ASSETS		
Current Assets		
Cash	\$ 1,869,786	\$ 2,924,323
Prepaid expenses	151,274	38,681
Total Current Assets	<u>2,021,060</u>	<u>2,963,004</u>
Non-Current Assets		
Property and equipment, net	23,659	12,825
Intangible asset	100,000	100,000
Total Non-Current Assets	<u>123,659</u>	<u>112,825</u>
TOTAL ASSETS	<u><u>\$ 2,144,719</u></u>	<u><u>\$ 3,075,829</u></u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and credit card liability	\$ 280,433	\$ 150,096
Contract liabilities	2,031	3,445
Total Current Liabilities	<u>282,464</u>	<u>153,541</u>
TOTAL LIABILITIES	<u>282,464</u>	<u>153,541</u>
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 7,532,029 and 8,385,276 shares issued and outstanding, respectively	754	839
Class B Common Stock; \$0.0001 par value, 190,000,000 authorized 6,892,381 and 6,039,134 shares issued, respectively	689	604
Treasury Stock, at cost: Class B Common Stock - 250,000 shares	(176,876)	(176,876)
Additional paid in capital	8,982,907	8,656,036
Accumulated deficit	(6,945,219)	(5,558,315)
TOTAL STOCKHOLDERS' EQUITY	<u>1,862,255</u>	<u>2,922,288</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u><u>\$ 2,144,719</u></u>	<u><u>\$ 3,075,829</u></u>

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

ASSET ENTITIES INC.
Condensed Statements of Operations
(Unaudited)

	Three months ended	
	March 31,	
	2024	2023
Revenue	\$ 124,841	\$ 61,135
Operating expenses		
Contract labor	127,139	36,581
General and administrative	522,039	345,941
Management compensation	862,567	749,864
Total operating expenses	<u>1,511,745</u>	<u>1,132,386</u>
Loss from operations	<u>(1,386,904)</u>	<u>(1,071,251)</u>
Net loss	<u>\$ (1,386,904)</u>	<u>\$ (1,071,251)</u>
Loss per share of common stock - basic and diluted	<u>\$ (0.10)</u>	<u>\$ (0.09)</u>
Weighted average number of shares of common stock outstanding - basic and diluted	<u>14,174,410</u>	<u>12,464,256</u>

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

ASSET ENTITIES INC.
Condensed Statement of Stockholders' Equity

For the three months ended March 31, 2024 and 2023
(Unaudited)

	<u>Preferred Stock</u>		<u>Class A Common Stock</u>		<u>Class B Common Stock</u>		<u>Additional Paid in</u>	<u>Treasury</u>	<u>Accumulated</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>	<u>Capital</u>	<u>Stock</u>	<u>Deficit</u>	
Balance - December 31, 2023	-	\$ -	8,385,276	\$ 839	6,039,134	\$ 604	\$ 8,656,036	\$ (176,876)	\$ (5,558,315)	\$ 2,922,288
Conversion from Class A to Class B common stock	-	-	(853,247)	(85)	853,247	85	-	-	-	-
Stock Based Compensation	-	-	-	-	-	-	326,871	-	-	326,871
Net loss	-	-	-	-	-	-	-	-	(1,386,904)	(1,386,904)
Balance - March 31, 2024	-	\$ -	7,532,029	\$ 754	6,892,381	\$ 689	\$ 8,982,907	\$ (176,876)	\$ (6,945,219)	\$ 1,862,255

	<u>Preferred Stock</u>		<u>Class A Common Stock</u>		<u>Class B Common Stock</u>		<u>Additional Paid in</u>	<u>Accumulated</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>	<u>Capital</u>	<u>Deficit</u>	
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 as 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

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

ASSET ENTITIES INC.
Condensed Statements of Cash Flows
(Unaudited)

	Three months ended	
	March 31,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (1,386,904)	\$ (1,071,251)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock based compensation	326,871	200,210
Depreciation	1,068	-
Changes in operating assets and liabilities:		
Accounts receivable	-	(2,995)
Prepaid expenses	(112,593)	(86,432)
Accounts payable and accrued expenses	130,337	131,125
Contract liabilities	(1,414)	(603)
Net cash used in operating activities	<u>(1,042,635)</u>	<u>(829,946)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(11,902)	-
Net cash used in investing activities	<u>(11,902)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Class B common stock subscription proceeds received, net	-	6,615,120
Net cash provided by financing activities	<u>-</u>	<u>6,615,120</u>
Net increase (decrease) in cash	(1,054,537)	5,785,174
Cash at beginning of period	2,924,323	137,177
Cash at end of period	<u>\$ 1,869,786</u>	<u>\$ 5,922,351</u>
NON CASH INVESTING AND FINANCING ACTIVITIES		
Conversion from Class A to Class B common stock	\$ 85	\$ -

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

ASSET ENTITIES INC.
NOTES TO CONDENSED FINANCIAL STATEMENTS
As of and for the three months ended March 31, 2024
(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 interim 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 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 \$6,945,219 as of March 31, 2024, cash of \$1,869,786 as of March 31, 2024, and a net loss of \$1,386,904 for the three months ended March 31, 2024. However, the Company initiated a sale of 621,590 shares of common stock under its Amended and Restated Closing Agreement on March 29, 2024, and intended to file a “shelf” registration statement and arranged for one or more financings to commence pursuant to such shelf registration statement shortly after it becomes effective. Based on the Company’s existing cash resources and the cash expected to be received from these financings, management believes that the Company will have sufficient funds to carry out the Company’s planned operations for at least the next 12 months from the issuance date of the accompanying interim financial statements.

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 three months ended March 31, 2024, 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, 2023, contained in the Company’s Form 10-K filed on April 2, 2024.

Use of Estimates

The preparation of interim 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 interim 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 March 31, 2024 and December 31, 2023.

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 March 31, 2024, was approximately \$1.38 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.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment loss, if any. Property and equipment are depreciated at rates sufficient to write off their costs less impairment and residual value, if any, over their estimated useful lives on a straight-line basis.

Category	Useful life (years)
Building	39
Machinery and Equipment	5-10
Office Equipment and Fixtures	5
Vehicle	8

The Company did not have any Building, Machinery and Equipment, and Vehicle as of March 31, 2024.

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 the 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.

Intangible Assets

Intangible assets acquired are recorded at fair value. We test our finite-lived intangible assets for impairment whenever events or changes in circumstances indicate that the carrying value of the assets may not be recoverable. We test our indefinite-lived intangible assets for impairment annually or whenever events or changes in circumstances indicate that the carrying value of the assets may not be recoverable. If the carrying value exceeds the fair value, we recognize an impairment in an amount equal to the excess, not to exceed the carrying value. Management uses considerable judgment to determine key assumptions, including projected revenue, royalty rates and appropriate discount rates. During the three months ended March 31, 2024 and 2023, there were no intangible asset impairment charges.

Finite-lived intangible assets are amortized using the straight-line method over their estimated useful lives, which ranges from 5 to 15 years. Our finite-lived intangible assets include acquired franchise agreements, acquired customer relationships, acquired customer lists, and internally developed software. Our indefinite-lived intangible assets include acquired domain names, trade names, and purchased software.

Intangible assets internally developed are measured at cost. We capitalize costs to develop or purchase computer software for internal use which are incurred during the application development stage. These costs include fees paid to third parties for development services and payroll costs for employees' time spent developing the software. We expense costs incurred during the preliminary project stage and the post-implementation stage. Capitalized development costs are amortized on a straight-line basis over the estimated useful life of the software. The capitalization and ongoing assessment of recoverability of development costs requires considerable judgment by management with respect to certain external factors, including, but not limited to, technological and economic feasibility, and estimated economic life.

Impairment of Long-lived Assets Other Than Goodwill

Long-lived assets with finite lives, primarily property and equipment, intangible assets, and operating lease right-of-use assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If the estimated cash flows from the use of the asset and its eventual disposition are below the asset's carrying value, then the asset is deemed to be impaired and written down to its fair value.

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, prepaid expense and contract liabilities, other current liabilities are carried at historical cost. At March 31, 2024 and December 31, 2023, the carrying amounts of these instruments approximated their fair values because of the short-term nature of these instruments.

Advertising Expenses

The Company expenses advertising costs as they incurred. Total advertising expenses were \$143,915 and \$19,697 for the three months ended March 31, 2024 and 2023, respectively, and have been included as part of general and administrative expenses.

Research and Development

Research and development costs are charged to expense as incurred. Accordingly, internal research and development costs are expensed as incurred. Third-party research and development costs are expensed when the contracted work has been performed or as milestone results have been achieved as defined under the applicable agreement.

The Company incurred research and development expenses of \$119,009 and \$0 for the three months ended March 31, 2024 and 2023, respectively, and have been included as part of contract labor.

Stock based compensation

Service-Based Awards

The Company records stock-based compensation for awards granted to employees, non-employees, and to members of the Board for their services on the Board based on the grant date fair value of awards issued, and the expense is recorded on a straight-line basis over the requisite service period, which is generally one to three years.

For restricted stock awards ("RSAs") issued under the Company's stock-based compensation plans, the fair value of each grant is calculated based on the Company's stock price on the date of grant.

Share Repurchase

Share repurchases are open market purchases. Share repurchases are generally recorded on the settlement date, as treasury stock. When shares are cancelled, the value of repurchased shares is deducted from stockholders' equity through common stock with the excess over par value recorded to accumulated deficit.

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 recorded over the contracted service period.

Marketing

Revenue related to marketing campaign contracts with customers are normally of a short duration, typically less than two (2) weeks.

AE.360.DDM Contracts

Revenue related to AE.360.DDM contracts with customers are normally of a short duration, typically less than one (1) week.

Contract Liabilities

Contract liabilities consist of quarterly and annual subscription revenue that have not been recognized. Revenue under these agreements is recognized over the related service period. As of March 31, 2024 and December 31, 2023, total contract liabilities were \$2,031 and \$3,445 respectively. Contract liabilities are expected to be recognized as 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 interim 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 March 31, 2024, dilutive potential common shares include outstanding warrants.

Related Parties

The Company follows ASC 850, “*Related Party Disclosures*”, for the identification of related parties and disclosure of related party transactions and balances. There were no related party transactions except management fees. During the three months ended March 31, 2024 and 2023, the Company paid management fees to their controlling members totaling \$862,567 and \$749,864, respectively.

Recent Accounting Pronouncements

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 interim financial statements.

Note 3. Property and Equipment

Property and equipment consisted of the following:

	March 31, 2024	December 31, 2023
Office equipment	\$ 25,461	\$ 13,559
Accumulated depreciation	(1,802)	(734)
	<u>\$ 23,659</u>	<u>\$ 12,825</u>

During the three months ended March 31, 2024 and 2023, the Company recorded depreciation of \$1,068 and \$0, respectively.

Note 4. Intangible Assets

Intangible assets consist of the following:

	March 31, 2024	December 31, 2023
Purchased software	\$ 100,000	\$ 100,000
Less: Impairment	-	-
	<u>\$ 100,000</u>	<u>\$ 100,000</u>

Note 5. 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.

As part of a share conversion in March 2022, the Company converted the 97.56% membership interest to 9,756,000 shares of Class A Common Stock of the Company. The Company has reflected this conversion for all periods presented.

The Company had 7,532,029 and 8,385,276 shares of Class A Common Stock issued and outstanding as of March 31, 2024 and December 31, 2023, respectively.

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.

The Company had 6,892,381 and 6,039,134 shares of Class B Common Stock issued and outstanding as of March 31, 2024 and December 31, 2023, respectively.

Three months ended March 31, 2024

During the three months ended March 31, 2024, 853,247 shares of Class A common stock were converted into 853,247 shares of Class B common stock.

Treasury stock

During the year ended December 31, 2023, the Company repurchased 250,000 shares of Class B Common stock at \$176,876 and recorded as treasury stock as of March 31, 2024 and December 31, 2023.

Triton Purchase Agreement

On June 30, 2023, the Company, entered into a Closing Agreement (the “Closing Agreement”) with Triton. Under the Closing Agreement, the Company agreed to sell to Triton shares of class B common stock, \$0.0001 par value per share, of the Company (the “Class B Common Stock”), having a total value, as determined under the Amended and Restated Closing Agreement, of \$1,000,000.

On August 1, 2023, the Company and Triton entered into an Amended and Restated Closing Agreement (the “Amended and Restated Closing Agreement”). Subject to the terms of the Amended and Restated Closing Agreement, the Company may deliver a closing notice (the “Closing Notice”) and issue certain securities to Triton at any time on or before April 30, 2024, pursuant to which Triton will be obligated to purchase such securities of the Company with an aggregate value of \$1,000,000 in the following manner. Upon delivery of the Closing Notice, Triton must purchase newly-issued shares of Class B Common Stock of the Company (the “Triton Shares”) in an amount equal to up to 9.99% of the outstanding shares of Class B Common Stock following such purchase, plus pre-funded warrants (the “Triton Pre-Funded Warrants” and together with the Triton Shares, the “Triton Securities”) that may be exercised to purchase an amount of newly-issued shares of Class B Common Stock (the “Triton Warrant Shares”), 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 will equal a total gross purchase price of \$1,000,000. Upon the Company’s election to deliver the Closing Notice, the price of each of the Triton Shares will be set at 85% of the lowest daily volume-weighted average price of the Class B Common Stock during the five (5) business days before and five business days after the date of the Closing Notice.

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, the 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 three months ended March 31, 2024 and 2023, the Company recorded stock-based compensation expense of \$326,871 and \$200,210, respectively. As of March 31, 2024, 674,330 RSA shares have vested.

As of March 31, 2024, there was \$2,156,428 of unrecognized stock-based compensation expense related to unvested RSUs, which is expected to be recognized over a weighted-average period of 1.87 years.

Warrant

A summary of activity during the three months ended March 31, 2024, follows:

	Number of shares	Weighted Average Exercise Price	Weighted Average Life (years)
Outstanding, December 31, 2023	157,500	\$ 6.25	3.97
Granted	-	-	-
Expired	-	-	-
Exercised	-	-	-
Outstanding, March 31, 2024	157,500	\$ 6.25	3.72

All the outstanding warrants are exercisable as of March 31, 2024. The intrinsic value of the warrants as of March 31, 2024, is \$0.

Note 6. Subsequent Events

Management evaluated all events from the date of the balance sheet, which was March 31, 2024 through May 15, 2024 which was the date these financial statements were available to be issued. Based on our evaluation no material events have occurred that require disclosure other than as disclosed below.

On March 27, 2024, the Company delivered a Closing Notice to Triton (the "Second Closing Notice") for the purchase of 621,590 shares of the Company's Class B Common Stock to Triton Funds LP, a Delaware limited partnership ("Triton"). The price of the shares was required to be 85% of the lowest daily volume-weighted average price of the Class B Common Stock during the five business days prior to the closing of the purchase of the shares (the "Triton Closing"), and the Triton Closing was required to occur within five business days after the date that the Triton Shares were received by Triton, in accordance with the Amended and Restated Closing Agreement, dated as of August 1, 2023, between the Company and Triton, as amended by the Amendment to Amended and Restated Closing Agreement, dated as of September 27, 2023, between the Company and Triton, the Second Amendment to Amended and Restated Closing Agreement, dated as of December 30, 2023, between the Company and Triton, and the Third Amendment to Amended and Restated Closing Agreement, dated as of March 29, 2024, between the Company and Triton (as amended, the "Amended and Restated Closing Agreement"). On April 10, 2024, the date of the Triton Closing, the price of the Triton Shares was determined to be \$0.34 per share based on the lowest daily volume-weighted average price of the Class B Common Stock during the five business days prior to the Triton Closing. On April 17, 2024, the Company received gross proceeds of \$211,341.

In connection with the Triton Closing, pursuant to the engagement letter agreement between the Company and Boustead Securities, LLC ("Boustead"), dated November 29, 2021, 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 Company paid Boustead, as placement agent compensation, a total of \$16,907, equal to 7% of the aggregate purchase price and a non-accountable expense allowance equal to 1% of the aggregate purchase price for the Triton Shares. In addition, the Company issued a warrant to Boustead for the purchase of 43,511 shares of Class B Common Stock, equal to 7% of the number of the Triton Shares, with an exercise price of \$0.34 per share, equal to the purchase price per share of the Triton Shares (the "Tail Warrant"). The Tail Warrant is exercisable for a period of five years and contains cashless exercise provisions.

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 financial statements and should be read in conjunction with such condensed 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 SM, [®] or TM 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:

- 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*” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023, filed with the Securities and Exchange Commission (the “SEC”) on April 2, 2024 (the “2023 Annual 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, TikTok, and other social media platforms. We also design, develop and manage servers for communities on Discord. Based on the 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” brand services. We also offer Ternary v2, a cloud-based subscription management and payment processing solution for Discord communities, which includes a suite of customer relations management tools and Stripe-verified payment processing. All of our services are based on our effective use of Discord as well as other social media including TikTok, X, 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 Discord server offering features education and entertainment content covering real estate investments, which is expected to appeal strongly to older generations as well. Our current combined server user membership is approximately 209,417 as of May 2024.

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 membership in 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.

Through Ternary v2, our subscription management and payment processing solution for Discord communities, subscribers can monetize and manage their Discord users. Ternary v2 simplifies the process for our subscribers to sell memberships to their Discord servers on their websites and collect payments through Stripe with daily payouts; add digital products and services and designate purchase options to their Discord servers; customize their user Discord permissions and roles and other Discord settings; and utilize our Discord bot to automatically apply their Discord user settings to authenticate new users, apply customizable permission sets to users, and remove users when their subscription expire. As a Stripe-verified partner through Ternary v2, we can also assist subscribers with integrating other platforms into their Discord servers with open application programming interfaces, further extending our platform's capabilities.

We believe that we are a leading provider of all of these services, and that demand for all of our services will continue to grow. We expect to experience rapid revenue growth from our services. We believe 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 on the number of paying subscribers to our Discord servers. During the three months ended March 31, 2024 and 2023, we received revenue from 438 and 382 Asset Entities Discord server paying subscribers, respectively.

Our Historical Performance

The Company had an accumulated deficit of \$6,945,219, and \$1,869,786 in cash. During the three months ended March 31, 2024 and 2023, we had a net loss of \$1,386,904 and \$1,071,251, respectively. To date, the Company has financed its operations primarily through capital raises and sales of its services. In April 2024, the Company filed a "shelf" registration statement, which the Company intends to use in connection with one or more new financings. Based on the Company's existing cash resources and the cash expected to be received from these financings, it is expected that the Company will have sufficient funds to carry out the Company's planned operations through March 31, 2025 and for at least 12 months beyond that period. For further discussion, see Item 7. "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources*".

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.

Emerging Growth Company and Smaller Reporting 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;
- present three years, instead of two years, of audited financial statements, with correspondingly reduced "Management's Discussion and Analysis of Financial Condition and Results of Operations" disclosure in this Annual Report;

- 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);
- comply with certain greenhouse gas emissions disclosure and related third-party assurance requirements;
- 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, (iii) 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.

To the extent that we continue to qualify as a “smaller reporting company,” as such term is defined in Rule 12b-2 under the Exchange Act, after we cease to qualify as an emerging growth company, certain of the exemptions available to us as an emerging growth company may continue to be available to us as a smaller reporting company, including as to: (i) the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act; (ii) scaled executive compensation disclosures; (iii) presenting two years of audited financial statements, instead of three years; and (iv) compliance with certain greenhouse gas emissions disclosure and related third-party assurance requirements.

Recent Developments

On March 27, 2024, the Company delivered a closing notice (the “Second Closing Notice”) to Triton Funds LP, a Delaware limited partnership (“Triton”), to notify Triton that it was electing to exercise its right to sell Triton 621,590 shares of Class B Common Stock (the “Second Triton Shares”), pursuant to the Amended and Restated Closing Agreement, dated as of August 1, 2023, between the Company and Triton (the “Amended and Restated Closing Agreement”), as amended by the Amendment to Amended and Restated Closing Agreement, dated as of September 27, 2023 (the “First Triton Amendment”), between the Company and Triton, the Second Amendment to Amended and Restated Closing Agreement, dated as of December 30, 2023, between the Company and Triton (the “Second Triton Amendment”), and the Third Amendment to Amended and Restated Closing Agreement (the “Third Triton Amendment”), dated as of March 29, 2024, between the Company and Triton (as amended, the “Amended A&R Closing Agreement”). On April 3, 2024, the Company issued the Second Triton Shares to Triton.

The amount of the Second Triton Shares was equal to the amount that remained unsold by the Company to Triton pursuant to the Registration Statement on Form S-1 (File No. 333-274079) initially filed on August 18, 2023, and declared effective by the SEC on September 6, 2023, to register the offer and resale of up to 885,000 shares of Class B Common Stock issuable to Triton pursuant to the Amended A&R Closing Agreement (the “Triton Registration Statement”). The Company’s first sale pursuant to the Triton Registration Statement was of 263,410 shares of Class B Common Stock in October 2023.

Under the Amended A&R Closing Agreement, the price of each of the Second Triton Shares was required to be set at 85% of the lowest daily volume-weighted average price of the Class B Common Stock during the five business days prior to the closing of Triton’s purchase of the Second Triton Shares (the “Second Triton Closing”). The Second Triton Closing was required to occur within five business days after the delivery of the Second Triton Shares to Triton. On April 10, 2024, the date of the Second Triton Closing, the price of the Second Triton Shares was determined to be \$0.34 per share based on the lowest daily volume-weighted average price of the Class B Common Stock during the five business days prior to the Second Triton Closing, which was \$0.40 per share. On April 17, 2024, the Company received gross proceeds of \$211,341.

In connection with the Second Triton Closing, pursuant to the engagement letter agreement between the Company and Boustead Securities, LLC (“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”), the Company paid Boustead, as placement agent compensation, a total of \$16,907, equal to 7% of the aggregate purchase price and a non-accountable expense allowance equal to 1% of the aggregate purchase price for the Second Triton Shares. In addition, the Company issued a warrant to Boustead for the purchase of 43,511 shares of Class B Common Stock, equal to 7% of the number of the Second Triton Shares, with an exercise price of \$0.34 per share, equal to the purchase price per share of the Second Triton Shares (the “Second Tail Warrant”). The Second Tail Warrant is exercisable for a period of five years and contains cashless exercise provisions.

For further discussion of the Amended A&R Closing Agreement, see “—Liquidity and Capital Resources – Amended and Restated Closing Agreement”. 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”.

Results of Operations

Comparison of Three Months Ended March 31, 2024 and 2023

Operations Data	Three Months Ended	
	March 31, 2024	March 31, 2023
Revenue	\$ 124,841	\$ 61,135
Operating expenses		
Contract labor	127,139	36,581
General and administrative	522,039	345,941
Management compensation	862,567	749,864
Total operating expenses	1,511,745	1,132,386
Loss from operations	(1,386,904)	(1,071,251)
Net loss	(1,386,904)	(1,071,251)

Revenues. Our revenues increased 104% to approximately \$0.12 million for the three months ended March 31, 2024 from approximately \$0.06 million for the three months ended March 31, 2023. This increase was primarily due to an increase in revenues from the increased number of our Discord server paying subscribers during the three months ended March 31, 2024, including subscribers to our OptionsSwing server in November 2023, compared to such revenues for the three months ended March 31, 2023, which preceded the acquisition of our OptionsSwing server. There was no material difference in the Company’s subscription pricing structure between these periods.

Operating Expenses. Our total operating expenses increased 34% to approximately \$1.5 million for the three months ended March 31, 2024 from approximately \$1.1 million for the three months ended March 31, 2023. This increase was primarily due to an increase in advertising, marketing, payroll and other administrative expenses and administrative cost of public filings of approximately \$0.3 million and an increase in management compensation costs of approximately \$0.1 million for the three months ended March 31, 2024 compared to such costs for the three months ended March 31, 2023.

Loss From Operations. Our loss from operations increased 29% to approximately \$1.39 million for the three months ended March 31, 2024 from approximately \$1.1 million for the three months ended March 31, 2023. This increase was primarily due to an increase in advertising, marketing, payroll and other administrative expenses and administrative cost of public filings of approximately \$0.3 million and an increase in management compensation costs of approximately \$0.1 for the three months ended March 31, 2024 compared to such costs for the three months ended March 31, 2023.

Liquidity and Capital Resources

As of March 31, 2024, we had an accumulated deficit of \$6,945,219, and \$1,869,786 in cash. During the three months ended March 31, 2024 and 2023, we had a net loss of \$1,386,904 and \$1,071,251, respectively. To date, we have financed our operations primarily through capital raises and sales of our services. In April 2024, we filed a “shelf” registration statement, which the Company intends to use in connection with one or more new financings. Based on our existing cash resources and the cash expected to be received from these financings, it is expected that we will have sufficient funds to carry out our planned operations through March 31, 2025 and for at least 12 months beyond that period, including our 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 three months ended March 31, 2024 and 2023.

	Three Months Ended March 31,	
	2024	2023
Net cash provided by (used in) operating activities	\$ (1,042,635)	\$ (829,946)
Net cash provided by (used in) investing activities	(11,902)	-
Net cash provided by (used in) financing activities	-	6,615,120
Net change in cash	(1,054,537)	5,785,174
Cash at beginning of period	2,924,323	137,177
Cash at end of period	\$ 1,869,786	\$ 5,922,351

Net cash used in operating activities was approximately \$1.04 million for the three months ended March 31, 2024, as compared to net cash used in operating activities of approximately \$0.82 million for the three months ended March 31, 2023. The increase was primarily due to an increase in advertising, marketing, payroll and other administrative expenses and administrative cost of public filings of approximately \$0.3 million and an increase in management compensation costs of approximately \$0.1 for the three months ended March 31, 2024 compared to such costs for the three months ended March 31, 2023.

Net cash provided by financing activities was \$0 million for the three months ended March 31, 2024, as compared to approximately \$6.62 million for the three months ended March 31, 2023. The change was primarily due to the non-recurrence of proceeds from the Company’s February 2023 initial public offering.

Initial Public Offering and Underwriting Agreement

On February 2, 2023, the Company 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 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. The underwriters' over-allotment option expired unexercised. The Company has 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 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 March 31, 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 IPO Registration Statement and 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. As stated in the Post-Effective Amendment, the Company intended to use any proceeds from the exercise of the Representative's Warrant for working capital and general corporate purposes.

The following is the Company's reasonable estimate of the uses of the proceeds from the initial public offering from the date of the closing of the offering on February 7, 2023 through March 31, 2024:

- 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;
- \$0 was used for the acquisition of other businesses;
- None was used for the repayment of indebtedness;
- \$4.3 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 the Company's directors or officers, any of their associates, any persons owning 10% or more of any class of the Company's 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 the Company does not expect, any material change in the planned use of proceeds from the initial public offering as described in the IPO Registration Statement and the Final IPO Prospectus or any exercise of the Representative's Warrant, as described in the Post-Effective Amendment.

Pursuant to the Underwriting Agreement, as of February 3, 2023, we were subject to a lock-up agreement that provided that we may not, without the prior written consent of Boustead, 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

The Boustead Engagement Letter expired on February 7, 2024. Following the expiration of the Boustead Engagement Letter, we must compensate Boustead with a cash fee equal to 7% and non-accountable expense allowance equal to 1% of the gross proceeds received by the Company from the sale of securities in an investment transaction, or up to 10% 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 expiration of the Boustead Engagement Letter, as described further below (the "Tail Rights").

The Boustead Engagement Letter also provided 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 and Restated Closing Agreement

Subject to its terms, the Amended A&R Closing Agreement provided that the Company may deliver a closing notice ("Closing Notice") and issue shares of Class B Common Stock and/or certain other securities to Triton at any time on or before April 30, 2024, pursuant to which Triton was required to purchase such securities with an aggregate gross purchase price of \$1,000,000 in the following manner. The price of any shares of Class B Common Stock sold pursuant to the Amended A&R Closing Agreement was required to be set at 85% of the lowest daily volume-weighted average price of the Class B Common Stock during the five business days prior to the closing of the purchase of the shares, and such closing was required to occur within five business days after the date that such shares were received by Triton.

On September 29, 2023, the Company delivered the first Closing Notice (the "First Closing Notice") for the purchase by Triton of 263,410 shares of Class B Common Stock (the "First Triton Shares"). On October 4, 2023, the First Triton Shares were received by Triton. On October 11, 2023, 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 a \$25,000 administrative fee pursuant to the Amended and Restated Closing Agreement, as amended. The Company received payment of this amount on October 13, 2023, less the \$25,000 administrative fee.

In connection with the closing pursuant to the First Closing Notice 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 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 (the “First Tail Warrant”). The First Tail Warrant is exercisable for a period of five years and contains cashless exercise provisions.

Copies of the Amended and Restated Closing Agreement, the First Triton Amendment, the Second Triton Amendment, the Third Triton Amendment, and the form of the First Tail Warrant and Second Tail Warrant are each attached to the Annual Report as Exhibit 10.26, Exhibit 10.27, Exhibit 10.30, Exhibit 10.32, and Exhibit 4.7, respectively, and the description above is qualified in its entirety by reference to the full text of such exhibits.

See “—Recent Developments” for a description of related developments which occurred subsequent to March 31, 2024.

Contractual Obligations

During the three months ended March 31, 2024 and 2023, 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:

Intangible Assets

Intangible assets acquired are recorded at fair value. We test our finite-lived intangible assets for impairment whenever events or changes in circumstances indicate that the carrying value of the assets may not be recoverable. We test our indefinite-lived intangible assets for impairment annually or whenever events or changes in circumstances indicate that the carrying value of the assets may not be recoverable. If the carrying value exceeds the fair value, we recognize an impairment in an amount equal to the excess, not to exceed the carrying value. Management uses considerable judgment to determine key assumptions, including projected revenue, royalty rates and appropriate discount rates. During the three months ended March 31, 2024 and 2023, there were no intangible asset impairment charges.

Finite-lived intangible assets are amortized using the straight-line method over their estimated useful lives, which ranges from 5 to 15 years. Our finite-lived intangible assets include acquired franchise agreements, acquired customer relationships, acquired customer lists, and internally developed software. Our indefinite-lived intangible assets include acquired domain names, trade names, and purchased software.

Intangible assets internally developed are measured at cost. We capitalize costs to develop or purchase computer software for internal use which are incurred during the application development stage. These costs include fees paid to third parties for development services and payroll costs for employees’ time spent developing the software. We expense costs incurred during the preliminary project stage and the post-implementation stage. Capitalized development costs are amortized on a straight-line basis over the estimated useful life of the software. The capitalization and ongoing assessment of recoverability of development costs requires considerable judgment by management with respect to certain external factors, including, but not limited to, technological and economic feasibility, and estimated economic life.

Impairment of Long-lived Assets Other Than Goodwill

Long-lived assets with finite lives, primarily property and equipment, intangible assets, and operating lease right-of-use assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If the estimated cash flows from the use of the asset and its eventual disposition are below the asset's carrying value, then the asset is deemed to be impaired and written down to its fair value.

Advertising Expenses

The Company expenses advertising costs as they incurred. Total advertising expenses were \$143,915 and \$19,697 for the three months ended March 31, 2024 and 2023, respectively, and have been included as part of general and administrative expenses.

Research and Development

Research and development costs are charged to expense as incurred. Accordingly, internal research and development costs are expensed as incurred. Third-party research and development costs are expensed when the contracted work has been performed or as milestone results have been achieved as defined under the applicable agreement.

The Company incurred research and development expenses of \$119,009 and \$0 for the three months ended March 31, 2024 and 2023, respectively, and have been included as part of contract labor.

Stock based compensation

Service-Based Awards

The Company records stock-based compensation for awards granted to employees, non-employees, and to members of the Board for their services on the Board based on the grant date fair value of awards issued, and the expense is recorded on a straight-line basis over the requisite service period, which is generally one to three years.

For restricted stock awards ("RSAs") issued under the Company's stock-based compensation plans, the fair value of each grant is calculated based on the Company's stock price on the date of grant.

Share Repurchase

Share repurchases are open market purchases. Share repurchases are generally recorded on the settlement date, as treasury stock. When shares are cancelled, the value of repurchased shares is deducted from stockholders' equity through common stock with the excess over par value recorded to accumulated deficit.

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 recorded over the contracted service period.

Marketing

Revenue related to marketing campaign contracts with customers are normally of a short duration, typically less than two (2) weeks.

AE.360.DDM Contracts

Revenue related to AE.360.DDM contracts with customers are normally of a short duration, typically less than one (1) week.

Contract Liabilities

Contract liabilities consist of quarterly and annual subscription revenue that have not been recognized. Revenue under these agreements is recognized over the related service period. As of March 31, 2024 and December 31, 2023, total contract liabilities were \$2,031 and \$3,445 respectively. Contract liabilities are expected to be recognized as 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 interim 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 March 31, 2024, dilutive potential common shares include outstanding warrants.

Related Parties

The Company follows ASC 850, “*Related Party Disclosures*”, for the identification of related parties and disclosure of related party transactions and balances. There were no related party transactions except management fees. During the three months ended March 31, 2024 and 2023, the Company paid management fees to their controlling members totaling \$862,567 and \$749,864, respectively.

Recent Accounting Pronouncements

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 interim financial statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not applicable.

ITEM 4. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) prior to the filing of this Quarterly Report on Form 10-Q. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this Quarterly Report on Form 10-Q, our disclosure controls and procedures were, in design and operation, effective at a reasonable assurance level.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the three months ended March 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II
OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

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 AND USE OF PROCEEDS.

Use of Proceeds from Registered Securities

On February 2, 2023, the Company 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. The underwriters' over-allotment option expired unexercised. The Company has 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 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 March 31, 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 IPO Registration Statement and 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. As stated in the Post-Effective Amendment, the Company intended to use any proceeds from the exercise of the Representative's Warrant for working capital and general corporate purposes.

The following is the Company's reasonable estimate of the uses of the proceeds from the initial public offering from the date of the closing of the offering on February 7, 2023 through March 31, 2024:

- 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;
- \$0 was used for the acquisition of other businesses;
- None was used for the repayment of indebtedness;
- \$4.3 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 the Company's directors or officers, any of their associates, any persons owning 10% or more of any class of the Company's 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 the Company does not expect, any material change in the planned use of proceeds from the initial public offering as described in the IPO Registration Statement and the Final IPO Prospectus or any exercise of the Representative's Warrant, as described in the Post-Effective Amendment.

Unregistered Sales of Equity Securities

During the three months ended March 31, 2024, 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 March 31, 2024.

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 March 31, 2024 but was not reported, other than as disclosed below. 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.

On February 22, 2024, we entered into a separate Cancellation and Exchange Agreement, dated as of February 22, 2024, with each of Asset Entities Holdings, LLC, a Texas limited liability company (“AEH”), the holder of 8,385,276 shares of Class A Common Stock; GKDB AE Holdings, LLC, a Texas limited liability company (“GKDB”), the holder of 603,953 units of membership interests in AEH representing approximately 13.2% ownership of AEH; and each of certain holders of an aggregate of 308,073 units of membership interests in GKDB (the “2024 Former GKDB Holders”), representing approximately 51.0% ownership in GKDB (collectively, the “Former GKDB Holder Cancellation Agreements”). In accordance with the Former GKDB Holder Cancellation Agreements, we and AEH agreed to convert 561,585 shares of AEH’s Class A Common Stock into 561,585 shares of Class B Common Stock and transfer such shares to GKDB, in exchange for GKDB’s agreement to cancel and surrender 308,073 of GKDB’s 603,953 units of membership interests in AEH, representing the 2024 Former GKDB Holders’ approximately 51.0% share of GKDB’s total ownership interest in AEH. GKDB in turn agreed to the cancellation of 308,073 of its AEH units and transfer of the 561,585 shares of Class B Common Stock to the 2024 Former GKDB Holders in proportion to their former ownership interests in GKDB, in exchange for the 2024 Former GKDB Holders’ agreement to cancel and surrender all of their units of membership interests in GKDB. The 561,585 shares of Class B Common Stock transferred to the 2024 Former GKDB Holders were derived from the 2024 Former GKDB Holders’ approximately 6.7% nominal indirect interest in AEH’s 8,385,276 shares of Class A Common Stock, which in turn was derived from the 2024 Former GKDB Holders’ approximately 51.0% ownership of GKDB and, in turn, their nominal indirect interest in approximately 51.0% of GKDB’s AEH units, which constituted approximately 13.2% of AEH. The 2024 Former GKDB Holders’ nominal indirect interest in 561,585 of AEH’s 8,385,276 shares of Class A Common Stock was therefore automatically converted into ownership of 561,585 shares of Class B Common Stock upon the conversion and transfer of this number of Class A Common Stock that were held by AEH to the 2024 Former GKDB Holders. Additionally, on February 22, 2024, we entered into a Cancellation and Exchange Agreement, dated as of February 22, 2024, with AEH and a holder of 160,000 units of membership interests in AEH (the “2024 Former AEH Holder”), representing approximately 3.4% ownership in AEH (the “Former AEH Holder Cancellation and Exchange Agreement”). In accordance with this agreement, we and AEH agreed to convert 291,662 shares of AEH’s Class A Common Stock into 291,662 shares of Class B Common Stock and transfer such shares to the 2024 Former AEH Holder in exchange for the 2024 Former AEH Holder’s agreement to cancel and surrender the 2024 Former AEH Holder’s 160,000 units of membership interests in AEH. The 2024 Former AEH Holder’s nominal direct interest in AEH’s 8,385,276 shares of Class A Common Stock was therefore automatically converted into ownership of 291,662 shares of Class B Common Stock upon the conversion and transfer of this number of Class A Common Stock that were held by AEH to the 2024 Former AEH Holder. These share transfers were recorded with the transfer agent as of February 26, 2024. As a result of these transactions, AEH held 7,532,029 shares of Class A Common Stock, the 2024 Former GKDB Holders held a total of 561,585 shares of Class B Common Stock, and the 2024 Former AEH Holder held 291,662 shares of Class B Common Stock.

On the date of this transaction, the managers, officers, or other beneficial owners of the securities of the Company that were held by AEH consisted of Arman Sarkhani, the Company’s Chief Operating Officer; Arshia Sarkhani, the Company’s Chief Executive Officer, President and director; Jackson Fairbanks, the Company’s Director of Socials and former Chief Marketing Officer; Kyle Fairbanks, the Company’s Chief Marketing Officer, Executive Vice-Chairman and director; Matthew Krueger, the Company’s Chief Financial Officer, Treasurer and Secretary; and Michael Gaubert, the Company’s Executive Chairman, General Counsel, and director. Each of them was deemed to beneficially own the shares of Class A Common Stock owned by Asset Entities Holdings, LLC and have shared voting and dispositive powers over its shares.

Derek Dunlop, who was one of the 2024 Former GKDB Holders, is the Company’s Chief Experience Officer. In accordance with the Cancellation and Exchange Agreement among the Company, AEH, GKDB, and Mr. Dunlop, the Company and AEH agreed to convert 122,565 shares of AEH’s Class A Common Stock into 122,565 shares of Class B Common Stock and transfer such shares to GKDB, in exchange for GKDB’s agreement to cancel and surrender 67,237 of GKDB’s 603,953 units of membership interests in AEH, representing Mr. Dunlop’s approximately 11.1% share of GKDB’s total ownership interest in AEH. GKDB in turn agreed to the cancellation of 67,237 of its AEH units and transfer of the 122,565 shares of Class B Common Stock to Mr. Dunlop in proportion to Mr. Dunlop’s former ownership interest in GKDB, in exchange for Mr. Dunlop’s agreement to cancel and surrender all of Mr. Dunlop’s units of membership interests in GKDB. The 122,565 shares of Class B Common Stock transferred to Mr. Dunlop were derived from Mr. Dunlop’s approximately 1.5% nominal indirect interest in AEH’s 8,385,276 shares of Class A Common Stock, which in turn was derived from Mr. Dunlop’s approximately 21.8% of GKDB and, in turn, Mr. Dunlop’s nominal indirect interest in approximately 11.1% of GKDB’s AEH units, which constituted approximately 13.2% of AEH. Mr. Dunlop’s nominal indirect interest in 122,565 of AEH’s 8,385,276 shares of Class A Common Stock was therefore automatically converted into ownership of 122,565 shares of Class B Common Stock upon the conversion and transfer of this number of shares of Class A Common Stock.

Copies of each of the Former GKDB Holder Cancellation Agreements and the Former AEH Holder Cancellation and Exchange Agreement are each attached to this Quarterly Report on Form 10-Q as Exhibit 10.2, Exhibit 10.3, Exhibit 10.4, Exhibit 10.5, Exhibit 10.6, and Exhibit 10.7, respectively, and the description above is qualified in its entirety by reference to the full text of such exhibits.

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	Third Amendment to Amended and Restated Closing Agreement, dated as of March 29, 2024, between Asset Entities Inc. and Triton Funds LP (incorporated by reference to Exhibit 10.32 to Annual Report on Form 10-K filed on April 2, 2024)
10.2*	Cancellation and Exchange Agreement, dated as of February 22, 2024, among Asset Entities Inc., Asset Entities Holdings, LLC, GKDB AE Holdings, LLC, and Derek Dunlop
10.3*	Cancellation and Exchange Agreement, dated as of February 22, 2024, among Asset Entities Inc., Asset Entities Holdings, LLC, GKDB AE Holdings, LLC, and Brian Fox
10.4*	Cancellation and Exchange Agreement, dated as of February 22, 2024, among Asset Entities Inc., Asset Entities Holdings, LLC, GKDB AE Holdings, LLC, and Haeley Benavides
10.5*	Cancellation and Exchange Agreement, dated as of February 22, 2024, among Asset Entities Inc., Asset Entities Holdings, LLC, GKDB AE Holdings, LLC, and John Costacos
10.6*	Cancellation and Exchange Agreement, dated as of February 22, 2024, among Asset Entities Inc., Asset Entities Holdings, LLC, GKDB AE Holdings, LLC, and Aaron Edwards
10.7*	Cancellation and Exchange Agreement, dated as of February 22, 2024, among Asset Entities Inc., Asset Entities Holdings, LLC, and Atticus Peppas
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: May 15, 2024

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)

CANCELLATION AND EXCHANGE AGREEMENT

THIS CANCELLATION AND EXCHANGE AGREEMENT (this "**Agreement**") is made and entered into as of February 2_2_, 2024 (the "**Effective Date**"), by and among Asset Entities Inc., a Nevada corporation ("**AEI**"), Asset Entities Holdings, LLC, a Texas limited liability company ("**AEH**"), GKDB AE Holdings, LLC, a Texas limited liability company ("**GKDB**") and the undersigned holder of units of membership interests in GKDB (the "**GKDB Units**") set forth on the signature page (the "**Holder**" and together with AEI, AEH and GKDB, the "**Parties**").

RECITALS

A. GKDB is the record and beneficial owner of 603,953 units of membership interests in AEH (the "**AEH Units**"). AEH is the record and beneficial owner of 8,385,276 shares of Class A Common Stock, \$0.0001 par value per share, of AEI (the "**Class A Shares**"). The Class A Shares provide the holder with the right to ten (10) votes per share on all matters coming before the AEI stockholders for a vote. The Class A Shares are automatically convertible into shares of Class B Common Stock, \$0.0001 par value per share, of AEI (the "**Class B Shares**") on a one-to-one basis upon the transfer of the Class A Shares to a person who is not already a holder of Class A Shares. The Class B Shares provide the holder with the right to one (1) vote per share on all matters coming before the AEI stockholders for a vote.

B. GKDB desires to cancel 67,237 AEH Units (the "**Cancelled AEH Units**") in exchange for 122,565 Class B Shares (the "**Consideration Shares**"), which Consideration Shares will be derived from the Class A Shares held by AEH and automatically converted to Class B Shares upon the transfer to GKDB.

C. The Holder is the record and beneficial owner of the GKDB Units identified on the signature page of this Agreement. The Holder desires to cancel their GKDB Units in exchange for the number of Consideration Shares set forth on the signature page hereto opposite their name.

AGREEMENT

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned do hereby agree as follows:

1. GKDB hereby agrees to surrender the Cancelled AEH Units to AEH free and clear of all claims, charges, liens, contracts, rights, options, security interests, mortgages, encumbrances and restrictions of every kind and nature (collectively, "**Claims**") in exchange for the Consideration Shares. After such cancellation, GKDB acknowledges and agrees that all such Cancelled AEH Units shall no longer be outstanding, and GKDB shall have no further rights with respect to (a) any of the Cancelled AEH Units, or (b) the equity ownership in AEH represented by the Cancelled AEH Units.

2. The Holder hereby agrees to surrender their respective GKDB Units as set forth on the signature page hereto to GKDB free and clear of all Claims in exchange for the number of Consideration Shares set forth opposite their name on the signature page hereto, which Consideration Shares are simultaneously being transferred from GKDB to the Holder. After such cancellation, the Holder acknowledges and agrees that all such GKDB Units previously held by them shall no longer be outstanding, and the Holder shall have no further rights with respect to (a) any of the GKDB Units previously held by them, or (b) the equity ownership in GKDB represented thereby.

3. GKDB hereby represents and warrants that immediately prior to giving effect to this Agreement GKDB owns the Cancelled AEH Units beneficially and of record, free and clear of all Claims. GKDB has never transferred or agreed to transfer the Cancelled AEH Units, other than pursuant to this Agreement. There is no restriction affecting the ability of GKDB to transfer the legal and beneficial title and ownership of the Cancelled AEH Units to AEH for cancellation. Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the performance of this Agreement in compliance with its terms and conditions by GKDB will conflict with or result in any violation of any agreement, judgment, decree, order, statute or regulation applicable to GKDB, or any breach of any agreement to which GKDB is a party, or constitute a default thereunder, or result in the creation of any Claims of any kind or nature on, or with respect to GKDB or GKDB's assets, including, without limitation, GKDB's equity interests in AEH.

4. The Holder hereby represents and warrants that the Holder owns the GKDB Units set forth opposite their name on the signature page hereto beneficially and of record, free and clear of all Claims. The Holder has never transferred or agreed to transfer such GKDB Units, other than pursuant to this Agreement. There is no restriction affecting the ability of the Holder to transfer the legal and beneficial title and ownership of such GKDB Units to GKDB for cancellation. Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the performance of this Agreement in compliance with its terms and conditions by the Holder will conflict with or result in any violation of any agreement, judgment, decree, order, statute or regulation applicable to the Holder, or any breach of any agreement to which the Holder is a party, or constitute a default thereunder, or result in the creation of any Claims of any kind or nature on, or with respect to the Holder or the Holder's assets, including, without limitation, the Holder's equity interests in GKDB.

5. Each of GKDB and the Holder represent and warrant to each other and to AEH and AEI as follows: The Consideration Shares are being acquired by the Holder for its account, for investment purposes and not with a view to the sale or distribution of all or any part of the Consideration Shares, nor with any present intention to sell or in any way distribute the same, as those terms are used in the Securities Act of 1933, as amended (the "*Act*"), and the rules and regulations promulgated thereunder. Except as provided under this Agreement, neither GKDB nor the Holder will sell or distribute any part of the Consideration Shares, as those terms are used in the Act, and the rules and regulations promulgated thereunder except in compliance with the Act. Each of GKDB and the Holder has sufficient knowledge and experience in financial matters so as to be capable of evaluating the merits and risks of acquiring the Consideration Shares. Each of GKDB and the Holder has reviewed copies of such documents and other information as such Party has deemed necessary in order to make an informed investment decision with respect to its acquisition of the Consideration Shares. Each of GKDB and the Holder understands that the Consideration Shares may not be sold, transferred or otherwise disposed of without registration under the Act or the availability of an exemption therefrom, and that in the absence of an effective registration statement covering the Consideration Shares or an available exemption from registration under the Act, the Consideration Shares must be held indefinitely. Further, each of GKDB and the Holder understands and has the financial capability of assuming the economic risk of an investment in the Consideration Shares for an indefinite period of time. Each of GKDB and the Holder has been advised by AEI that such Party will not be able to dispose of the Consideration Shares, or any interest therein, without first complying with the relevant provisions of the Act and any applicable state securities laws. Each of GKDB and the Holder understands that the provisions of Rule 144 promulgated under the Act, permitting the routine sales of the securities of certain issuers subject to the terms and conditions thereof, are not currently, and may not hereafter be, available with respect to the Consideration Shares. Each of GKDB and the Holder acknowledges that AEI is under no obligation to register the Consideration Shares or to furnish any information or take any other action to assist the undersigned in complying with the terms and conditions of any exemption which might be available under the Act or any state securities laws with respect to sales of the Consideration Shares in the future. Each of GKDB and the Holder is an "Accredited Investor" as defined in rule 501 (a) of Regulation D of the Act.

6. At the request of AEH and without further consideration, GKDB will execute and deliver such other instruments of sale, transfer, conveyance, assignment and confirmation as may be reasonably requested in order to effectively transfer, convey and assign to AEH for cancellation of the Cancelled AEH Units.

7. At the request of GKDB and without further consideration, the Holder will execute and deliver such other instruments of sale, transfer, conveyance, assignment and confirmation as may be reasonably requested in order to effectively transfer, convey and assign to GKDB for cancellation of the GKDB Units held by the Holder as set forth opposite the Holder's name on the signature page hereto.

8. In connection with any public offering by AEI of its equity securities pursuant to an effective registration statement filed under the Act, the Holder shall not directly or indirectly sell, make any short sale of, loan, hypothecate, pledge, offer, grant or sell any option or other contract for the purchase of, purchase any option or other contract for the sale of, or otherwise dispose of or transfer, or agree to engage in any of the foregoing transactions with respect to, any Shares without the prior written consent of AEI or any managing underwriter. Such restriction (the "**Market Stand-Off**") shall be in effect for such period of time following the date of the final prospectus for the offering as may be requested by AEI or any such underwriter. In no event, however, shall such period exceed two hundred seventy (270) days plus such additional period as may reasonably be requested by AEI or such underwriter to accommodate regulatory restrictions on (i) the publication or other distribution of research reports or (ii) analyst recommendations and opinions. For consideration received and acknowledged, the Holder, in its capacity as a securityholder of AEI, hereby appoints the Chief Executive Officer and/or Chief Financial Officer of AEI to act as its true and lawful attorney with full power and authority on its behalf to execute and deliver all documents and instruments and take all other actions necessary in connection with the matters covered by this Section 8 and any lock-up agreement required to be executed pursuant to any underwriting agreement in connection with any public offering of AEI. Such appointment shall be for the limited purposes set forth above.

9. This Agreement is a binding agreement and constitutes the entire agreement between the Parties with respect to the subject matter hereof.

10. This Agreement is binding upon and inures to the benefit of the successors and assigns of the Parties hereto.

11. This Agreement shall be governed by and construed under the laws of the State of Nevada without regard to principles of conflicts of law.

12. This Agreement may be executed in identical counterparts. Each counterpart hereof shall be deemed to be an original instrument, but all counterparts hereof taken together shall constitute a single document. Facsimile, emailed PDFs and electronic signatures shall be deemed originals.

13. The Parties hereto agree to use their reasonable best efforts to cooperate with one another to discharge their respective obligations under this Agreement and to satisfy the intents and purposes of this Agreement.

[Signature page follows]

IN WITNESS WHEREOF, the Parties have executed this Cancellation and Exchange Agreement as of the date first above written.

ASSET ENTITIES INC.

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

ASSET ENTITIES HOLDINGS, LLC

By: /s/ Kyle Fairbanks
Name: Kyle Fairbanks
Title: Manager

GKDB AE HOLDINGS, LLC

By: /s/ Matthew Krueger
Name: Matthew Krueger
Title: Manager

HOLDER:

/s/ Derek Dunlop
Name: Derek Dunlop

Holder Name	GKDB Units Held	Number of Consideration Shares to be Received
Derek Dunlop	67,237	122,565

Signature Page to Asset Entities Inc. Cancellation and Exchange Agreement

CANCELLATION AND EXCHANGE AGREEMENT

THIS CANCELLATION AND EXCHANGE AGREEMENT (this “*Agreement*”) is made and entered into as of February 2, 2024 (the “*Effective Date*”), by and among Asset Entities Inc., a Nevada corporation (“*AEI*”), Asset Entities Holdings, LLC, a Texas limited liability company (“*AEH*”), GKDB AE Holdings, LLC, a Texas limited liability company (“*GKDB*”) and the undersigned holder of units of membership interests in GKDB (the “*GKDB Units*”) set forth on the signature page (the “*Holder*” and together with AEI, AEH and GKDB, the “*Parties*”).

RECITALS

A. GKDB is the record and beneficial owner of 603,953 units of membership interests in AEH (the “*AEH Units*”). AEH is the record and beneficial owner of 8,385,276 shares of Class A Common Stock, \$0.0001 par value per share, of AEI (the “*Class A Shares*”). The Class A Shares provide the holder with the right to ten (10) votes per share on all matters coming before the AEI stockholders for a vote. The Class A Shares are automatically convertible into shares of Class B Common Stock, \$0.0001 par value per share, of AEI (the “*Class B Shares*”) on a one-to-one basis upon the transfer of the Class A Shares to a person who is not already a holder of Class A Shares. The Class B Shares provide the holder with the right to one (1) vote per share on all matters coming before the AEI stockholders for a vote.

B. GKDB desires to cancel 53,519 AEH Units (the “*Cancelled AEH Units*”) in exchange for 97,560 Class B Shares (the “*Consideration Shares*”), which Consideration Shares will be derived from the Class A Shares held by AEH and automatically converted to Class B Shares upon the transfer to GKDB.

C. The Holder is the record and beneficial owner of the GKDB Units identified on the signature page of this Agreement. The Holder desires to cancel their GKDB Units in exchange for the number of Consideration Shares set forth on the signature page hereto opposite their name.

AGREEMENT

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned do hereby agree as follows:

1. GKDB hereby agrees to surrender the Cancelled AEH Units to AEH free and clear of all claims, charges, liens, contracts, rights, options, security interests, mortgages, encumbrances and restrictions of every kind and nature (collectively, “*Claims*”) in exchange for the Consideration Shares. After such cancellation, GKDB acknowledges and agrees that all such Cancelled AEH Units shall no longer be outstanding, and GKDB shall have no further rights with respect to (a) any of the Cancelled AEH Units, or (b) the equity ownership in AEH represented by the Cancelled AEH Units.

2. The Holder hereby agrees to surrender their respective GKDB Units as set forth on the signature page hereto to GKDB free and clear of all Claims in exchange for the number of Consideration Shares set forth opposite their name on the signature page hereto, which Consideration Shares are simultaneously being transferred from GKDB to the Holder. After such cancellation, the Holder acknowledges and agrees that all such GKDB Units previously held by them shall no longer be outstanding, and the Holder shall have no further rights with respect to (a) any of the GKDB Units previously held by them, or (b) the equity ownership in GKDB represented thereby.

3. GKDB hereby represents and warrants that immediately prior to giving effect to this Agreement GKDB owns the Cancelled AEH Units beneficially and of record, free and clear of all Claims. GKDB has never transferred or agreed to transfer the Cancelled AEH Units, other than pursuant to this Agreement. There is no restriction affecting the ability of GKDB to transfer the legal and beneficial title and ownership of the Cancelled AEH Units to AEH for cancellation. Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the performance of this Agreement in compliance with its terms and conditions by GKDB will conflict with or result in any violation of any agreement, judgment, decree, order, statute or regulation applicable to GKDB, or any breach of any agreement to which GKDB is a party, or constitute a default thereunder, or result in the creation of any Claims of any kind or nature on, or with respect to GKDB or GKDB’s assets, including, without limitation, GKDB’s equity interests in AEH.

4. The Holder hereby represents and warrants that the Holder owns the GKDB Units set forth opposite their name on the signature page hereto beneficially and of record, free and clear of all Claims. The Holder has never transferred or agreed to transfer such GKDB Units, other than pursuant to this Agreement. There is no restriction affecting the ability of the Holder to transfer the legal and beneficial title and ownership of such GKDB Units to GKDB for cancellation. Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the performance of this Agreement in compliance with its terms and conditions by the Holder will conflict with or result in any violation of any agreement, judgment, decree, order, statute or regulation applicable to the Holder, or any breach of any agreement to which the Holder is a party, or constitute a default thereunder, or result in the creation of any Claims of any kind or nature on, or with respect to the Holder or the Holder's assets, including, without limitation, the Holder's equity interests in GKDB.

5. Each of GKDB and the Holder represent and warrant to each other and to AEH and AEI as follows: The Consideration Shares are being acquired by the Holder for its account, for investment purposes and not with a view to the sale or distribution of all or any part of the Consideration Shares, nor with any present intention to sell or in any way distribute the same, as those terms are used in the Securities Act of 1933, as amended (the "*Act*"), and the rules and regulations promulgated thereunder. Except as provided under this Agreement, neither GKDB nor the Holder will sell or distribute any part of the Consideration Shares, as those terms are used in the Act, and the rules and regulations promulgated thereunder except in compliance with the Act. Each of GKDB and the Holder has sufficient knowledge and experience in financial matters so as to be capable of evaluating the merits and risks of acquiring the Consideration Shares. Each of GKDB and the Holder has reviewed copies of such documents and other information as such Party has deemed necessary in order to make an informed investment decision with respect to its acquisition of the Consideration Shares. Each of GKDB and the Holder understands that the Consideration Shares may not be sold, transferred or otherwise disposed of without registration under the Act or the availability of an exemption therefrom, and that in the absence of an effective registration statement covering the Consideration Shares or an available exemption from registration under the Act, the Consideration Shares must be held indefinitely. Further, each of GKDB and the Holder understands and has the financial capability of assuming the economic risk of an investment in the Consideration Shares for an indefinite period of time. Each of GKDB and the Holder has been advised by AEI that such Party will not be able to dispose of the Consideration Shares, or any interest therein, without first complying with the relevant provisions of the Act and any applicable state securities laws. Each of GKDB and the Holder understands that the provisions of Rule 144 promulgated under the Act, permitting the routine sales of the securities of certain issuers subject to the terms and conditions thereof, are not currently, and may not hereafter be, available with respect to the Consideration Shares. Each of GKDB and the Holder acknowledges that AEI is under no obligation to register the Consideration Shares or to furnish any information or take any other action to assist the undersigned in complying with the terms and conditions of any exemption which might be available under the Act or any state securities laws with respect to sales of the Consideration Shares in the future. Each of GKDB and the Holder is an "Accredited Investor" as defined in rule 501 (a) of Regulation D of the Act.

6. At the request of AEH and without further consideration, GKDB will execute and deliver such other instruments of sale, transfer, conveyance, assignment and confirmation as may be reasonably requested in order to effectively transfer, convey and assign to AEH for cancellation of the Cancelled AEH Units.

7. At the request of GKDB and without further consideration, the Holder will execute and deliver such other instruments of sale, transfer, conveyance, assignment and confirmation as may be reasonably requested in order to effectively transfer, convey and assign to GKDB for cancellation of the GKDB Units held by the Holder as set forth opposite the Holder's name on the signature page hereto.

8. In connection with any public offering by AEI of its equity securities pursuant to an effective registration statement filed under the Act, the Holder shall not directly or indirectly sell, make any short sale of, loan, hypothecate, pledge, offer, grant or sell any option or other contract for the purchase of, purchase any option or other contract for the sale of, or otherwise dispose of or transfer, or agree to engage in any of the foregoing transactions with respect to, any Shares without the prior written consent of AEI or any managing underwriter. Such restriction (the "**Market Stand-Off**") shall be in effect for such period of time following the date of the final prospectus for the offering as may be requested by AEI or any such underwriter. In no event, however, shall such period exceed two hundred seventy (270) days plus such additional period as may reasonably be requested by AEI or such underwriter to accommodate regulatory restrictions on (i) the publication or other distribution of research reports or (ii) analyst recommendations and opinions. For consideration received and acknowledged, the Holder, in its capacity as a securityholder of AEI, hereby appoints the Chief Executive Officer and/or Chief Financial Officer of AEI to act as its true and lawful attorney with full power and authority on its behalf to execute and deliver all documents and instruments and take all other actions necessary in connection with the matters covered by this Section 8 and any lock-up agreement required to be executed pursuant to any underwriting agreement in connection with any public offering of AEI. Such appointment shall be for the limited purposes set forth above.

9. This Agreement is a binding agreement and constitutes the entire agreement between the Parties with respect to the subject matter hereof.

10. This Agreement is binding upon and inures to the benefit of the successors and assigns of the Parties hereto.

11. This Agreement shall be governed by and construed under the laws of the State of Nevada without regard to principles of conflicts of law.

12. This Agreement may be executed in identical counterparts. Each counterpart hereof shall be deemed to be an original instrument, but all counterparts hereof taken together shall constitute a single document. Facsimile, emailed PDFs and electronic signatures shall be deemed originals.

13. The Parties hereto agree to use their reasonable best efforts to cooperate with one another to discharge their respective obligations under this Agreement and to satisfy the intents and purposes of this Agreement.

[Signature page follows]

IN WITNESS WHEREOF, the Parties have executed this Cancellation and Exchange Agreement as of the date first above written.

ASSET ENTITIES INC.

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

ASSET ENTITIES HOLDINGS, LLC

By: /s/ Kyle Fairbanks
Name: Kyle Fairbanks
Title: Manager

GKDB AE HOLDINGS, LLC

By: /s/ Matthew Krueger
Name: Matthew Krueger
Title: Manager

HOLDER:

/s/ Brian Fox
Name: Brian Fox

Holder Name	GKDB Units Held	Number of Consideration Shares to be Received
Brian Fox	53,519	97,560

Signature Page to Asset Entities Inc. Cancellation and Exchange Agreement

CANCELLATION AND EXCHANGE AGREEMENT

THIS CANCELLATION AND EXCHANGE AGREEMENT (this "**Agreement**") is made and entered into as of February 22, 2024 (the "**Effective Date**"), by and among Asset Entities Inc., a Nevada corporation ("**AEI**"), Asset Entities Holdings, LLC, a Texas limited liability company ("**AEH**"), GKDB AE Holdings, LLC, a Texas limited liability company ("**GKDB**") and the undersigned holder of units of membership interests in GKDB (the "**GKDB Units**") set forth on the signature page (the "**Holder**" and together with AEI, AEH and GKDB, the "**Parties**").

RECITALS

A. GKDB is the record and beneficial owner of 603,953 units of membership interests in AEH (the "**AEH Units**"). AEH is the record and beneficial owner of 8,385,276 shares of Class A Common Stock, \$0.0001 par value per share, of AEI (the "**Class A Shares**"). The Class A Shares provide the holder with the right to ten (10) votes per share on all matters coming before the AEI stockholders for a vote. The Class A Shares are automatically convertible into shares of Class B Common Stock, \$0.0001 par value per share, of AEI (the "**Class B Shares**") on a one-to-one basis upon the transfer of the Class A Shares to a person who is not already a holder of Class A Shares. The Class B Shares provide the holder with the right to one (1) vote per share on all matters coming before the AEI stockholders for a vote.

B. GKDB desires to cancel 80,279 AEH Units (the "**Cancelled AEH Units**") in exchange for 146,340 Class B Shares (the "**Consideration Shares**"), which Consideration Shares will be derived from the Class A Shares held by AEH and automatically converted to Class B Shares upon the transfer to GKDB.

C. The Holder is the record and beneficial owner of the GKDB Units identified on the signature page of this Agreement. The Holder desires to cancel their GKDB Units in exchange for the number of Consideration Shares set forth on the signature page hereto opposite their name.

AGREEMENT

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned do hereby agree as follows:

1. GKDB hereby agrees to surrender the Cancelled AEH Units to AEH free and clear of all claims, charges, liens, contracts, rights, options, security interests, mortgages, encumbrances and restrictions of every kind and nature (collectively, "**Claims**") in exchange for the Consideration Shares. After such cancellation, GKDB acknowledges and agrees that all such Cancelled AEH Units shall no longer be outstanding, and GKDB shall have no further rights with respect to (a) any of the Cancelled AEH Units, or (b) the equity ownership in AEH represented by the Cancelled AEH Units.

2. The Holder hereby agrees to surrender their respective GKDB Units as set forth on the signature page hereto to GKDB free and clear of all Claims in exchange for the number of Consideration Shares set forth opposite their name on the signature page hereto, which Consideration Shares are simultaneously being transferred from GKDB to the Holder. After such cancellation, the Holder acknowledges and agrees that all such GKDB Units previously held by them shall no longer be outstanding, and the Holder shall have no further rights with respect to (a) any of the GKDB Units previously held by them, or (b) the equity ownership in GKDB represented thereby.

3. GKDB hereby represents and warrants that immediately prior to giving effect to this Agreement GKDB owns the Cancelled AEH Units beneficially and of record, free and clear of all Claims. GKDB has never transferred or agreed to transfer the Cancelled AEH Units, other than pursuant to this Agreement. There is no restriction affecting the ability of GKDB to transfer the legal and beneficial title and ownership of the Cancelled AEH Units to AEH for cancellation. Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the performance of this Agreement in compliance with its terms and conditions by GKDB will conflict with or result in any violation of any agreement, judgment, decree, order, statute or regulation applicable to GKDB, or any breach of any agreement to which GKDB is a party, or constitute a default thereunder, or result in the creation of any Claims of any kind or nature on, or with respect to GKDB or GKDB's assets, including, without limitation, GKDB's equity interests in AEH.

4. The Holder hereby represents and warrants that the Holder owns the GKDB Units set forth opposite their name on the signature page hereto beneficially and of record, free and clear of all Claims. The Holder has never transferred or agreed to transfer such GKDB Units, other than pursuant to this Agreement. There is no restriction affecting the ability of the Holder to transfer the legal and beneficial title and ownership of such GKDB Units to GKDB for cancellation. Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the performance of this Agreement in compliance with its terms and conditions by the Holder will conflict with or result in any violation of any agreement, judgment, decree, order, statute or regulation applicable to the Holder, or any breach of any agreement to which the Holder is a party, or constitute a default thereunder, or result in the creation of any Claims of any kind or nature on, or with respect to the Holder or the Holder's assets, including, without limitation, the Holder's equity interests in GKDB.

5. Each of GKDB and the Holder represent and warrant to each other and to AEH and AEI as follows: The Consideration Shares are being acquired by the Holder for its account, for investment purposes and not with a view to the sale or distribution of all or any part of the Consideration Shares, nor with any present intention to sell or in any way distribute the same, as those terms are used in the Securities Act of 1933, as amended (the "*Act*"), and the rules and regulations promulgated thereunder. Except as provided under this Agreement, neither GKDB nor the Holder will sell or distribute any part of the Consideration Shares, as those terms are used in the Act, and the rules and regulations promulgated thereunder except in compliance with the Act. Each of GKDB and the Holder has sufficient knowledge and experience in financial matters so as to be capable of evaluating the merits and risks of acquiring the Consideration Shares. Each of GKDB and the Holder has reviewed copies of such documents and other information as such Party has deemed necessary in order to make an informed investment decision with respect to its acquisition of the Consideration Shares. Each of GKDB and the Holder understands that the Consideration Shares may not be sold, transferred or otherwise disposed of without registration under the Act or the availability of an exemption therefrom, and that in the absence of an effective registration statement covering the Consideration Shares or an available exemption from registration under the Act, the Consideration Shares must be held indefinitely. Further, each of GKDB and the Holder understands and has the financial capability of assuming the economic risk of an investment in the Consideration Shares for an indefinite period of time. Each of GKDB and the Holder has been advised by AEI that such Party will not be able to dispose of the Consideration Shares, or any interest therein, without first complying with the relevant provisions of the Act and any applicable state securities laws. Each of GKDB and the Holder understands that the provisions of Rule 144 promulgated under the Act, permitting the routine sales of the securities of certain issuers subject to the terms and conditions thereof, are not currently, and may not hereafter be, available with respect to the Consideration Shares. Each of GKDB and the Holder acknowledges that AEI is under no obligation to register the Consideration Shares or to furnish any information or take any other action to assist the undersigned in complying with the terms and conditions of any exemption which might be available under the Act or any state securities laws with respect to sales of the Consideration Shares in the future. Each of GKDB and the Holder is an "Accredited Investor" as defined in rule 501 (a) of Regulation D of the Act.

6. At the request of AEH and without further consideration, GKDB will execute and deliver such other instruments of sale, transfer, conveyance, assignment and confirmation as may be reasonably requested in order to effectively transfer, convey and assign to AEH for cancellation of the Cancelled AEH Units.

7. At the request of GKDB and without further consideration, the Holder will execute and deliver such other instruments of sale, transfer, conveyance, assignment and confirmation as may be reasonably requested in order to effectively transfer, convey and assign to GKDB for cancellation of the GKDB Units held by the Holder as set forth opposite the Holder's name on the signature page hereto.

8. In connection with any public offering by AEI of its equity securities pursuant to an effective registration statement filed under the Act, the Holder shall not directly or indirectly sell, make any short sale of, loan, hypothecate, pledge, offer, grant or sell any option or other contract for the purchase of, purchase any option or other contract for the sale of, or otherwise dispose of or transfer, or agree to engage in any of the foregoing transactions with respect to, any Shares without the prior written consent of AEI or any managing underwriter. Such restriction (the "**Market Stand-Off**") shall be in effect for such period of time following the date of the final prospectus for the offering as may be requested by AEI or any such underwriter. In no event, however, shall such period exceed two hundred seventy (270) days plus such additional period as may reasonably be requested by AEI or such underwriter to accommodate regulatory restrictions on (i) the publication or other distribution of research reports or (ii) analyst recommendations and opinions. For consideration received and acknowledged, the Holder, in its capacity as a securityholder of AEI, hereby appoints the Chief Executive Officer and/or Chief Financial Officer of AEI to act as its true and lawful attorney with full power and authority on its behalf to execute and deliver all documents and instruments and take all other actions necessary in connection with the matters covered by this Section 8 and any lock-up agreement required to be executed pursuant to any underwriting agreement in connection with any public offering of AEI. Such appointment shall be for the limited purposes set forth above.

9. This Agreement is a binding agreement and constitutes the entire agreement between the Parties with respect to the subject matter hereof.

10. This Agreement is binding upon and inures to the benefit of the successors and assigns of the Parties hereto.

11. This Agreement shall be governed by and construed under the laws of the State of Nevada without regard to principles of conflicts of law.

12. This Agreement may be executed in identical counterparts. Each counterpart hereof shall be deemed to be an original instrument, but all counterparts hereof taken together shall constitute a single document. Facsimile, emailed PDFs and electronic signatures shall be deemed originals.

13. The Parties hereto agree to use their reasonable best efforts to cooperate with one another to discharge their respective obligations under this Agreement and to satisfy the intents and purposes of this Agreement.

[Signature page follows]

IN WITNESS WHEREOF, the Parties have executed this Cancellation and Exchange Agreement as of the date first above written.

ASSET ENTITIES INC.

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

ASSET ENTITIES HOLDINGS, LLC

By: /s/ Kyle Fairbanks
Name: Kyle Fairbanks
Title: Manager

GKDB AE HOLDINGS, LLC

By: /s/ Matthew Krueger
Name: Matthew Krueger
Title: Manager

HOLDER:

/s/ Haeley Benavides
Name: Haeley Benavides

Holder Name	GKDB Units Held	Number of Consideration Shares to be Received
Haeley Benavides	80,279	146,340

Signature Page to Asset Entities Inc. Cancellation and Exchange Agreement

CANCELLATION AND EXCHANGE AGREEMENT

THIS CANCELLATION AND EXCHANGE AGREEMENT (this “*Agreement*”) is made and entered into as of February 22, 2024 (the “*Effective Date*”), by and among Asset Entities Inc., a Nevada corporation (“*AEI*”), Asset Entities Holdings, LLC, a Texas limited liability company (“*AEH*”), GKDB AE Holdings, LLC, a Texas limited liability company (“*GKDB*”) and the undersigned holder of units of membership interests in GKDB (the “*GKDB Units*”) set forth on the signature page (the “*Holder*” and together with AEI, AEH and GKDB, the “*Parties*”).

RECITALS

A. GKDB is the record and beneficial owner of 603,953 units of membership interests in AEH (the “*AEH Units*”). AEH is the record and beneficial owner of 8,385,276 shares of Class A Common Stock, \$0.0001 par value per share, of AEI (the “*Class A Shares*”). The Class A Shares provide the holder with the right to ten (10) votes per share on all matters coming before the AEI stockholders for a vote. The Class A Shares are automatically convertible into shares of Class B Common Stock, \$0.0001 par value per share, of AEI (the “*Class B Shares*”) on a one-to-one basis upon the transfer of the Class A Shares to a person who is not already a holder of Class A Shares. The Class B Shares provide the holder with the right to one (1) vote per share on all matters coming before the AEI stockholders for a vote.

B. GKDB desires to cancel 53,519 AEH Units (the “*Cancelled AEH Units*”) in exchange for 97,560 Class B Shares (the “*Consideration Shares*”), which Consideration Shares will be derived from the Class A Shares held by AEH and automatically converted to Class B Shares upon the transfer to GKDB.

C. The Holder is the record and beneficial owner of the GKDB Units identified on the signature page of this Agreement. The Holder desires to cancel their GKDB Units in exchange for the number of Consideration Shares set forth on the signature page hereto opposite their name.

AGREEMENT

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned do hereby agree as follows:

1. GKDB hereby agrees to surrender the Cancelled AEH Units to AEH free and clear of all claims, charges, liens, contracts, rights, options, security interests, mortgages, encumbrances and restrictions of every kind and nature (collectively, “*Claims*”) in exchange for the Consideration Shares. After such cancellation, GKDB acknowledges and agrees that all such Cancelled AEH Units shall no longer be outstanding, and GKDB shall have no further rights with respect to (a) any of the Cancelled AEH Units, or (b) the equity ownership in AEH represented by the Cancelled AEH Units.

2. The Holder hereby agrees to surrender their respective GKDB Units as set forth on the signature page hereto to GKDB free and clear of all Claims in exchange for the number of Consideration Shares set forth opposite their name on the signature page hereto, which Consideration Shares are simultaneously being transferred from GKDB to the Holder. After such cancellation, the Holder acknowledges and agrees that all such GKDB Units previously held by them shall no longer be outstanding, and the Holder shall have no further rights with respect to (a) any of the GKDB Units previously held by them, or (b) the equity ownership in GKDB represented thereby.

3. GKDB hereby represents and warrants that immediately prior to giving effect to this Agreement GKDB owns the Cancelled AEH Units beneficially and of record, free and clear of all Claims. GKDB has never transferred or agreed to transfer the Cancelled AEH Units, other than pursuant to this Agreement. There is no restriction affecting the ability of GKDB to transfer the legal and beneficial title and ownership of the Cancelled AEH Units to AEH for cancellation. Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the performance of this Agreement in compliance with its terms and conditions by GKDB will conflict with or result in any violation of any agreement, judgment, decree, order, statute or regulation applicable to GKDB, or any breach of any agreement to which GKDB is a party, or constitute a default thereunder, or result in the creation of any Claims of any kind or nature on, or with respect to GKDB or GKDB’s assets, including, without limitation, GKDB’s equity interests in AEH.

4. The Holder hereby represents and warrants that the Holder owns the GKDB Units set forth opposite their name on the signature page hereto beneficially and of record, free and clear of all Claims. The Holder has never transferred or agreed to transfer such GKDB Units, other than pursuant to this Agreement. There is no restriction affecting the ability of the Holder to transfer the legal and beneficial title and ownership of such GKDB Units to GKDB for cancellation. Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the performance of this Agreement in compliance with its terms and conditions by the Holder will conflict with or result in any violation of any agreement, judgment, decree, order, statute or regulation applicable to the Holder, or any breach of any agreement to which the Holder is a party, or constitute a default thereunder, or result in the creation of any Claims of any kind or nature on, or with respect to the Holder or the Holder's assets, including, without limitation, the Holder's equity interests in GKDB.

5. Each of GKDB and the Holder represent and warrant to each other and to AEH and AEI as follows: The Consideration Shares are being acquired by the Holder for its account, for investment purposes and not with a view to the sale or distribution of all or any part of the Consideration Shares, nor with any present intention to sell or in any way distribute the same, as those terms are used in the Securities Act of 1933, as amended (the "*Act*"), and the rules and regulations promulgated thereunder. Except as provided under this Agreement, neither GKDB nor the Holder will sell or distribute any part of the Consideration Shares, as those terms are used in the Act, and the rules and regulations promulgated thereunder except in compliance with the Act. Each of GKDB and the Holder has sufficient knowledge and experience in financial matters so as to be capable of evaluating the merits and risks of acquiring the Consideration Shares. Each of GKDB and the Holder has reviewed copies of such documents and other information as such Party has deemed necessary in order to make an informed investment decision with respect to its acquisition of the Consideration Shares. Each of GKDB and the Holder understands that the Consideration Shares may not be sold, transferred or otherwise disposed of without registration under the Act or the availability of an exemption therefrom, and that in the absence of an effective registration statement covering the Consideration Shares or an available exemption from registration under the Act, the Consideration Shares must be held indefinitely. Further, each of GKDB and the Holder understands and has the financial capability of assuming the economic risk of an investment in the Consideration Shares for an indefinite period of time. Each of GKDB and the Holder has been advised by AEI that such Party will not be able to dispose of the Consideration Shares, or any interest therein, without first complying with the relevant provisions of the Act and any applicable state securities laws. Each of GKDB and the Holder understands that the provisions of Rule 144 promulgated under the Act, permitting the routine sales of the securities of certain issuers subject to the terms and conditions thereof, are not currently, and may not hereafter be, available with respect to the Consideration Shares. Each of GKDB and the Holder acknowledges that AEI is under no obligation to register the Consideration Shares or to furnish any information or take any other action to assist the undersigned in complying with the terms and conditions of any exemption which might be available under the Act or any state securities laws with respect to sales of the Consideration Shares in the future. Each of GKDB and the Holder is an "Accredited Investor" as defined in rule 501 (a) of Regulation D of the Act.

6. At the request of AEH and without further consideration, GKDB will execute and deliver such other instruments of sale, transfer, conveyance, assignment and confirmation as may be reasonably requested in order to effectively transfer, convey and assign to AEH for cancellation of the Cancelled AEH Units.

7. At the request of GKDB and without further consideration, the Holder will execute and deliver such other instruments of sale, transfer, conveyance, assignment and confirmation as may be reasonably requested in order to effectively transfer, convey and assign to GKDB for cancellation of the GKDB Units held by the Holder as set forth opposite the Holder's name on the signature page hereto.

8. In connection with any public offering by AEI of its equity securities pursuant to an effective registration statement filed under the Act, the Holder shall not directly or indirectly sell, make any short sale of, loan, hypothecate, pledge, offer, grant or sell any option or other contract for the purchase of, purchase any option or other contract for the sale of, or otherwise dispose of or transfer, or agree to engage in any of the foregoing transactions with respect to, any Shares without the prior written consent of AEI or any managing underwriter. Such restriction (the "**Market Stand-Off**") shall be in effect for such period of time following the date of the final prospectus for the offering as may be requested by AEI or any such underwriter. In no event, however, shall such period exceed two hundred seventy (270) days plus such additional period as may reasonably be requested by AEI or such underwriter to accommodate regulatory restrictions on (i) the publication or other distribution of research reports or (ii) analyst recommendations and opinions. For consideration received and acknowledged, the Holder, in its capacity as a securityholder of AEI, hereby appoints the Chief Executive Officer and/or Chief Financial Officer of AEI to act as its true and lawful attorney with full power and authority on its behalf to execute and deliver all documents and instruments and take all other actions necessary in connection with the matters covered by this Section 8 and any lock-up agreement required to be executed pursuant to any underwriting agreement in connection with any public offering of AEI. Such appointment shall be for the limited purposes set forth above.

9. This Agreement is a binding agreement and constitutes the entire agreement between the Parties with respect to the subject matter hereof.

10. This Agreement is binding upon and inures to the benefit of the successors and assigns of the Parties hereto.

11. This Agreement shall be governed by and construed under the laws of the State of Nevada without regard to principles of conflicts of law.

12. This Agreement may be executed in identical counterparts. Each counterpart hereof shall be deemed to be an original instrument, but all counterparts hereof taken together shall constitute a single document. Facsimile, emailed PDFs and electronic signatures shall be deemed originals.

13. The Parties hereto agree to use their reasonable best efforts to cooperate with one another to discharge their respective obligations under this Agreement and to satisfy the intents and purposes of this Agreement.

[Signature page follows]

IN WITNESS WHEREOF, the Parties have executed this Cancellation and Exchange Agreement as of the date first above written.

ASSET ENTITIES INC.

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

ASSET ENTITIES HOLDINGS, LLC

By: /s/ Kyle Fairbanks
Name: Kyle Fairbanks
Title: Manager

GKDB AE HOLDINGS, LLC

By: /s/ Matthew Krueger
Name: Matthew Krueger
Title: Manager

HOLDER:

/s/ John Costacos
Name: John Costacos

Holder Name	GKDB Units Held	Number of Consideration Shares to be Received
John Costacos	53,519	97,560

Signature Page to Asset Entities Inc. Cancellation and Exchange Agreement

CANCELLATION AND EXCHANGE AGREEMENT

THIS CANCELLATION AND EXCHANGE AGREEMENT (this "**Agreement**") is made and entered into as of February 2₂, 2024 (the "**Effective Date**"), by and among Asset Entities Inc., a Nevada corporation ("**AEI**"), Asset Entities Holdings, LLC, a Texas limited liability company ("**AEH**"), GKDB AE Holdings, LLC, a Texas limited liability company ("**GKDB**") and the undersigned holder of units of membership interests in GKDB (the "**GKDB Units**") set forth on the signature page (the "**Holder**" and together with AEI, AEH and GKDB, the "**Parties**").

RECITALS

A. GKDB is the record and beneficial owner of 603,953 units of membership interests in AEH (the "**AEH Units**"). AEH is the record and beneficial owner of 8,385,276 shares of Class A Common Stock, \$0.0001 par value per share, of AEI (the "**Class A Shares**"). The Class A Shares provide the holder with the right to ten (10) votes per share on all matters coming before the AEI stockholders for a vote. The Class A Shares are automatically convertible into shares of Class B Common Stock, \$0.0001 par value per share, of AEI (the "**Class B Shares**") on a one-to-one basis upon the transfer of the Class A Shares to a person who is not already a holder of Class A Shares. The Class B Shares provide the holder with the right to one (1) vote per share on all matters coming before the AEI stockholders for a vote.

B. GKDB desires to cancel 53,519 AEH Units (the "**Cancelled AEH Units**") in exchange for 97,560 Class B Shares (the "**Consideration Shares**"), which Consideration Shares will be derived from the Class A Shares held by AEH and automatically converted to Class B Shares upon the transfer to GKDB.

C. The Holder is the record and beneficial owner of the GKDB Units identified on the signature page of this Agreement. The Holder desires to cancel their GKDB Units in exchange for the number of Consideration Shares set forth on the signature page hereto opposite their name.

AGREEMENT

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned do hereby agree as follows:

1. GKDB hereby agrees to surrender the Cancelled AEH Units to AEH free and clear of all claims, charges, liens, contracts, rights, options, security interests, mortgages, encumbrances and restrictions of every kind and nature (collectively, "**Claims**") in exchange for the Consideration Shares. After such cancellation, GKDB acknowledges and agrees that all such Cancelled AEH Units shall no longer be outstanding, and GKDB shall have no further rights with respect to (a) any of the Cancelled AEH Units, or (b) the equity ownership in AEH represented by the Cancelled AEH Units.

2. The Holder hereby agrees to surrender their respective GKDB Units as set forth on the signature page hereto to GKDB free and clear of all Claims in exchange for the number of Consideration Shares set forth opposite their name on the signature page hereto, which Consideration Shares are simultaneously being transferred from GKDB to the Holder. After such cancellation, the Holder acknowledges and agrees that all such GKDB Units previously held by them shall no longer be outstanding, and the Holder shall have no further rights with respect to (a) any of the GKDB Units previously held by them, or (b) the equity ownership in GKDB represented thereby.

3. GKDB hereby represents and warrants that immediately prior to giving effect to this Agreement GKDB owns the Cancelled AEH Units beneficially and of record, free and clear of all Claims. GKDB has never transferred or agreed to transfer the Cancelled AEH Units, other than pursuant to this Agreement. There is no restriction affecting the ability of GKDB to transfer the legal and beneficial title and ownership of the Cancelled AEH Units to AEH for cancellation. Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the performance of this Agreement in compliance with its terms and conditions by GKDB will conflict with or result in any violation of any agreement, judgment, decree, order, statute or regulation applicable to GKDB, or any breach of any agreement to which GKDB is a party, or constitute a default thereunder, or result in the creation of any Claims of any kind or nature on, or with respect to GKDB or GKDB's assets, including, without limitation, GKDB's equity interests in AEH.

4. The Holder hereby represents and warrants that the Holder owns the GKDB Units set forth opposite their name on the signature page hereto beneficially and of record, free and clear of all Claims. The Holder has never transferred or agreed to transfer such GKDB Units, other than pursuant to this Agreement. There is no restriction affecting the ability of the Holder to transfer the legal and beneficial title and ownership of such GKDB Units to GKDB for cancellation. Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the performance of this Agreement in compliance with its terms and conditions by the Holder will conflict with or result in any violation of any agreement, judgment, decree, order, statute or regulation applicable to the Holder, or any breach of any agreement to which the Holder is a party, or constitute a default thereunder, or result in the creation of any Claims of any kind or nature on, or with respect to the Holder or the Holder's assets, including, without limitation, the Holder's equity interests in GKDB.

5. Each of GKDB and the Holder represent and warrant to each other and to AEH and AEI as follows: The Consideration Shares are being acquired by the Holder for its account, for investment purposes and not with a view to the sale or distribution of all or any part of the Consideration Shares, nor with any present intention to sell or in any way distribute the same, as those terms are used in the Securities Act of 1933, as amended (the "*Act*"), and the rules and regulations promulgated thereunder. Except as provided under this Agreement, neither GKDB nor the Holder will sell or distribute any part of the Consideration Shares, as those terms are used in the Act, and the rules and regulations promulgated thereunder except in compliance with the Act. Each of GKDB and the Holder has sufficient knowledge and experience in financial matters so as to be capable of evaluating the merits and risks of acquiring the Consideration Shares. Each of GKDB and the Holder has reviewed copies of such documents and other information as such Party has deemed necessary in order to make an informed investment decision with respect to its acquisition of the Consideration Shares. Each of GKDB and the Holder understands that the Consideration Shares may not be sold, transferred or otherwise disposed of without registration under the Act or the availability of an exemption therefrom, and that in the absence of an effective registration statement covering the Consideration Shares or an available exemption from registration under the Act, the Consideration Shares must be held indefinitely. Further, each of GKDB and the Holder understands and has the financial capability of assuming the economic risk of an investment in the Consideration Shares for an indefinite period of time. Each of GKDB and the Holder has been advised by AEI that such Party will not be able to dispose of the Consideration Shares, or any interest therein, without first complying with the relevant provisions of the Act and any applicable state securities laws. Each of GKDB and the Holder understands that the provisions of Rule 144 promulgated under the Act, permitting the routine sales of the securities of certain issuers subject to the terms and conditions thereof, are not currently, and may not hereafter be, available with respect to the Consideration Shares. Each of GKDB and the Holder acknowledges that AEI is under no obligation to register the Consideration Shares or to furnish any information or take any other action to assist the undersigned in complying with the terms and conditions of any exemption which might be available under the Act or any state securities laws with respect to sales of the Consideration Shares in the future. Each of GKDB and the Holder is an "Accredited Investor" as defined in rule 501 (a) of Regulation D of the Act.

6. At the request of AEH and without further consideration, GKDB will execute and deliver such other instruments of sale, transfer, conveyance, assignment and confirmation as may be reasonably requested in order to effectively transfer, convey and assign to AEH for cancellation of the Cancelled AEH Units.

7. At the request of GKDB and without further consideration, the Holder will execute and deliver such other instruments of sale, transfer, conveyance, assignment and confirmation as may be reasonably requested in order to effectively transfer, convey and assign to GKDB for cancellation of the GKDB Units held by the Holder as set forth opposite the Holder's name on the signature page hereto.

8. In connection with any public offering by AEI of its equity securities pursuant to an effective registration statement filed under the Act, the Holder shall not directly or indirectly sell, make any short sale of, loan, hypothecate, pledge, offer, grant or sell any option or other contract for the purchase of, purchase any option or other contract for the sale of, or otherwise dispose of or transfer, or agree to engage in any of the foregoing transactions with respect to, any Shares without the prior written consent of AEI or any managing underwriter. Such restriction (the "**Market Stand-Off**") shall be in effect for such period of time following the date of the final prospectus for the offering as may be requested by AEI or any such underwriter. In no event, however, shall such period exceed two hundred seventy (270) days plus such additional period as may reasonably be requested by AEI or such underwriter to accommodate regulatory restrictions on (i) the publication or other distribution of research reports or (ii) analyst recommendations and opinions. For consideration received and acknowledged, the Holder, in its capacity as a securityholder of AEI, hereby appoints the Chief Executive Officer and/or Chief Financial Officer of AEI to act as its true and lawful attorney with full power and authority on its behalf to execute and deliver all documents and instruments and take all other actions necessary in connection with the matters covered by this Section 8 and any lock-up agreement required to be executed pursuant to any underwriting agreement in connection with any public offering of AEI. Such appointment shall be for the limited purposes set forth above.

9. This Agreement is a binding agreement and constitutes the entire agreement between the Parties with respect to the subject matter hereof.

10. This Agreement is binding upon and inures to the benefit of the successors and assigns of the Parties hereto.

11. This Agreement shall be governed by and construed under the laws of the State of Nevada without regard to principles of conflicts of law.

12. This Agreement may be executed in identical counterparts. Each counterpart hereof shall be deemed to be an original instrument, but all counterparts hereof taken together shall constitute a single document. Facsimile, emailed PDFs and electronic signatures shall be deemed originals.

13. The Parties hereto agree to use their reasonable best efforts to cooperate with one another to discharge their respective obligations under this Agreement and to satisfy the intents and purposes of this Agreement.

[Signature page follows]

IN WITNESS WHEREOF, the Parties have executed this Cancellation and Exchange Agreement as of the date first above written.

ASSET ENTITIES INC.

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

ASSET ENTITIES HOLDINGS, LLC

By: /s/ Kyle Fairbanks
Name: Kyle Fairbanks
Title: Manager

GKDB AE HOLDINGS, LLC

By: /s/ Matthew Krueger
Name: Matthew Krueger
Title: Manager

HOLDER:

/s/ Aaron Edwards
Name: Aaron Edwards

Holder Name	GKDB Units Held	Number of Consideration Shares to be Received
Aaron Edwards	53,519	97,560

Signature Page to Asset Entities Inc. Cancellation and Exchange Agreement

CANCELLATION AND EXCHANGE AGREEMENT

THIS CANCELLATION AND EXCHANGE AGREEMENT (this "**Agreement**") is made and entered into as of February 22, 2024 (the "**Effective Date**"), by and among Asset Entities Inc., a Nevada corporation ("**AEI**"), Asset Entities Holdings, LLC, a Texas limited liability company ("**AEH**"), and the undersigned holder of units of membership interests in AEH set forth on the signature page (the "**Holder**" and together with AEI and AEH, the "**Parties**").

RECITALS

A. The Holder is the record and beneficial owner of 160,000 units of membership interests in AEH (the "**AEH Units**"). AEH is the record and beneficial owner of 8,385,276 shares of Class A Common Stock, \$0.0001 par value per share, of AEI (the "**Class A Shares**"). The Class A Shares provide the holder with the right to ten (10) votes per share on all matters coming before the AEI stockholders for a vote. The Class A Shares are automatically convertible into shares of Class B Common Stock, \$0.0001 par value per share, of AEI (the "**Class B Shares**") on a one-to-one basis upon the transfer of the Class A Shares to a person who is not already a holder of Class A Shares. The Class B Shares provide the holder with the right to one (1) vote per share on all matters coming before the AEI stockholders for a vote.

B. The Holder desires to cancel 160,000 AEH Units (the "**Cancelled AEH Units**") in exchange for 291,662 Class B Shares (the "**Consideration Shares**"), which Consideration Shares will be derived from the Class A Shares held by AEH and automatically converted to Class B Shares upon the transfer to the Holder.

AGREEMENT

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned do hereby agree as follows:

1. The Holder hereby agrees to surrender the Cancelled AEH Units to AEH free and clear of all claims, charges, liens, contracts, rights, options, security interests, mortgages, encumbrances and restrictions of every kind and nature (collectively, "**Claims**") in exchange for the Consideration Shares. After such cancellation, the Holder acknowledges and agrees that all such Cancelled AEH Units shall no longer be outstanding, and the Holder shall have no further rights with respect to (a) any of the Cancelled AEH Units, or (b) the equity ownership in AEH represented by the Cancelled AEH Units.

2. The Holder hereby represents and warrants that immediately prior to giving effect to this Agreement that the Holder owns the Cancelled AEH Units beneficially and of record, free and clear of all Claims. The Holder has never transferred or agreed to transfer the Cancelled AEH Units, other than pursuant to this Agreement. There is no restriction affecting the ability of the Holder to transfer the legal and beneficial title and ownership of the Cancelled AEH Units to AEH for cancellation. Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the performance of this Agreement in compliance with its terms and conditions by the Holder will conflict with or result in any violation of any agreement, judgment, decree, order, statute or regulation applicable to the Holder, or any breach of any agreement to which the Holder is a party, or constitute a default thereunder, or result in the creation of any Claims of any kind or nature on, or with respect to the Holder or the Holder's assets, including, without limitation, the Holder's equity interests in AEH.

3. The Holder represents and warrants to AEH and AEI as follows: The Consideration Shares are being acquired by the Holder for its account, for investment purposes and not with a view to the sale or distribution of all or any part of the Consideration Shares, nor with any present intention to sell or in any way distribute the same, as those terms are used in the Securities Act of 1933, as amended (the “*Act*”), and the rules and regulations promulgated thereunder. Except as provided under this Agreement, the Holder will not sell or distribute any part of the Consideration Shares, as those terms are used in the Act, and the rules and regulations promulgated thereunder except in compliance with the Act. The Holder has sufficient knowledge and experience in financial matters so as to be capable of evaluating the merits and risks of acquiring the Consideration Shares. The Holder has reviewed copies of such documents and other information as such Party has deemed necessary in order to make an informed investment decision with respect to its acquisition of the Consideration Shares. The Holder understands that the Consideration Shares may not be sold, transferred or otherwise disposed of without registration under the Act or the availability of an exemption therefrom, and that in the absence of an effective registration statement covering the Consideration Shares or an available exemption from registration under the Act, the Consideration Shares must be held indefinitely. The Holder understands and has the financial capability of assuming the economic risk of an investment in the Consideration Shares for an indefinite period of time. The Holder has been advised by AEI that such Party will not be able to dispose of the Consideration Shares, or any interest therein, without first complying with the relevant provisions of the Act and any applicable state securities laws. The Holder understands that the provisions of Rule 144 promulgated under the Act, permitting the routine sales of the securities of certain issuers subject to the terms and conditions thereof, are not currently, and may not hereafter be, available with respect to the Consideration Shares. The Holder acknowledges that AEI is under no obligation to register the Consideration Shares or to furnish any information or take any other action to assist the undersigned in complying with the terms and conditions of any exemption which might be available under the Act or any state securities laws with respect to sales of the Consideration Shares in the future. The Holder is an “Accredited Investor” as defined in rule 501(a) of Regulation D of the Act.

4. At the request of AEH and without further consideration, the Holder will execute and deliver such other instruments of sale, transfer, conveyance, assignment and confirmation as may be reasonably requested in order to effectively transfer, convey and assign to AEH for cancellation of the Cancelled AEH Units.

5. In connection with any public offering by AEI of its equity securities pursuant to an effective registration statement filed under the Act, the Holder shall not directly or indirectly sell, make any short sale of, loan, hypothecate, pledge, offer, grant or sell any option or other contract for the purchase of, purchase any option or other contract for the sale of, or otherwise dispose of or transfer, or agree to engage in any of the foregoing transactions with respect to, any Shares without the prior written consent of AEI or any managing underwriter. Such restriction (the “*Market Stand-Off*”) shall be in effect for such period of time following the date of the final prospectus for the offering as may be requested by AEI or any such underwriter. In no event, however, shall such period exceed two hundred seventy (270) days plus such additional period as may reasonably be requested by AEI or such underwriter to accommodate regulatory restrictions on (i) the publication or other distribution of research reports or (ii) analyst recommendations and opinions. For consideration received and acknowledged, the Holder, in its capacity as a securityholder of AEI, hereby appoints the Chief Executive Officer and/or Chief Financial Officer of AEI to act as its true and lawful attorney with full power and authority on its behalf to execute and deliver all documents and instruments and take all other actions necessary in connection with the matters covered by this Section 5 and any lock-up agreement required to be executed pursuant to any underwriting agreement in connection with any public offering of AEI. Such appointment shall be for the limited purposes set forth above.

6. This Agreement is a binding agreement and constitutes the entire agreement between the Parties with respect to the subject matter hereof.

7. This Agreement is binding upon and inures to the benefit of the successors and assigns of the Parties hereto.

8. This Agreement shall be governed by and construed under the laws of the State of Nevada without regard to principles of conflicts of law.

9. This Agreement may be executed in identical counterparts. Each counterpart hereof shall be deemed to be an original instrument, but all counterparts hereof taken together shall constitute a single document. Facsimile, emailed PDFs and electronic signatures shall be deemed originals.

10. The Parties hereto agree to use their reasonable best efforts to cooperate with one another to discharge their respective obligations under this Agreement and to satisfy the intents and purposes of this Agreement.

[Signature page follows]

IN WITNESS WHEREOF, the Parties have executed this Cancellation and Exchange Agreement as of the date first above written.

ASSET ENTITIES INC.

By: /s/ Arshia Sarkhani

Name: Arshia Sarkhani

Title: Chief Executive Officer

ASSET ENTITIES HOLDINGS, LLC

By: /s/ Kyle Fairbanks

Name: Kyle Fairbanks

Title: Manager

HOLDER:

/s/ Atticus Peppas

Name: Atticus Peppas

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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 15, 2024

/s/ Arshia Sarkhani

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

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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 15, 2024

/s/ Matthew Krueger

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

**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 March 31, 2024 (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 May 15, 2024.

/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.

**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 March 31, 2024 (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 May 15, 2024.

/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.