

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 June 30, 2026

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: 001-35824

Professional Diversity Network, Inc.
(Exact name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

55 E. Monroe Street, Suite 2120
Chicago, Illinois
(Address of Principal Executive Offices)

80-0900177
(I.R.S. Employer
Identification No.)

60603
(Zip Code)

(312) 614-0950
(Registrant's telephone number, including area code)

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

Title of each class	Name of each exchange on which registered
Common Stock, \$0.0001 par value per share	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 and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes ☒ No ☐

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

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised 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 ☒

There were 14,450,323 shares outstanding of the registrant's common stock as of August 14, 2026.

Note Regarding Forward-Looking Statements

This Quarterly Report contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements concern expectations, beliefs, projections, plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. Specifically, this Quarterly Report contains forward-looking statements regarding:

- our beliefs regarding our ability to capture and capitalize on market trends;
- our expectations on the future growth and financial health of the online diversity recruitment industry and the industry participants, and the drivers of such growth;
- our expectations regarding continued membership growth;
- our beliefs regarding the increased value derived from the synergies among our segments; and
- our beliefs regarding our liquidity requirements, the availability of cash and capital resources to fund our business in the future and intended use of liquidity.

These forward-looking statements reflect our current views about future events and are subject to risks, uncertainties and assumptions. We wish to caution readers that certain important factors may have affected and could in the future affect our actual results and could cause actual results to differ significantly from those expressed in any forward-looking statement. The most important factors that could prevent us from achieving our goals, and cause the assumptions underlying forward-looking statements and the actual results to differ materially from those expressed in or implied by those forward-looking statements include, but are not limited to, the following:

- our ability to raise funds in the future to support operations;
- our business and operating strategies and plans for the development of existing and new businesses, ability to implement such strategies and plans and expected time;
- failure to realize synergies and other financial benefits from mergers and acquisitions within expected time frames, including increases in expected costs or difficulties related to integration of merger and acquisition partners;
- inability to identify and successfully negotiate and complete additional combinations with potential merger or acquisition partners;
- our history of operating losses;
- our limited operating history in a new and unproven market;
- increasing competition in the market for online professional networks;
- our ability to comply with increasing governmental regulation and other legal obligations related to privacy;
- our ability to adapt to changing technologies and social trends and preferences;
- our ability to attract and retain a sales and marketing team, management and other key personnel and the ability of that team to execute on the Company’s business strategies and plans;
- our ability to obtain and maintain intellectual property protection for our intellectual property;
- the outcome of current or future litigation regarding our business, including intellectual property claims;
- general and economic business conditions; and
- legal and regulatory developments, including those affecting the market for services focused on the promotion of workplace diversity and other services we provide.

The foregoing list of important factors may not include all such factors. You should consult other disclosures made by the Company (such as in our other filings with the United States Securities and Exchange Commission (the “SEC”) or in company press releases) for additional factors, risks and uncertainties that may cause actual results to differ materially from those projected by the Company. Please refer to Part I, Item 1A, “Risk Factors” of our Annual Report for the fiscal year ended December 31, 2025 filed with the SEC on March 31, 2026 (the “2025 Annual Report”) and Part II, Item 1A, “Risk Factors” of this Quarterly Report for additional information regarding factors that could affect our results of operations, financial condition and cash flow. You should consider these factors, risks and uncertainties when evaluating any forward-looking statements and you should not place undue reliance on any forward-looking statement. Forward-looking statements represent our views as of the date of this Quarterly Report, and we undertake no obligation to update any forward-looking statement to reflect the impact of circumstances or events that arise after the date of this Quarterly Report.

PROFESSIONAL DIVERSITY NETWORK, INC.
FORM 10-Q
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2026

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Item 1. FINANCIAL STATEMENTS
Professional Diversity Network, Inc. and Subsidiaries
CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)

	June 30, 2026	December 31, 2025
	(Unaudited)	
Current Assets:		
Cash and cash equivalents	\$ 141,831	\$ 216,954
Restricted cash	2,495,000	1,250,000
Accounts receivable, net	674,783	807,660
Other receivables	-	200,993
Prepaid expense and other current assets	118,361	84,190
Total current assets	<u>3,429,975</u>	<u>2,559,797</u>
Property and equipment, net	12,203	36,434
Capitalized technology, net	282,790	219,297
Goodwill	1,417,753	1,417,753
Intangible assets, net	7,317,732	9,629,008
Right-of-use assets	108,759	149,525
Security deposits	49,755	49,755
Other assets	5,166,000	3,806,000
Total assets	<u>\$ 17,784,967</u>	<u>\$ 17,867,569</u>
Current Liabilities:		
Accounts payable	\$ 990,975	\$ 737,877
Accrued expenses	1,065,888	1,333,570
Deferred revenue	1,055,442	1,193,267
Other current liabilities	1,157,641	3,235,530
Lease liability, current portion	106,938	102,581
Total current liabilities	<u>4,376,884</u>	<u>6,602,825</u>
Lease liability, non-current portion	27,907	82,484
Total liabilities	<u>4,404,791</u>	<u>6,685,309</u>
Commitments and contingencies	-	-
Stockholders' Equity		
Common stock, \$0.0001 par value; 1,000,000,000 shares authorized, 12,830,375 and 7,298,358 shares issued as of June 30, 2026 and December 31, 2025, and 12,830,323 and 7,298,306 shares outstanding as of June 30, 2026 and December 31, 2025.	1,283	730
Additional paid in capital	126,421,009	120,651,462
Accumulated deficit	(112,430,846)	(108,865,674)
Treasury stock, at cost; 52 and 52 shares at June 30, 2026 and December 31, 2025	(37,117)	(37,117)
Total Professional Diversity Network, Inc. stockholders' equity	13,954,329	11,749,401
Noncontrolling interest	(574,153)	(567,141)
Total stockholders' equity	<u>13,380,176</u>	<u>11,182,260</u>
Total liabilities and stockholders' equity	<u>\$ 17,784,967</u>	<u>\$ 17,867,569</u>

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

Professional Diversity Network, Inc. and Subsidiaries
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS (Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Revenues:				
Membership fees and related services	\$ 67,790	\$ 86,378	\$ 142,943	\$ 182,008
Recruitment services	580,992	880,207	1,212,515	1,796,541
Contracted software development	526,034	668,948	1,361,870	1,156,455
Consumer advertising and marketing solutions	6,480	5,957	12,044	11,072
Total revenues	<u>1,181,296</u>	<u>1,641,490</u>	<u>2,729,372</u>	<u>3,146,076</u>
Costs and expenses:				
Cost of revenues	719,330	928,780	1,732,665	1,647,986
Sales and marketing	338,722	493,773	759,327	1,064,840
General and administrative	671,297	674,795	1,443,264	1,553,492
Depreciation and amortization	1,192,583	40,686	2,388,334	81,643
Total costs and expenses	<u>2,921,932</u>	<u>2,138,034</u>	<u>6,323,590</u>	<u>4,347,961</u>
Loss from continuing operations	<u>(1,740,636)</u>	<u>(496,544)</u>	<u>(3,594,218)</u>	<u>(1,201,885)</u>
Other income (expense)				
Interest and other income	24,563	4,487	22,034	(31,262)
Other income (expense), net	<u>24,563</u>	<u>4,487</u>	<u>22,034</u>	<u>(31,262)</u>
Loss before income tax expense (benefit)	(1,716,073)	(492,057)	(3,572,184)	(1,233,147)
Income tax expense (benefit)	-	-	-	-
Loss from continuing operations, net of tax	(1,716,073)	(492,057)	(3,572,184)	(1,233,147)
Net loss attributable to non-controlling interests	5,898	16,092	7,012	35,120
Net loss attributable to Professional Diversity Network, Inc.	<u>\$ (1,710,175)</u>	<u>\$ (475,965)</u>	<u>\$ (3,565,172)</u>	<u>\$ (1,198,027)</u>
Other comprehensive loss, net of tax:				
Net loss attributable to Professional Diversity Network, Inc.	\$ (1,710,175)	\$ (475,965)	\$ (3,565,172)	\$ (1,198,027)
Comprehensive loss, net of tax	<u>\$ (1,710,175)</u>	<u>\$ (475,965)</u>	<u>\$ (3,565,172)</u>	<u>\$ (1,198,027)</u>
Basic and diluted loss per share:				
Net loss per share	<u>\$ (0.15)</u>	<u>\$ (0.23)</u>	<u>\$ (0.34)</u>	<u>\$ (0.62)</u>
Weighted-average outstanding shares used in computing net loss per common share:				
Basic and diluted	11,338,888	2,110,059	10,468,680	2,000,903

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

Professional Diversity Network, Inc. and Subsidiaries
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (Unaudited)

	Common Stock		Additional	Accumulated	Treasury Stock		Accumulated		Non-	Total
	Shares	Amount	Paid in	Deficit	Shares	Amount	Other		controlling	Stockholders'
			Capital				Comprehensive		Interest in	Equity
							Income (Loss)		Subsidiary	
Balance at January 1, 2026	7,298,306	\$ 730	\$ 120,651,462	\$ (108,865,674)	52	\$ (37,117)	\$ -	\$ (567,141)	\$ 11,182,260	
Sale of common stock	1,867,754	187	1,494,813	-	-	-	-	-	1,495,000	
Issuance of common stock	3,664,263	366	4,212,748				-	-	4,213,114	
Share-based compensation	-	-	61,986	-	-	-	-	-	61,986	
Amortization of funding commitment	-	-	-	-	-	-	-	-	-	
Changes in Noncontrolling Interests	-	-	-	-	-	-	-	-	-	
Net loss	-	-	-	(3,565,172)	-	-	-	(7,012)	(3,572,184)	
Balance at June 30, 2026	<u>12,830,323</u>	<u>\$ 1,283</u>	<u>\$ 126,421,009</u>	<u>\$ (112,430,846)</u>	<u>52</u>	<u>\$ (37,117)</u>	<u>\$ -</u>	<u>\$ (574,153)</u>	<u>\$ 13,380,176</u>	

	Common Stock		Additional	Accumulated	Treasury Stock		Accumulated		Non-	Total
	Shares	Amount	Paid in	Deficit	Shares	Amount	Other		controlling	Stockholders'
			Capital				Comprehensive		Interest in	Equity
							Income (Loss)		Subsidiary	
Balance at January 1, 2025	1,823,275	\$ 182	\$ 107,774,022	\$ (102,414,683)	52	\$ (37,117)	\$ -	\$ (481,500)	\$ 4,840,904	
Sale of common stock	239,370	24	399,389	-	-	-	-	-	399,413	
Issuance of common stock	50,000	5	299,995	-	-	-	-	-	300,000	
Share-based compensation	53,705	5	21,959	-	-	-	-	-	21,964	
Amortization of funding commitment	-	-	(187,500)	-	-	-	-	-	(187,500)	
Changes in Noncontrolling Interests	-	-	(183,544)	-	-	-	-	(116,456)	(300,000)	
Net loss	-	-	-	(1,198,027)	-	-	-	(35,120)	(1,233,147)	
Balance at June 30, 2025	<u>2,166,350</u>	<u>\$ 216</u>	<u>\$ 108,124,321</u>	<u>\$ (103,612,710)</u>	<u>52</u>	<u>\$ (37,117)</u>	<u>\$ -</u>	<u>\$ (633,076)</u>	<u>\$ 3,841,634</u>	

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

Professional Diversity Network, Inc. and Subsidiaries
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

	Six Months Ended June 30,	
	2026	2025
Cash flows from operating activities:		
Loss from continuing operations	\$ (3,572,184)	\$ (1,233,147)
Adjustments to reconcile net loss from continuing operations to net cash used in operating activities - continuing operations:		
Depreciation and amortization	2,388,334	81,643
Noncash lease expense	45,694	45,695
Stock-based compensation expense	61,986	21,964
Provision for doubtful accounts	(26,568)	18,416
Unrealized loss on investment	-	44,000
Loss on disposal of property, plant and equipment	18,670	-
Changes in operating assets and liabilities, net of effects of discontinued operations:		
Accounts receivable	159,445	240,237
Prepaid expenses and other current assets	166,822	(260,786)
Accounts payable	253,098	557,362
Accrued expenses	(267,682)	29,130
Other current liabilities	10,296	313
Lease liability	(55,148)	(53,922)
Deferred revenue	(137,825)	(270,556)
Net cash used in operating activities	(955,062)	(779,651)
Cash flows from investing activities:		
Costs incurred to develop technology	(15,000)	-
Purchases of property and equipment	-	(3,997)
Payments to acquire investments	-	(1,300,000)
Purchases of intangible assets	-	-
Net cash used in investing activities	(15,000)	(1,303,997)
Cash flows from financing activities:		
Proceeds from the sale of common stock	1,495,000	399,413
Proceeds from (Repayment of) short-term debt	644,939	78,161
Proceeds from Noncontrolling Interests	-	-
Net cash provided by (used in) financing activities	2,139,939	477,574
Net increase in cash, cash equivalents and restricted cash	1,169,877	(1,606,074)
Cash, cash equivalents and restricted cash, beginning of period	1,466,954	1,731,155
Cash, cash equivalents and restricted cash, end of period	<u>2,636,831</u>	<u>125,081</u>
Supplemental disclosures of other cash flow information:		
Cash paid for income taxes	\$ -	\$ -
Non-cash stock issuance for additional interest in RemoteMore USA, Inc.	\$ -	\$ 300,000
Non-cash amortization of commitment funding	\$ -	\$ 187,500
Noncash acquisition of Capitalized Technology	\$ 119,990	\$ -
Conversion from Note Payable to Common Stock	\$ 139,344	\$ -
Stock issued for previous acquired DTT Tokens	\$ 2,593,780	\$ -
Stock issued for investment in AI Geometric LTD	\$ 1,360,000	\$ -

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

Professional Diversity Network, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Effective July 23, 2026, the Company filed a Certificate of Amendment to its Certificate of Incorporation to increase the number of authorized shares of common stock from 45,000,000 shares to 1,000,000,000 shares and to reduce the par value of its common stock and preferred stock from \$0.01 per share to \$0.0001 per share. The accompanying unaudited condensed consolidated financial statements and related disclosures have been retroactively adjusted, where applicable, to give effect to these changes for all periods presented.

1. Basis of Presentation and Description of Business

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) pursuant to the rules and regulations of the SEC for interim financial information. Accordingly, they do not include all of the information and notes required by GAAP for complete financial statements. The accompanying consolidated financial statements include all adjustments, which consist of normal recurring adjustments and transactions or events discretely impacting the interim periods, considered necessary by management to fairly state our results of operations, financial position and cash flows. The operating results for interim periods are not necessarily indicative of results that may be expected for any other interim period or for the full year. These consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in our 2025 Form 10-K.

Professional Diversity Network, Inc. (the “Company”, “PDN, Inc.”, “we,” “our,” or “us,”) is a dynamic operator of professional networks with a focus on talent acquisition and professional development. Our networks provide access to a robust audience across multiple demographics. We serve a variety of such communities, including Women, Hispanic Americans, African Americans, Asian Americans, persons with disabilities, Military Professionals, and Lesbian, Gay, Bisexual, Transgender and Queer (LGBTQ+). Our goal is (i) to assist our registered users and members in their efforts to connect with like-minded individuals and identify career opportunities within the network and (ii) connect members with prospective employers while helping the employers address their workforce needs. We believe that the combination of our solutions allows us to approach recruiting and professional networking uniquely and thus create enhanced value for our members and clients.

As of June 30, 2026, PDN was a holding company and operated three business units: TalentAlly, LLC, NAPW, Inc., and RemoteMore USA, Inc.

TalentAlly, LLC (“TalentAlly” or “TalentAlly Network”) consists of several online professional job seeker communities dedicated to serving professionals in the United States and employers seeking to hire talent from a wide range of sources with many demographics represented. We use the word “professional” to describe any person interested in TalentAlly’s websites or career fairs presumably for the purpose of career advancement or related benefits offered by the Company, whether or not such person is employed and regardless of the level of education or skills possessed by such person. Leveraging the power of our affinity job seeker groups, these professionals harness the relationships with employers and recruiters to help advance their careers. TalentAlly operate these recruitment affinity groups within the following sectors: Women, Hispanic-Americans, African-Americans, Asian-Americans, persons with disabilities, Military Professionals, and LGBTQ+. In addition, the Company also manages the job seeker websites and career fairs for prominent diverse membership-based organizations, including but not limited to NAACP, National Urban League, and Kappa Alpha Psi. Employers and recruiters benefit from the Company’s relationship with these organizations, which allows them to access a large pool of qualified job seekers in a centralized manner. TalentAlly is 100% owned and operated by PDN, Inc.

NAPW Network Inc. (“NAPW” or “NAPW Network”) is a networking organization for professional women, whereby its members can develop their professional networks, further their education and skills, and promote their business and career accomplishments. NAPW provides its members with opportunities to network and develop valuable business relationships with other professionals through its website, as well as at virtual and in-person events hosted at its local chapters across the country. NAPW was 100% owned and operated by PDN, Inc. On July 3, 2026, the Company completed the sale of the NAPW Network, a women only professional networking organization. The divestiture aligns with the Company’s strategy to focus on its core business operations and reduce operating losses.

RemoteMore USA (“RemoteMore USA” or “RemoteMore”) is an innovative, global entity that provides remote-hiring marketplace services for developers and companies. RemoteMore connects companies with reliable, cost-efficient, vetted developers, and empowers software developers to find meaningful jobs regardless of their location. As of June 30, 2026, PDN, Inc. owned 84.58% of RemoteMore USA, Inc. The Company consolidates RemoteMore USA’s operations into its consolidated financial statements.

2. Going Concern and Management’s Plans

At June 30, 2026, the Company’s principal sources of liquidity were its cash and cash equivalents, including cash from operations and net proceeds from the issuances of common stock, if any.

The Company had an accumulated deficit of \$112,430,846 at June 30, 2026. During the six months ended June 30, 2026, the Company generated a loss from continuing operations, net of tax, of \$3,572,184. During the six months ended June 30, 2026, the Company used cash in continuing operations of \$955,062. At June 30, 2026, the Company had a cash balance of \$141,831. Total revenues were \$2,729,372 and \$3,146,076 for the six months ended June 30, 2026 and 2025, respectively. The Company had a working capital deficit from continuing operations of \$946,909 at June 30, 2026 and a working capital deficit from continuing operations of \$4,043,028 at December 31, 2025. These conditions raise substantial doubt about its ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent on the Company's ability to further implement its business plan, raise capital, and generate revenues. The consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

Cash on hand and cash flow from operations may not be sufficient to meet our working capital requirements through the fiscal period ending December 31, 2026. In order to accomplish our business plan objectives, the Company will need to increase revenues, raise capital through the issuance of common stock, continue its cost reduction efforts, or enter into a strategic merger or acquisition. There can be no assurances that our business plans and actions will be successful, that we will generate anticipated revenues, or that unforeseen circumstances will not require additional funding sources in the future or require an acceleration of plans to conserve liquidity. Future efforts to improve liquidity through the issuance of our common stock may not be successful, or if available, they may not be available on acceptable terms.

3. Summary of Significant Accounting Policies

Basis of Presentation - The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Use of Estimates - The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Making estimates requires management to exercise significant judgment. It is at least reasonably possible that the estimate of the effect of a condition, situation or set of circumstances that existed at the date of the consolidated financial statements, which management considered in formulating its estimate, could change in the near term due to *one* or more future intervening events. Accordingly, the actual results could differ significantly from estimates.

Significant estimates underlying the consolidated financial statements include the fair value of acquired assets and liabilities associated with acquisitions; assessment of goodwill impairment, other intangible assets and long-lived assets for impairment; allowances for credit losses and assumptions related to the valuation allowances on deferred taxes, impact of applying the revised federal tax rates on deferred taxes, the valuation of stock-based compensation and the valuation of stock warrants.

Principles of Consolidation - The accompanying consolidated financial statements include the accounts of the Company, its wholly owned subsidiaries, and those subsidiaries where less than 50% is owned but consolidation is required. All significant intercompany balances and transactions have been eliminated in consolidation.

Cash Equivalents - The Company considers cash equivalents to include all short-term, highly liquid investments that are readily convertible to known amounts of cash and have original maturities of *three* months or less.

Accounts Receivable and Allowance for Credit Losses - The Company's accounts receivable consists principally of uncollateralized amounts billed to customers. These receivables are generally due within 30 to 90 days of the period in which the corresponding sales occur and do *not* bear interest. They are recorded at net realizable value less an allowance for credit losses and are classified as account receivable, net on the consolidated balance sheets.

The Company considers both current conditions and reasonable and supportable forecasts of future conditions when evaluating expected credit losses for uncollectible receivable balances. In our determination of the allowance for credit losses, we pool receivables by days outstanding and apply an expected credit loss percentage to each pool. The expected credit loss percentage is determined using historical loss data adjusted for current conditions and forecasts of future economic conditions. Current conditions considered include predefined aging criteria, as well as specified events that indicate the balance due is *not* collectible. Reasonable and supportable forecasts used in determining the probability of future collection consider publicly available macroeconomic data and whether future credit losses are expected to differ from historical losses.

The Company is *not* party to any off-balance sheet arrangements that would require an allowance for credit losses in accordance with this accounting standard.

Allowance for Credit Losses

The following table summarizes the activity related to the Company's allowance for credit losses:

	<u>June 30, 2026</u>	<u>December 31, 2025</u>
Balance, beginning of period	\$ 192,903	\$ 61,923
Provision for credit losses	(26,568)	142,618
Write-offs	(64,704)	(11,638)
Balance, end of period	<u>\$ 101,631</u>	<u>\$ 192,903</u>

The numbers presented above relate solely to our portfolio of trade accounts receivable as no allowance for credit losses was recognized on other receivables as presented on our consolidated balance sheets.

Other Receivables – Other receivables represent amounts that are owed to the Company that are not considered trade receivables. The Company periodically reviews its other receivables for credit risk to determine whether an allowance is necessary and other factors that may indicate that the realization of an account may be in doubt. Account balances deemed to be uncollectible are charged to the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. As of June 30, 2026 and December 31, 2025, the balance in other receivables as reported on the consolidated balance sheets was deemed collectible.

Property and Equipment - Property and equipment is stated at cost, including any cost to place the property into service, less accumulated depreciation. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets which currently range from three to five years. Leasehold improvements are amortized over the shorter of their estimated useful lives or the term of the lease. Maintenance, repairs and minor replacements are charged to operations as incurred; major replacements and betterments are capitalized. The cost of any assets sold or retired and related accumulated depreciation are removed from the accounts at the time of disposition, and any resulting profit or loss is reflected in income or expense for the period. Depreciation expense during the six months ended June 30, 2026 and 2025 was approximately \$5,561 and \$8,351 and is recorded in depreciation and amortization expense in the accompanying consolidated statements of operations.

Lease Obligations - The Company leases office space under a non-cancelable operating lease that expires in September 2027. The Company's facility lease provides for periodic rent increases and contains escalation clauses and renewal options. The Company's lease terms include options to extend.

The Company recognizes operating lease expense on a straight-line basis over the lease term and variable lease payments are expensed as incurred. Lease costs are primarily recorded within Selling, General and Administrative ("SG&A") expenses in the Company's consolidated statements of loss and comprehensive loss.

The Company determines if a contract contains a lease at lease inception. If the borrowing rate implicit in the lease is not determinable, the Company uses its incremental borrowing rate ("IBR") based on information available at lease commencement including prevailing financial market conditions to determine the present value of future lease payments. The Company has elected the option to combine lease and non-lease components as a single component for the Company's entire population of lease assets.

Operating lease assets and lease liabilities are recognized at the lease commencement date. Operating lease liabilities represent the present value of lease payments not yet paid. Operating lease assets represent the right to use an underlying asset and are based upon the operating lease liabilities adjusted for prepayments or accrued lease payments, initial direct costs, and lease incentives. The Company has elected not to apply the recognition requirements to short-term leases of 12 months or less and instead recognizes lease payments as expense on a straight-line basis over the lease term. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants. Leased assets are presented net of accumulated amortization. Variable lease payment amounts that cannot be determined at the commencement of the lease, such as increases in lease payments based on changes in index rates or usage, are not included in the ROU assets or liabilities; instead, these are expensed as incurred and recorded as variable lease expense.

Capitalized Technology Costs - In accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 350-40, Internal-Use Software, the Company capitalizes certain external and internal computer software costs incurred during the application development stage. The application development stage generally includes software design and configuration, coding, testing and installation activities. Training and maintenance costs are expensed as incurred, while upgrades and enhancements are capitalized if it is probable that such expenditures will result in additional functionality. Capitalized software costs are amortized over the estimated useful lives of the software assets on a straight-line basis, generally not exceeding three years.

Business Combinations - ASC 805, Business Combinations (“ASC 805”), applies the acquisition method of accounting for business combinations to all acquisitions where the acquirer gains a controlling interest, regardless of whether consideration was exchanged. ASC 805 establishes principles and requirements for how the acquirer: a) recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any non-controlling interest in the acquiree; b) recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase; and c) determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. Accounting for acquisitions requires the Company to recognize, separately from goodwill, the assets acquired and the liabilities assumed at their acquisition-date fair values. Goodwill as of the acquisition date is measured as the excess of consideration transferred and the net of the acquisition-date fair values of the assets acquired and the liabilities assumed. While the Company uses its best estimates and assumptions to accurately value assets acquired and liabilities assumed at the acquisition date, the estimates are inherently uncertain and subject to refinement. As a result, during the measurement period, which may be up to one year from the acquisition date, the Company may record adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill. Upon the conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded to the interim consolidated statements of operations.

Goodwill and Intangible Assets - The Company accounts for goodwill and intangible assets in accordance with ASC 350, Intangibles – Goodwill and Other (“ASC 350”). ASC 350 requires that goodwill and other intangibles with indefinite lives should be tested for impairment annually or on an interim basis if events or circumstances indicate that the fair value of an asset has decreased below its carrying value.

Goodwill is tested for impairment at the reporting unit level on an annual basis (December 31 for the Company) and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. The Company considers its market capitalization and the carrying value of its assets and liabilities, including goodwill, when performing its goodwill impairment test.

When conducting its annual goodwill impairment assessment, the Company initially performs a qualitative evaluation of whether it is more likely than not that goodwill is impaired. If it is determined by a qualitative evaluation that it is more likely than not that goodwill is impaired, the Company then compares the fair value of the Company’s reporting unit to its carrying or book value. If the fair value of the reporting unit exceeds its carrying value, goodwill is not impaired and the Company is not required to perform further testing. If the carrying value of a reporting unit exceeds its fair value, the Company will measure any goodwill impairment losses as the amount by which the carrying amount of a reporting unit exceeds its fair value, not to exceed the total amount of goodwill allocated to that reporting unit.

The Company’s critical accounting estimates include the valuation of intangible assets acquired, the determination of the useful lives of finite-lived intangible assets, the assessment of impairment of long-lived assets, and the timing of when such assets are placed into service and begin amortization. These estimates require significant management judgment and are based on assumptions regarding future cash flows, market conditions, and the timing of commercialization. Due to the inherent uncertainty associated with these estimates, actual results may differ from those estimates, and such differences could have a material impact on the Company’s financial condition and results of operations.

The Company determines the fair value of intangible assets using valuation techniques appropriate for the nature of the asset, including the income approach, market approach, or cost approach. These valuation techniques require the use of significant estimates and assumptions, including projected future cash flows, discount rates, market multiples, and other relevant factors. The Company maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value. Changes in the underlying assumptions could materially affect the estimated fair value of intangible assets and any related impairment charges.

Copyright assets are classified as finite-lived intangible assets and are amortized over their estimated useful lives, which are based on the pattern in which the economic benefits are expected to be consumed. Amortization commences when the assets are placed into service and are ready for their intended use. The Company evaluates these assets for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

Crypto assets are recorded at fair market value and classified as intangible assets on the consolidated balance sheet. These assets are initially recognized at cost and subsequently remeasured at fair value at each reporting date, with changes in fair value recognized in the consolidated statements of operations. Fair value is determined using quoted market prices in active markets for identical assets. Gains and losses resulting from changes in fair value are recognized in earnings in the period in which they occur.

Contingent Liabilities – Our determination of the treatment of contingent liabilities in the consolidated financial statements is based on our view of the expected outcome of the applicable contingency. In the ordinary course of business, we consult with legal counsel on matters related to litigation and other experts both within and outside our Company. We accrue a liability if the likelihood of an adverse outcome is probable and the amount of loss is reasonably estimable. We disclose the matter, but do not accrue a liability if the likelihood of an adverse outcome is reasonably possible and an estimate of loss is not determinable. Legal and other costs incurred in conjunction with loss contingencies are expensed as incurred.

Treasury Stock – Treasury stock is recorded at cost as a reduction of stockholders’ equity in the accompanying balance sheets.

Revenue Recognition – Revenue is recognized when all of the following conditions exist: (1) persuasive evidence of an arrangement exists, (2) services are performed, (3) the sales price is fixed or determinable, and (4) collectability is reasonably assured. (See Note 5 – Revenue Recognition.)

Deferred revenue includes customer payments which are received prior to performing services and revenues are recognized upon the completion of these services. Annual membership fees collected at the time of enrollment are recognized as revenue ratably over the membership period, which are typically for a 12-month membership period.

Advertising and Marketing Expenses – Advertising and marketing expenses are expensed as incurred or the first time the advertising takes place. The production costs of advertising are expensed the first time the advertising takes place. For the three months and six months ended June 30, 2026 and 2025, the Company incurred advertising and marketing expenses of approximately \$64,665 and \$144,481. These amounts are included in sales and marketing expenses in the accompanying statements of operations.

Concentrations of Credit Risk - Financial instruments, which potentially subject the Company to concentration of credit risk, consist principally of cash and cash equivalents and accounts receivable. The Company places its cash with high credit quality institutions. At times, such amounts may be in excess of the FDIC insurance limits. The Company has not experienced any losses in such accounts and believes that it is not exposed to any significant credit risk on the account.

Income Taxes - The Company accounts for income taxes in accordance with ASC 740, Income Taxes ("ASC 740"), which requires that the Company recognize deferred tax liabilities and assets based on the differences between the financial statement basis and tax basis of assets and liabilities, using enacted tax rates in effect for the year in which the differences are expected to reverse. The Company estimates the degree to which tax assets and credit carryforwards will result in a benefit based on expected profitability by tax jurisdiction. A valuation allowance for such tax assets and loss carryforwards is provided when it is determined to be more likely than not that the benefit of such deferred tax asset will not be realized in future periods. If it becomes more likely than not that a tax asset will be used, the related valuation allowance on such assets would be reduced.

ASC 740 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with ASC 740-20 and prescribes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. There were no deferred tax liabilities, as of June 30, 2026, recorded in the accompanying consolidated balance sheets. The Company is currently not aware of any issues under review that could result in significant payments, accruals or material deviation from its position.

The Company may be subject to potential income tax examinations by federal or state authorities. These potential examinations may include questioning the timing and amount of deductions, the nexus of income among various tax jurisdictions and compliance with federal and state tax laws. Management does not expect that the total amount of unrecognized tax benefits will materially change over the next twelve months. Tax years that remain open for assessment for federal and state tax purposes include the years ended December 31, 2022 through 2025.

The Company's policy for recording interest and penalties associated with audits is to record such expense as a component of income tax expense. There were no amounts accrued for penalties or interest as of June 30, 2026.

Fair Value of Financial Assets and Liabilities - Financial instruments, including cash and cash equivalents, short-term investments and accounts payable, are carried at cost. Management believes that the recorded amounts approximate fair value due to the short-term nature of these instruments.

Net Loss per Share - The Company computes basic net loss per share by dividing net loss available to common stockholders by the weighted average number of common shares outstanding for the period and excludes the effects of any potentially dilutive securities. Diluted earnings per share, if presented, would include the dilution that would occur upon the exercise or conversion of all potentially dilutive securities into common stock using the "treasury stock" and/or "if converted" methods as applicable. The computation of basic net loss per share excludes the potentially dilutive securities summarized in the table below because their inclusion would be anti-dilutive.

	As of June 30,	
	2026	2025
Stock options	1,500	1,500
Unvested restricted stock	63,684	78,409
Total dilutive securities	65,184	79,909

Recent Accounting Pronouncements

ASU 2024-03, Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40). In *November 2024*, the FASB issued ASU 2024-03, Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures. The ASU requires a public business entity to provide disaggregated disclosures of certain categories of expenses on an annual and interim basis including purchases of inventory, employee compensation, depreciation, and intangible asset amortization for each income statement line item that contains those expenses. This ASU is effective for annual reporting periods beginning after *December 15, 2026*, and interim periods within annual reporting periods beginning after *December 15, 2027*, with early adoption permitted. The Company is currently evaluating the impact of this guidance on its consolidated financial statements and related disclosures.

ASU 2025-01, Income Statement—Expense Disaggregation Disclosures (Issued *January 2025*). In *January 2025*, the FASB issued ASU 2025-01, which clarifies the effective date of prior guidance requiring enhanced disaggregation of certain expense captions presented on the income statement. The amendments are effective for annual periods beginning after *December 15, 2026*, and interim periods thereafter. The Company is currently assessing the impact of this guidance.

ASU 2025-06, Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40) (Issued *June 2025*). In *June 2025*, the FASB issued ASU 2025-06, which modernizes the accounting for internal-use software by clarifying when capitalization begins and simplifying certain development stage guidance. The amendments are effective for fiscal years beginning after *December 15, 2027*. Early adoption is permitted. The Company is evaluating the potential impact of this guidance.

4. Business Combinations

RemoteMore

On *September 20, 2021*, the Company acquired a 45.62% interest in RemoteMore, a software developer recruiting company, for an estimated total purchase price of \$1,363,333, paying \$863,333 in cash and \$500,000 to be paid within *one* year of the acquisition date, or until certain factors of the agreement were met.

In *February 2022*, in connection with the *September 2021* acquisition of the 45.62% interest in RemoteMore, and as a component of the aforementioned \$500,000 remaining purchase price payment, the Company issued 13,986 shares of its common stock, with a value of \$400,000, to the co-founders of RemoteMore. In *January 2023*, the Company exercised its option to purchase an additional 20% interest in RemoteMore at a purchase price of \$116,667.

In *May 2023*, the Company acquired an additional 7% interest in RemoteMore for approximately \$235,000. The acquisition interest and price were based on the original valuation of RemoteMore in *September 2021*. This acquisition increased the Company's interest in RemoteMore to 72.62%.

In *April 2024*, the Company and the minority group made an aggregate \$300,000 capital injection while maintaining the same percentage of control of interest.

In *February 2025*, the Company acquired an additional 10.01% interest for approximately \$300,000 for a total of 82.63% interest in RemoteMore.

In *November 2025*, the Company acquired an additional 1.95% ownership interest through the conversion of a \$43,800 loan, increasing its total interest in RemoteMore to 84.58%.

5. Revenue Recognition

The Company recognizes revenue under the core principle of ASC 606 – Revenue from Contracts with Customers (“ASC 606”), to depict the transfer of control to its customers in an amount reflecting the consideration to which it expects to be entitled. In order to achieve that core principle, the Company has applied the following five-step approach: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when a performance obligation is satisfied.

The Company's contracts with customers may provide for multiple promised goods and services. The Company typically analyzes the contract and identifies the performance obligations by evaluating whether the promised goods and services are capable of being distinct within the context of the contract at contract inception. Promised goods and services that are not distinct at contract inception are combined. The next step after identifying the performance obligations is determining the transaction price, which includes the impact of variable consideration, based on contractually fixed amounts and an estimation of variable consideration. The Company allocates the transaction price to each performance obligation based on relative stand-alone selling price. Judgment is exercised to determine the stand-alone selling price of each distinct performance obligation. The Company estimates the stand-alone selling price by reference to the total transaction price less the sum of the observable stand-alone selling prices of other goods or services promised in the contract. In general, transaction price is determined by estimating the fixed amount of consideration to which we are entitled for transfer of goods and services and all relevant sources and components of variable consideration. Revenues are generally recognized when control of the promised goods or services is transferred to their customers either at a point in time or over time, in an amount that reflects the consideration it expects to be entitled to in exchange for those goods or services.

Many of the Company's contracts have one performance obligation and all consideration is allocated to that performance obligation and recognized at a point in time contemporaneous when the service is performed or with the date of the event.

Payment is typically due in full, at net 30, from the moment control of the goods or services have begun to transfer, unless both parties have negotiated an installment-based payment arrangement through the term of the contract. The Company may have contracts where there is an extended timing difference between payment and the time when control of the goods or services is transferred to the customer.

Nature of Goods and Services

The following is a description of principal activities from which the Company generates its revenue:

Recruitment Services

The Company's recruitment services revenue is derived from the Company's agreements through single and multiple job postings, recruitment media, talent recruitment communities, basic and premier corporate memberships, hiring campaign marketing and advertising, e-newsletter marketing and research and outreach services. Recruitment revenue includes revenue recognized from direct sales to customers for recruitment services and events, as well as revenue from the Company's direct e-commerce sales. Direct sales to customers are most typically a *twelve-month* contract for services and as such the revenue for each contract is recognized ratably over its *twelve-month* term. Event revenue is recognized in the period that the event takes place and e-commerce sales are for *sixty-to-ninety-day* job postings and the revenue from those sales are recognized when the service is provided. The Company's recruitment services mainly consist of the following products:

- On-line job postings to our diversity sites and to our broader network of websites including the NAACP, National Urban League, Kappa Alpha Psi, Phi Beta Sigma and many other partner organizations;
- OFCCP job promotion and recordation services;
- Diversity job fairs, both in person and virtual fairs;
- Diversity recruitment job advertising services; and
- Diversity executive staffing services.

Membership Fees and Related Services

Membership fees of longer than *one* month are collected up-front and member benefits become available immediately; however, those benefits must remain available over the *12-month* membership period. At the time of enrollment, membership fees are recorded as deferred revenue and are recognized as revenue ratably over the *12-month* membership period. Members who are enrolled in this plan *may* cancel their membership in the program at any time and receive a partial refund (amount remaining in deferred revenue) or due to consumer protection legislation, a full refund based on the policies of the member's credit card company.

Monthly membership revenues are recognized in the same month fees are collected.

Revenue from related membership services is derived from fees for development and set-up of a member's personal on-line profile and/or press release announcements. Fees related to these services are recognized as revenue at the time the on-line profile is complete and press release is distributed.

Products offered to members relate to custom made plaques. Product sales are recognized as deferred revenue at the time the initial order is placed. Revenue is then recognized at the time these products are shipped. The Company's shipping and handling costs are included in cost of sales in the accompanying consolidated statements of operations.

Contracted Software Development

Revenues for RemoteMore are generated from providing customized software solutions to customers and are recognized in the period work is performed.

Consumer Advertising and Marketing Solutions

The Company provides career opportunity services to its various partner organizations through advertising and job postings on their websites. The Company works with its partners to develop customized websites and job boards where the partners can generate advertising, job postings and career services to their members, students and alumni. Consumer advertising and marketing solutions revenue is recognized as jobs are posted to their hosted sites.

Licensing Service

The Company's licensing service initiatives are in the early stages of development. Since September 2025, the Company has acquired the copyrights to 28 original musical works. As of June 30, 2026, the copyright assets have not generated revenue. The Company is in the process of developing and implementing commercialization strategies, including licensing and promotional activities, for these copyright assets. While management intends to pursue revenue-generating opportunities related to these assets, there can be no assurance as to the timing or extent of any revenue that may be generated.

Disaggregation of Revenue

Revenue is disaggregated by product line and timing of transfer of products and services and is in line with our reportable segments as described in Note 15 - Segment Information.

Contract Balances

The Company's rights to consideration for work completed, but not billed at the reporting date, is classified as a receivable, as it has an unconditional right to payment or only conditional for the passage of time. The Company has no recorded contract assets as of June 30, 2026 or December 31, 2025

Consideration received in advance from customers is recorded as a contract liability, if a contract exists under ASC 606, until services are delivered or obligations are met and revenue is earned. Contract liability represents the excess of amounts invoiced over amounts recognized as revenues. Contract liabilities to be recognized in the succeeding twelve-month period are classified as current contract liabilities and the remaining amounts, if any, are classified as non-current contract liabilities. Contract liabilities of \$1,055,442 and \$1,193,267 are included in current deferred revenues, on the consolidated balance sheets as of June 30, 2026 and December 31, 2025, respectively.

For the three months ended June 30, 2026 and 2025, we recognized revenue as follows:

	June 30, 2026	June 30, 2025
Balance, beginning of period	\$ 1,078,526	\$ 1,897,532
Recognized revenue associated with contract liabilities	(656,011)	(949,165)
Amounts collected or invoiced	632,927	623,113
Balance, end of period	\$ 1,055,442	\$ 1,571,480

Revenue recognized associated with contract liabilities that were included at the beginning of this quarter was \$433,552. Deferred revenue includes customer payments which are received prior to performing services and revenues are recognized upon the completion of these services. Annual membership fees collected at the time of enrollment are recognized as revenue ratably over the membership period, which are typically for a 12-month membership period.

Transaction Price Allocated to the Remaining Performance Obligations

The Company applies the optional exemptions and does not disclose: a) information about remaining performance obligations that have an original expected duration of one year or less, or b) transaction price allocated to unsatisfied performance obligations for which variable consideration is allocated entirely to a wholly unsatisfied performance obligation or to a wholly unsatisfied promise to transfer a distinct good or service that forms part of a single performance obligation in accordance with the series guidance.

The typical duration of all event related and other contracts is one year or less and, as a result, the Company applies the optional exemptions and does not disclose information about remaining performance obligations that have an original expected duration of one year or less.

6. Capitalized Technology

Capitalized Technology, net is as follows:

	Six Months Ended June 30, 2026	2025
Capitalized cost:		
Balance, beginning of period	\$ 219,297	\$ 327,372
Additional capitalized cost	134,990	-
Provision for amortization	(71,497)	(56,625)
Balance, end of period	\$ 282,790	\$ 270,747

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Amortization expense related to capitalized technology was approximately \$34,440 and \$28,125 for the three months ended June 30, 2026 and 2025, and was approximately 71,497 and 56,625 for six month ended June 30, 2026 and 2025, respectively, and is recorded in depreciation and amortization expense in the accompanying statements of operations.

7. Intangible Assets

Intangible assets, net was as follows:

June 30, 2026	Useful Lives (Years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Long-lived intangible assets:				
Sales Process	10	\$ 2,130,956	\$ (2,130,956)	\$ -
Paid Member Relationships	5	803,472	(803,472)	-
Member Lists	5	8,186,181	(8,186,181)	-
Developed Technology	3	648,000	(648,000)	-
Trade Name/Trademarks	4	442,500	(442,500)	-
Contracts acquired in RemoteMore acquisition	3 - 12 (months)	1,377,083	(1,377,083)	-
Copyrights	1.5	6,933,828	(2,311,276)	4,622,552
		20,522,020	(15,899,468)	4,622,552
Indefinite-lived intangible assets:				
Trade name				101,400
Crypto				2,593,780
Intangible assets, net				\$ 7,317,732

December 31, 2025	Useful Lives (Years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Long-lived intangible assets:				
Sales Process	10	\$ 2,130,956	\$ (2,130,956)	\$ -
Paid Member Relationships	5	803,472	(803,472)	-
Member Lists	5	8,186,181	(8,186,181)	-
Developed Technology	3	648,000	(648,000)	-
Trade Name/Trademarks	4	442,500	(442,500)	-
Contracts acquired in RemoteMore acquisition	3 - 12 (months)	1,377,083	(1,377,083)	-
Copyrights	1.5	6,933,828	-	6,933,828
		20,522,020	(13,588,192)	6,933,828
Indefinite-lived intangible assets:				
Trade name				101,400
Crypto				2,593,780
Intangible assets, net				\$ 9,629,008

As of June 30, 2026, estimated amortization expense in future fiscal years is summarized as follows:

Year ended December 31,	
Remaining of 2026	\$ 2,311,276
2027	\$ 2,311,276
Net Carrying Amount	\$ 4,622,552

On *September 3, 2025*, the Company entered into a copyright transfer agreement (the “High Wave Copyright Transfer Agreement”) with High Wave Corp (“High Wave”), under which High Wave agreed to assign to the Company the copyrights and related rights of *forty* (40) original musical works, including all copyrights and related rights such as reproduction, performance, broadcasting, and adaptation. The total purchase consideration is \$10,000,000, payable in *four* installments between *October 15* and *November 30, 2025*, with ownership of each batch of works transferring upon payment. High Wave warranted full ownership and non-infringement of the works, waived all moral rights, and agreed *not* to resell or license them. As of *June 30, 2026*, the Company had paid \$3,700,000 under the High Wave Agreement. On *December 16, 2025*, the Company entered into an amendment to the copyright transfer agreement (the “First Amendment to High Wave Copyright Transfer Agreement”), pursuant to which the Company retained the right, but *not* the obligation, to purchase the remaining *twenty-five* (25) musical works for total consideration of \$6,300,000. If the Company elects to proceed with such purchase, the Company and High Wave will mutually agree on the delivery schedule and payment terms for the remaining works.

On *September 12, 2025*, the Company entered into the Copyright Agreement with Streams Ohio Corp. (“Streams Ohio”), a non-affiliated accredited investor. Pursuant to the Streams Ohio Copyright Agreement, the Company agreed to acquire *eight* (8) original musical works from the Streams Ohio. Under the terms of the Streams Ohio Copyright Agreement, consideration could be paid in cash, shares of the Company’s common stock, or a combination thereof. The Board approved payment of the consideration through the issuance of 556,000 shares of common stock (the “Copyright Shares”), with an aggregate value of approximately \$1,629,080, based on the closing price of \$2.93 per share on *September 12, 2025*, subject to the limitations of the Nasdaq Listing Rule 5635. The Copyright Shares were issued in reliance on the exemptions from registration provided by Section 4(a)(2) under the Securities Act, and/or Regulation D promulgated thereunder. The Streams Ohio Copyright Agreement contains customary representations, warranties, and covenants.

On *November 24, 2025*, the Company entered into a copyright transfer agreement with Shohan Event Organizers Co., L.L.C. , a non-affiliated accredited investor. Pursuant to the Copyright Agreement, the Company agreed to acquire *five* (5) original musical works from the Copyright Seller. Under the terms of the Copyright Agreement, consideration could be paid in cash, shares of the Company’s common stock, par value \$0.0001 per share (“Common Stock” or “common stock”), or a combination thereof. The board of directors of the Company approved payment of the consideration through the issuance of 927,600 shares of common stock, with an aggregate value of approximately \$1,604,748, based on the closing price of \$1.73 per share on *November 24, 2025*, subject to the limitations of Listing Rule 5635 of The Nasdaq Stock Market LLC. The Copyright Shares will be issued in reliance on the exemptions from registration provided by Section 4(a)(2) under the Securities Act of 1933, as amended, and/or Regulation D promulgated thereunder.

On *December 17, 2025*, the Company entered into a purchase agreement with DeepttradeX.ai, an Australian-based digital asset trading platform, pursuant to which the Company agreed to acquire an aggregate of 25,937,800 native utility digital tokens issued by DeepttradeX.ai (the “DTT Tokens”). The DTT Tokens are intended to function

as a medium of exchange for services on DeeptradeX.ai's *Web3.0* digital asset platform and do *not* represent equity, debt, dividends, governance rights or profit-sharing interests. The total consideration for the DTT Tokens is \$2,593,780, payable, at the Company's election, in cash, shares of common stock, or a combination thereof. The board of directors of the Company approved payment of the consideration through the issuance of 1,358,000 shares of common stock, subject to the limitations of Listing Rule 5635 of The Nasdaq Stock Market LLC and the shares were issued on *January 2, 2026*. The Consideration Shares was be issued in reliance on the exemptions from registration provided by Section 4(a)(2) under the Securities Act, and/or Regulation D promulgated thereunder. The DTT Tokens will be delivered to a wallet address designated by the Company and will be subject to a 12-month lock-up period followed by a 24-month linear vesting period, with releases occurring automatically pursuant to an immutable smart contract. The Purchase Agreement contains customary representations, warranties and covenants, including representations regarding regulatory compliance, token functionality and indemnification for certain regulatory matters. The Company measures the digital tokens at fair value on a recurring basis, and such measurements are classified within Level 1 of the fair value hierarchy.

For the three months ended June 30, 2026 and 2025, amortization expense related to intangible assets was approximately \$1,155,638 and \$8,333, and is recorded in depreciation and amortization expense in the accompanying consolidated statements of operations.

For the six months ended June 30, 2026 and 2025, amortization expense related to intangible assets was approximately \$2,311,276 and \$16,667, and is recorded in depreciation and amortization expense in the accompanying consolidated statements of operations.

8. Notes Payable and Convertible Notes

On July 7, 2025, the Company entered into a Convertible Note Purchase Agreement with a non-affiliated accredited investor (the "Convertible Note Purchaser"). Pursuant to the Convertible Note Purchase Agreement, the Company issued and sold an unsecured convertible promissory note in the principal amount of \$250,000 (the "Note") for gross proceeds of \$250,000. The Note is convertible, at the option of the Convertible Note Purchaser, into restricted shares of the Company's common stock at a conversion price equal to the greater of (i) a floor price of \$0.47 (subject to adjustment for stock splits and similar events), and (ii) 80% of the lowest of (A) the 15-day average closing price, (B) the 10-day volume-weighted average price ("VWAP"), or (C) the lowest 3-day VWAP during the 45 trading days immediately prior to the date of the applicable conversion notice. The Note bears interest at a rate of 12% per annum and matures 360 days after the purchase price payment date. The Note contains customary events of default, including non-payment and insolvency-related events. Upon an event of default, the interest rate increases to 18% per annum, and the Convertible Note Purchaser may accelerate the Note and pursue additional remedies. This transaction was previously reported in the Company's Current Report on Form 8-K filed on July 11, 2025.

As of June 30, 2026, an aggregate of \$124,344 of principal and \$15,000 of accrued interest under a \$250,000 convertible promissory note issued in July 2025 had been converted into 199,510 shares of Common Stock at conversion prices ranging from \$0.47 to \$0.81 per share. During the three months ended June 30, 2026, \$64,714 of principal was converted into 106,686 shares of Common Stock at conversion prices ranging from \$0.47 to \$0.81 per share. As of June 30, 2026, the remaining principal balance of the note was \$125,656.

9. Long-term Investments

On September 27, 2022, the Company entered into a Stock Purchase Agreement (the “Koala SPA”) with Koala Malta Limited, a private limited liability company registered under the laws of Malta (“Koala”). Upon the execution of the Koala SPA, the Company purchased 65,700 issued ordinary shares of Koala Crypto Limited (now renamed as QBSG Limited (“QBSG”) from Koala, representing 9% of the total issued share capital of QBSG, and in exchange, the Company issued 86,339 shares of its common stock to Koala in a private placement (the “Consideration Shares”) valued at \$1,350,000. As allowed under ASC 321-10-35, the Company has elected to measure the equity investment in QBSG at cost as QBSG is a private company and does not have a readily determinable fair value. The Company evaluates the investment for any impairment annually. The shares of QBSG are recorded in the consolidated balance sheet as “other assets”.

Upon execution of the Koala SPA, the Company, Koala and QBSG also entered into a Shareholders’ Agreement. The Shareholders’ Agreement imposes certain transfer restrictions on Koala and the Company as shareholders of QBSG, provides for certain governance and approval rights among the parties, and gives the Company a put option with respect to its investment in QBSG in the event of a change of control of Koala. At the same time, Alan Tak Wai Yau, an individual and the majority shareholder of Koala Capital Limited, which is the parent company of Koala (“Koala Capital”), provided the Company with a share charge over 15 percent of the issued share capital of Koala Capital (the “Share Charge”) and Koala Capital provided the Company with a guaranty and indemnity (the “Guarantee”), which Share Charge and Guarantee were granted as security for a number of Koala’s obligations as set forth therein including obtaining the lifting of the voluntary suspension of QBSG’s virtual financial assets license by the Malta Financial Services Authority (“MFSA”). Koala Capital had submitted and responded to all queries raised by the MFSA, and the authorization/supervision unit has approved its application. To enhance the governance of QBSG’s profits and dividends, QBSG has agreed to grant the Company the right to appoint one board seat.

On December 5, 2024, the Company entered into a Profit Participation Agreement (the “PPA”) with Kola Malta Limited, a private limited liability company registered under the laws of Malta. Upon the execution of the PPA, the Company purchased a 6% right in QBSG, as the target, previously Koala Crypto Limited, to receive all distributions and dividends which may be declared and/or distributed by QBSG on an annual basis in terms of applicable law, along with all rights, title, and interest from Koala. The consideration of the profit participation (the “Profit Participation”) is \$1,200,000, including \$700,000 cash and \$500,000 value of the Company’s Common Stock, or a total of 113,636 shares at a price of \$4.40 per share. In addition to the 9% share purchase from Koala in September 2022, the Company now owns the right to receive 15% of all distributions and dividends by QBSG.

As the Profit Participation investment does not include the ownership of equity of QBSG, only the right to future distributions, the Profit Participation investment does not meet the criteria to be recorded under ASC 321-10-35 and is subject to fair value accounting standards. As of December 31, 2024, the Company holds a Level 3 investment recorded at a cost of \$1,200,000, representing 6% of all distributions and dividends from QBSG.

The fair value of the investment is estimated using a combination of valuation methodologies, including Discounted Cash Flow (“DCF”) analysis, Relative Valuation, and Transaction Comparables, resulting in an average fair value estimate of \$1,156,000. These methods incorporate significant unobservable inputs, such as a weighted average cost of capital of 15%, a long-term revenue growth rate of 10%, a long-term pre-tax operating margin of 15%, a 20% discount for lack of control, and a 40% discount for lack of marketability. The valuation also considers market data from publicly traded companies in the crypto infrastructure and digital asset services sectors, as well as data from recent merger and acquisition transactions within the industry. The inputs and estimates used may be subject to change as more current information becomes available and accordingly the actual results could differ significantly from those estimates. It is at least reasonably possible that the estimate of the effect of a condition, situation or set of circumstances that existed at the date of the financial statements, which management considered in formulating its estimate could change in the near term due to one or more future confirming events, including regulation changes in Malta, inability of QBSG to meet revenue and income forecasts or QBSG’s inability to pay dividends, all of which could significantly decrease the value of the Company’s investment. Accordingly, the actual results could differ significantly from those estimates. As of June 30, 2026, the Company holds a Level 3 investment recorded at \$1,156,000.

There was *no* activity in Level 3 investments other than the acquisition of the Profit Participation investment. Level 3 investments balance was as follows:

June 30, 2026	
Balance, beginning of period	\$ 1,156,000
Transfer in	-
Unrealized loss	-
Ending balance	1,156,000
Amount of unrealized loss for the period included in income relating to assets held at the end of the reporting period	-
December 31, 2025	
Balance, beginning of period	\$ 1,200,000
Transfer in	-
Unrealized loss	(44,000)
Ending balance	1,156,000
Amount of unrealized loss for the period included in income relating to assets held at the end of the reporting period	(44,000)

On January 26, 2025, the Company entered into a Stock Purchase Agreement with AI Geometric Ltd., a company organized under the laws of the United Kingdom of Great Britain and Northern Ireland. Pursuant to the SPA, the Company acquired 1,300 shares of AI Geometric Ltd., representing 13% of AI Geometric Ltd.’s issued and outstanding shares, for total consideration of \$1,300,000 (the “Transaction”). The Company’s Board of Directors approved the Transaction on January 17, 2025, and the closing occurred on January 27, 2025. On April 29, 2026, the Company entered into a second Stock Purchase Agreement with AI Geometric Ltd., pursuant to which the Company agreed to acquire an additional 3.2% of AI Geometric Ltd.’s issued and outstanding shares for aggregate consideration of \$1,360,000. The purchase price was satisfied through the issuance of 2,000,000 shares of the Company’s common stock. The Company’s Board of Directors approved the issuance of the shares, subject to the limitations of Nasdaq Listing Rule 5635 and Rule 144 under the Securities Act of 1933, as amended. The shares were issued in reliance on the exemption from registration provided by Regulation S under the Securities Act. The transaction closed on May 27, 2026. The investment does *not* provide the Company with significant influence over AI Geometric Ltd. and, accordingly, is accounted for under ASC 321, *Investments— Equity Securities*. Because AI Geometric Ltd. is a private company and its shares do *not* have a readily determinable fair value, the Company has elected the measurement alternative under ASC 321- 10- 35- 2. Under this method, the investment is measured at cost, less impairment, and adjusted for observable price changes in orderly transactions for identical or similar investments of the same issuer. The Company evaluates the investment for impairment on a periodic basis and when events or circumstances indicate that the carrying amount *may not* be recoverable. *No* impairment charges or observable price adjustments were recorded during the three months ended June 30, 2026. The investment in AI Geometric Ltd. is presented within “Other assets” in the consolidated balance sheet.

As of June 30, 2026, long-term investments totaling \$5,166,000 were presented within “Other assets” in the consolidated balance sheet.

10. Commitments and Contingencies

Lease Obligations - The Company leases its corporate headquarters. The office lease is for 4,902 square feet of office space and the lease term is for 7 years, commencing on October 1, 2020. The Company made approximately \$55,148 and \$53,922 of cash lease payments related to the office space for the six months ended June 30, 2026 and 2025, respectively. The weighted average remaining lease terms as of June 30, 2026 and 2025, are 1.25 years and 2.25 years. The weighted average discount rate for operating leases for the six months ended June 30, 2026 and 2025, is 6%.

The present value of the remaining lease liabilities as of June 30, 2026 are as follow:

	Operating
2026	55,760
2027	84,560
Total lease payments	140,320
Less: present value discount	5,475
Present value of lease liabilities	<u>\$ 134,845</u>

As of June 30, 2026 and, December 31, 2025, right of use assets were \$108,759 and \$149,525, and related lease obligations remaining, related to the Company's office lease, were \$134,845 and \$185,065, as recorded on the Company's consolidated balance sheets.

Legal Proceedings

The Company and its previously wholly owned subsidiary, NAPW, Inc., are parties to a proceeding captioned Deborah Bayne, et al. vs. NAPW, Inc. and Professional Diversity Network, Inc., No. 18-cv-3591 (E.D.N.Y.), filed on June 20, 2018, and alleging violations of the Fair Labor Standards Act and certain provisions of the New York Labor Law. The class is defined as "all individuals employed in New York from June 20, 2012 through October 15, 2021 by NAPW and PDN to sell memberships to the women's networking organization known as the National Association of Professional Women and the International Association of Women," excluding corporate officers, shareholders, directors and administrative employees. As it stands, the class currently consists of 164 putative class members and 60 opt-in plaintiffs.

The complaint alleges that NAPW (and PDN in its capacity as an alleged joint employer) violated similar provisions of the FLSA and the NYLL by (i) failing to pay overtime wages as required by both the FLSA and the NYLL, (ii) failing to provide accurate wage statements under the NYLL, and (iii) willfully violating both of those statutes. The Court, in an order issued on *March 25, 2024*, granted summary judgment against NAPW on the claims related to willful failure to pay overtime wages. The Court dismissed, without prejudice, claims based on failure to provide accurate wage statements under the NYLL based on lack of subject matter jurisdiction. The Court found that questions of fact remain as to whether PDN was a joint employer with NAPW. Damages remain unsettled particularly in light of the Court's dismissal of the Plaintiff's claims related to failure to provide accurate wage statements. During the *first* quarter of *2020*, we recorded a \$450,000 litigation settlement reserve in the event of an unfavorable outcome in this proceeding. In the *fourth* quarter of *2025*, we recorded an additional \$250,000 litigation settlement reserve. PDN currently anticipate settling this matter with the plaintiffs by the *third* quarter of *2026*.

General Legal Matters

From time to time, the Company is involved in legal matters arising in the ordinary course of business. While the Company believes that such matters are currently not material, there can be no assurance that matters arising in the ordinary course of business for which the Company is, or could be, involved in litigation, will not have a material adverse effect on its business, financial condition or results of operations.

11. CFL, Deepttrade PTY LTD and Shohan Event Organizers Co. L.L.C. Transaction

On *August 12, 2016*, the Company entered into a stock purchase agreement (the “Purchase Agreement”), with CFL, a Republic of Seychelles company wholly-owned by a group of Chinese investors. Pursuant to the Purchase Agreement, the Company agreed to issue and sell to CFL, and CFL agreed to purchase, upon the terms and subject to the conditions set forth in the Purchase Agreement, a number of shares of the Company’s Common Stock, such that CFL would hold shares of Common Stock equal to approximately 51% of the outstanding shares of Common Stock, determined on a fully-diluted basis, after giving effect to the consummation of the transactions contemplated by the Purchase Agreement.

At the closing of the CFL Transaction, the Company entered into a Stockholders’ Agreement, dated *November 7, 2016* (the “Stockholders’ Agreement”) with CFL and each of its shareholders: Maoji (Michael) Wang, Jingbo Song, Yong Xiong Zheng and Nan Kou (the “CFL Shareholders”). The Stockholders’ Agreement sets forth the agreement of the Company, CFL and the CFL Shareholders relating to board representation rights, transfer restrictions, standstill provisions, voting, registration rights and other matters following the closing of the Share Issuance and Sale.

On *September 22, 2021*, the Company entered into a stock purchase agreement with CFL, in which the Company sold 47,438 shares of its Common Stock at a price per share of \$21.00 for gross proceeds of approximately \$1,000,000. On *October 30, 2021*, CFL entered into a transfer stock agreement with a former shareholder of the Company to purchase an additional 37,587 shares of its Common Stock.

In *December 2023*, the Company entered into a stock purchase agreement with CFL, in which the Company sold 12,267 shares of its Common Stock at a price per share of \$16.30 for gross proceeds of approximately \$200,000.

As of *June 30, 2026*, CFL beneficially held 269,227 shares of the Company’s outstanding Common Stock equal to approximately 2.10% of the outstanding class.

In *November 2025*, the Company entered into a copyright transfer agreement with Shohan Event Organizers Co., L.L.C. , a non-affiliated accredited investor. Pursuant to the Copyright Agreement, the Company agreed to acquire *five* (5) original musical works from the Copyright Seller. Under the terms of the Copyright Agreement, consideration could be paid in cash, shares of the Company’s Common Stock, par value \$0.0001 per share, or a combination thereof. The board of directors of the Company approved payment of the consideration through the issuance of 927,600 shares of Common Stock, with an aggregate value of approximately \$1,604,748, based on the closing price of \$1.73 per share on *November 24, 2025*, subject to the limitations of Listing Rule 5635 of The Nasdaq Stock Market LLC. The Copyright Shares will be issued in reliance on the exemptions from registration provided by Section 4(a)(2) under the Securities Act of 1933, as amended, and/or Regulation D promulgated thereunder. The Copyright Agreement contains customary representations, warranties and covenants.

As of *June 30, 2026*, Shohan Event Organizers Co., L.L.C. beneficially held 927,600 shares of the Company’s outstanding Common Stock equal to approximately 7.23% of the outstanding class.

In *November 2025*, the Company entered into a consultancy agreement with Deepttrade PTY LTD , a non-affiliated accredited investor. Pursuant to the Consultancy Agreement, the Consultant agreed to provide the Company with professional consultancy services relating to the Company’s intended expansion into *Web3.0*, digital asset, and real-world-asset platform for a total consideration of \$1,616,000. Under the terms of the Consultancy Agreement, consideration could be paid in cash, shares of the Company’s Common Stock, par value \$0.0001 per share, or a combination thereof. The board of directors of the Company approved payment of the consideration through the issuance of 898,000 shares of Common Stock, subject to the limitations of Listing Rule 5635 of The Nasdaq Stock Market LLC. The Consultancy Shares were issued in reliance on the exemptions from registration provided by Section 4(a)(2) under the Securities Act of 1933, as amended, and/or Regulation D promulgated thereunder. The Consultancy Agreement contains customary representations, warranties and covenants.

As of *June 30, 2026*, Deepttrade PTY LTD beneficially held 898,000 shares of the Company’s outstanding Common Stock equal to approximately 7.00% of the outstanding class.

On *January 26, 2025*, the Company entered into a Stock Purchase Agreement with AI Geometric. Pursuant to the Stock Purchase Agreement, the Company acquired 1,300 shares of AI Geometric, representing 13% of AI Geometric’s issued and outstanding shares, for total consideration of \$1,300,000 (the “Transaction”). The Company’s Board of Directors approved the Transaction on *January 17, 2025*, and the closing occurred on *January 27, 2025*. On *April 29, 2026*, the Company entered into a second Stock Purchase Agreement with AI Geometric, pursuant to which the Company agreed to acquire an additional 3.2% of AI Geometric’s issued and outstanding shares for aggregate consideration of \$1,360,000. The purchase price was satisfied through the issuance of 2,000,000 shares of the Company’s common stock. The Company’s Board of Directors approved the issuance of the shares, subject to the limitations of Nasdaq Listing Rule 5635 and Rule 144 under the Securities Act of 1933, as amended. The shares were issued in reliance on the exemption from registration provided by Regulation S under the Securities Act. The transaction closed on May 27, 2026.

As of *June 30, 2026*, AI Geometric Ltd. beneficially held 2,000,000 shares of the Company’s outstanding Common Stock equal to approximately 15.59% of the outstanding class.

12. Stockholders’ Equity

Preferred Stock – The Company has no preferred stock issued. The Company’s amended and restated certificate of incorporation and amended and restated bylaws include provisions that allow the Company’s Board to issue, without further action by the stockholders, up to 1,000,000 shares of undesignated preferred stock.

Common Stock – The Company has one class of Common Stock outstanding with a total number of shares authorized of 1,000,000,000. As of June 30, 2026, the Company had 12,830,323 shares of Common Stock outstanding.

In *July 2025*, the Company completed a warrant exchange transaction pursuant to a Warrant Exchange Agreement (the “Exchange Agreement”) with certain holder (the “Holder”) of 250,000 Series A warrants (the “Series A Warrants”) entered on *June 30, 2025*, each to purchase *one* share of the Common Stock of the Company, and 250,000 Series B warrants (the “Series B Warrants”, and collectively with the Series A Warrants, the “Warrants”), each to purchase *one* share of Common Stock of the Company at an exercise price of \$6.80 per share. The Warrants were issued on *November 20, 2024* to the Holder in connection with a registered direct offering and concurrent private placement of warrants which closed on *November 20, 2024*. Pursuant to the Exchange Agreement, the Holder agreed to surrender 500,000 Warrants for cancellation and the Company agreed, in exchange, to issue an aggregate of 333,333 shares of Common Stock to the Holder.

In *September 2025*, the Company entered into a copyright transfer agreement (the “High Wave Copyright Transfer Agreement”) with High Wave Corp (“High Wave”), under which High Wave agreed to assign to the Company the copyrights and related rights of *forty* (40) original musical works, including all copyrights and related rights such as reproduction, performance, broadcasting, and adaptation. The total purchase consideration is \$10,000,000, payable in *four* installments between *October 15* and *November 30, 2025*, with ownership of each batch of works transferring upon payment. High Wave warranted full ownership and non-infringement of the works, waived all moral rights, and agreed *not* to resell or license them. As of *June 30, 2026*, the Company had paid \$3,700,000 under the High Wave Agreement to purchase 15 original musical works. As of *December 31, 2025*, the Company had *no* further obligation to make additional payments or to acquire the remaining *twenty-five* (25) original musical works for the remaining aggregate purchase consideration of \$6,300,000.

In *September 2025*, Company entered into a securities purchase agreement (the “Securities Purchase Agreement”) with Streeterville Capital, LLC, a Utah limited liability company, pursuant to which the Company agreed to issue and sell to Streeterville shares of its Common Stock, in *one* or more pre-paid advance purchases (each, a “Pre-Paid Purchase” and collectively, the “Pre-Paid Purchases”) for an aggregate purchase price of up to \$20,000,000. The Company also agreed to issue to Streeterville 22,197 shares of Common Stock (the “Commitment Shares”) as consideration for Streeterville’s commitment, after Shareholder Approval (as defined below) is obtained, and 227,500 shares of Common Stock for \$2,275 as pre-delivery shares (the “Pre-Delivery Shares”), which Pre-Delivery Shares were issued at the closing of the transactions contemplated by the Securities Purchase Agreement. The transactions closed on *September 5, 2025* (the “Closing Date”). The proceeds from the Pre-Paid Purchases were expected to be used for working capital and other corporate purposes, including repayment of debt, strategic and other general corporate purposes. The Securities Purchase Agreement provides for an initial Pre-Paid Purchase in the principal amount of up to \$8,655,000 (the “Initial Pre-Paid Purchase”), an original issue discount of up to \$640,000 and transaction expenses of \$15,000, the terms of which are set forth on secured prepaid purchase #1 (“Pre-Paid Purchase #1”). The Company received \$3,397,725 in cash proceeds under the Initial Pre-Paid Purchase and \$2,275 for the Pre-Delivery Shares on the Closing Date. The Initial Pre-Paid Purchase accrues interest at the rate of 8% per annum. Within *thirty* (30) days after closing, Streeterville would fund the remaining \$4,602,275.00 under the Initial Pre-Paid Purchase into a deposit account (the “Deposit Account”) of the Company’s wholly-owned subsidiary, IPDN Holdings, LLC, a Utah limited liability company (“IPDN Holdings”), secured by a deposit account control agreement (the “DACA”), a guaranty (the “Guaranty”) by IPDN Holdings, and a pledge agreement (the “Pledge Agreement”) by the Company pledging 100% of the equity interests in IPDN Holdings, subject to certain conditions: (i) the DACA, the Guaranty and the Pledge Agreement are each executed and delivered to Streeterville, (ii) the Deposit Account has been opened, (iii) *no* Event of Default (as defined in the Initial Pre-Paid Purchase) under the Initial Pre-Paid Purchase has occurred, and (iv) trading in the Common Stock is *not* suspended, halted, chilled, frozen, reached *zero* bid or otherwise ceased trading on the Nasdaq Capital Market. On *October 7, 2025*, Streeterville funded the remaining \$4,602,275.00 to the Deposit Account. In the *fourth* quarter of *2025*, the Company issued 1,005,986 shares of its Common Stock to Streeterville Capital, LLC, at a price range of \$1.31 to \$2.70 per share, resulting in aggregate gross proceeds of \$2,250,000. In the *first* quarter of *2026*, the Company issued 1,388,902 shares of its Common Stock to Streeterville Capital, LLC, at a price range of \$0.79 to \$1.06 per share, resulting in aggregate gross proceeds of \$1,205,000. In the *second* quarter of *2026*, the Company issued 478,852 shares of its Common Stock to Streeterville Capital, LLC, at a price range of \$0.47 to \$0.74 per share, resulting in aggregate gross proceeds of \$290,000.

In *September 2025*, the Company entered into the Copyright Agreement with Streams Ohio, a non-affiliated accredited investor. Pursuant to the Streams Ohio Copyright Agreement, the Company agreed to acquire *eight* (8) original musical works from the Streams Ohio. Under the terms of the Streams Ohio Copyright Agreement, consideration could be paid in cash, shares of the Company’s Common Stock, or a combination thereof. The Board approved payment of the consideration through the issuance of 556,000 shares of Common Stock (the “Copyright Shares”), with an aggregate value of approximately \$1,629,080, based on the closing price of \$2.93 per share on *September 12, 2025*, subject to the limitations of the Nasdaq Listing Rule 5635. The Copyright Shares were issued in reliance on the exemptions from registration provided by Section 4(a)(2) under the Securities Act, and/or Regulation D promulgated thereunder. The Streams Ohio Copyright Agreement contains customary representations, warranties, and covenants.

In *September 2025*, the Company entered into the B&W Capital Consulting Agreement with B&W Capital, a non-affiliated accredited investor. Under the B&W Capital Consulting Agreement, the Company engaged the Consultant to provide strategic, business development, investor relations and capital markets advisory services for a period of 12 months, unless terminated earlier pursuant to the terms therein. As consideration for such services, the Board approved the issuance of 550,000 shares of Common Stock (the “Consulting Shares”), also subject to the limitations of the Nasdaq Listing Rule 5635. The Consulting Shares were issued in reliance on the exemptions from registration provided by Section 4(a)(2) under the Securities Act and/or Regulation D promulgated thereunder. The B&W Capital Consulting Agreement contains customary representations, warranties and covenants.

In *November 2025*, the Company entered into a copyright transfer agreement with Shohan Event Organizers Co., L.L.C., a non-affiliated accredited investor. Pursuant to the Copyright Agreement, the Company agreed to acquire *five* (5) original musical works from the Copyright Seller. Under the terms of the Copyright Agreement, consideration could be paid in cash, shares of the Company’s Common Stock, par value \$0.0001 per share, or a combination thereof. The board of directors of the Company approved payment of the consideration through the issuance of 927,600 shares of Common Stock, with an aggregate value of approximately \$1,604,748, based on the closing price of \$1.73 per share on *November 24, 2025*, subject to the limitations of Listing Rule 5635 of The Nasdaq Stock Market LLC. The Copyright Shares will be issued in reliance on the exemptions from registration provided by Section 4(a)(2) under the Securities Act of 1933, as amended, and/or Regulation D promulgated thereunder.

In *November 2025*, the Company entered into a consultancy agreement with Deepttrade PTY LTD, a non-affiliated accredited investor. Pursuant to the Consultancy Agreement, the Consultant agreed to provide the Company with professional consultancy services relating to the Company’s intended expansion into *Web3.0*, digital asset, and real-world-asset platform for a total consideration of \$1,616,000. Under the terms of the Consultancy Agreement, consideration could be paid in cash, shares of the Company’s Common Stock, par value \$0.0001 per share, or a combination thereof. The board of directors of the Company approved payment of the consideration through the issuance of 898,000 shares of Common Stock, subject to the limitations of Listing Rule 5635 of The Nasdaq Stock Market LLC. The Consultancy Shares were issued in reliance on the exemptions from registration provided by Section 4(a)(2) under the Securities Act of 1933, as amended, and/or Regulation D promulgated thereunder. The Consultancy Agreement contains customary representations, warranties and covenants.

In *December 2025*, in connection with the closing of the Company’s equity financing, the outstanding \$150,000 convertible note issued in *July 2025*, together with accrued interest, was converted into 101,351 shares of the Company’s Common Stock at a conversion price of \$1.48 per share. Upon conversion, the carrying amount of the convertible note, including accrued interest, was reclassified to Common Stock and additional paid-in capital. *No* gain or loss was recognized upon conversion.

In *December 2025*, the Company entered into a purchase agreement with DeepttradeX.ai, an Australian-based digital asset trading platform, pursuant to which the Company agreed to acquire an aggregate of 25,937,800 native utility digital tokens issued by DeepttradeX.ai (the “DTT Tokens”). The DTT Tokens are intended to function as a medium of exchange for services on DeepttradeX.ai’s *Web3.0* digital asset platform and do *not* represent equity, debt, dividends, governance rights or profit-sharing interests. The total consideration for the DTT Tokens is \$2,593,780, payable, at the Company’s election, in cash, shares of Common Stock, or a combination thereof. The board of directors of the Company approved payment of the consideration through the issuance of 1,358,000 shares of Common Stock, subject to the limitations of Listing Rule 5635 of The Nasdaq Stock Market LLC and the shares were issued on *January 2, 2026*. The Consideration Shares was issued in reliance on the exemptions from registration provided by Section 4(a)(2) under the Securities Act, and/or Regulation D promulgated thereunder. The DTT Tokens will be delivered to a wallet address designated by the Company and will be subject to a 12-month lock-up period followed by a 24-month linear vesting period, with releases occurring automatically pursuant to an immutable smart contract. The Purchase Agreement contains customary representations, warranties and covenants, including representations regarding regulatory compliance, token functionality and indemnification for certain regulatory matters.

In *January 2026*, the Company issued to AlignTag’s nominee shareholder shares of its common stock with an aggregate grant-date fair value of approximately \$120,000 as consideration for the completion of the Job Fair platform and an automated customer support system for its job board, which includes a job search and application system, Applicant Tracking System (ATS), candidate engagement tools, voice interview functionality, interview analytics, monthly activity reporting, online payment and

membership systems, secure data integration and protection, hot backup infrastructure, and a centralized client and administrator dashboard. The issuance resulted in the delivery of 106,753 shares of common stock at a price of \$1.124 per share.

On *April 29, 2026*, the Company entered into a second Stock Purchase Agreement with AI Geometric Ltd., pursuant to which the Company agreed to acquire an additional 3.2% of AI Geometric Ltd.'s issued and outstanding shares for aggregate consideration of \$1,360,000. The purchase price was satisfied through the issuance of 2,000,000 shares of the Company's common stock. The Company's Board of Directors approved the issuance of the shares, subject to the limitations of Nasdaq Listing Rule 5635 and Rule 144 under the Securities Act of 1933, as amended. The shares were issued in reliance on the exemption from registration provided by Regulation S under the Securities Act. The transaction closed on May 27, 2026.

As of June 30, 2026, an aggregate of \$124,344 of principal and \$15,000 of accrued interest under a \$250,000 convertible promissory note issued in July 2025 had been converted into 199,510 shares of Common Stock at conversion prices ranging from \$0.47 to \$0.81 per share. During the three months ended June 30, 2026, \$64,714 of principal was converted into 106,686 shares of Common Stock at conversion prices ranging from \$0.47 to \$0.81 per share. As of June 30, 2026, the remaining principal balance of the note was \$125,656.

13. Stock-Based Compensation

Equity Incentive Plans – The Company’s 2013 Equity Compensation Plan (the “2013 Plan”) was adopted for the purpose of providing equity incentives to employees, officers, directors and consultants including options, restricted stock, restricted stock units, stock appreciation rights, other equity awards, annual incentive awards and dividend equivalents. Through a series of amendments to the 2013 Plan, the total number of authorized shares available for issuance of Common Stock under the Plan was 75,000 shares.

On *April 11, 2023*, the Board of Directors adopted a new equity incentive plan, the Professional Diversity Network, Inc. *2023* Equity Compensation Plan (the “*2023* Equity Compensation Plan”). The *2023* Equity Compensation Plan was approved by the Company’s stockholders on *June 15, 2023*. The *2023* Equity Compensation Plan supersedes and replaces the *2013* Plan, and *no* new awards will be granted under the *2013* Plan. Any awards outstanding under the *2013* Plan remain subject to and will be paid under the *2013* Plan. The *2023* Equity Compensation Plan reserves 750,000 shares of Common Stock for issuance of awards to directors, officers, employees and qualifying consultants of the Company and its affiliates.

Stock Options

The fair value of options is estimated on the date of grant using the Black-Scholes option pricing model. The valuation determined by the Black-Scholes pricing model is affected by the Company’s stock price as well as assumptions regarding a number of highly complex and subjective variables. These variables include, but are not limited to, expected stock price volatility over the term of the awards, and actual and projected employee stock option exercise behaviors. The risk-free rate is based on the U.S. Treasury rate for the expected life at the time of grant, volatility is based on the average long-term implied volatilities of peer companies, the expected life is based on the estimated average of the life of options using the simplified method, and forfeitures are estimated on the date of grant based on certain historical data. The Company utilizes the simplified method to determine the expected life of its options due to insufficient exercise activity during recent years as a basis from which to estimate future exercise patterns. The expected dividend assumption is based on the Company’s history and expectation of dividend payouts.

Forfeitures are required to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

The following table summarizes the Company's stock option activity for the six months ended June 30, 2026 and 2025:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in Years)	Aggregate Intrinsic Value
Outstanding - January 1, 2026	1,500	\$ 44.60	3.9	\$ -
Granted	-	-	-	-
Exercised	-	-	-	-
Forfeited	-	-	-	-
Outstanding - June 30, 2026	1,500	\$ 44.60	2.7	\$ -
Exercisable at June 30, 2026	1,500	\$ 44.60	2.7	\$ -

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in Years)	Aggregate Intrinsic Value
Outstanding - January 1, 2025	1,500	\$ 44.60	4.2	\$ -
Granted	-	-	-	-
Exercised	-	-	-	-
Forfeited	-	-	-	-
Outstanding - June 30, 2025	1,500	\$ 44.60	3.7	\$ -
Exercisable at June 30, 2025	1,500	\$ 44.60	3.7	\$ -

The Company recorded non-cash stock-based compensation expense of approximately \$0 and \$0 as a component of general and administrative expenses in the accompanying consolidated statements of operations for the six months ended June 30, 2026 and 2025, respectively, pertaining to vesting of stock option awards.

There is no unrecognized stock-based compensation expense related to unvested stock options at June 30, 2026.

Restricted Stock

For the six months ended June 30, 2026 and 2025, the following is a summary of restricted stock activity:

	Number of Shares
Outstanding - January 1, 2026	63,684
Granted	-
Forfeited	-
Vested	-
Outstanding - June 30, 2026	63,684

	Number of Shares
Outstanding - January 1, 2025	24,653
Granted	78,409
Forfeited	-
Vested	(24,653)
Outstanding - June 30, 2025	78,409

The Company recorded non-cash stock-based compensation expense of \$61,986 and \$10,402 as a component of general and administrative expenses in the accompanying consolidated statements of operations for the six months ended June 30, 2026 and 2025, respectively, pertaining to granting of restricted stock awards.

Total unrecognized stock-based compensation expense related to 63,684 unvested restricted stock units at June 30, 2026 was approximately \$121,507 and is expected to be fully recognized by the third quarter of 2026.

14. Income Taxes

The Company's quarterly income tax provision is based upon an estimated annual income tax rate. The Company's quarterly provision for income taxes also includes the tax impact of discrete items, if any, including changes in judgment about valuation allowances and effects of changes in tax laws or rates, in the interim period in which they occur.

During the three months ended June 30, 2026 and 2025, the Company recorded no income tax expense and no income tax expense, respectively.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based on consideration of these items, management has determined that enough uncertainty exists relative to the realization of the deferred income tax asset balances to warrant the application of a valuation allowance as of June 30, 2026. The valuation allowance at June 30, 2026 was \$14,307,338. The net change in the valuation allowance during the six months ended June 30, 2026 was an increase of \$1,450,058.

15. Segment Information

The Company operated in the following segments for and during the three and six months ended June 30, 2026 and 2025: (i) TalentAlly Network, which maintains and operates job board software and hosts career fairs, (ii) NAPW Network (sold on July 3, 2026), a professional networking organization that addresses personal and professional development opportunities for women, (iii) RemoteMore (beginning in fiscal 2021) which provides companies with talented engineers to provide solutions to their software needs, (iv) Corporate Licensing Service, and (v) Corporate Overhead.

The Company's CEO and CFO comprise the executive committee. The responsibility of the executive committee is to collectively assess performance and make resource allocation decisions related to the entity's operating segments. The CEO operates more as a strategic decision maker for the organization as a whole. The executive committee is the CODM because the committee is the highest level of management that performs these functions.

The following tables present key financial information related of the Company's reportable segments related to financial position as of June 30, 2026 and December 31, 2025 and results of operations for the three and six months ended June 30, 2026 and 2025:

	Three Months Ended June 30, 2026					
	TalentAlly	NAPW	RemoteMore Contracted Software Development Service	Corporate Licensing Service	Corporate Overhead	Consolidated
	Recruitment Services	Membership Services				
Membership fees and related services	\$ -	\$ 67,790	\$ -	\$ -	\$ -	\$ 67,790
Recruitment services	580,992	-	-	-	-	580,992
Contracted software development	-	-	526,034	-	-	526,034
Consumer advertising and marketing solutions	6,480	-	-	-	-	6,480
Licensing Service	-	-	-	-	-	-
Total revenues	587,472	67,790	526,034	-	-	1,181,296
Income (loss) from continuing operations	(84,365)	(25,010)	(37,896)	(1,155,638)	(437,727)	(1,740,636)
Depreciation and amortization	36,771	70	104	1,155,638	-	1,192,583
Income tax expense	-	-	-	-	-	-
Net loss from continuing operations	(59,465)	(25,010)	(38,233)	(1,155,638)	(437,727)	(1,716,073)
As of June 30, 2026						
Goodwill	\$ 465,752	\$ -	\$ 952,001	\$ -	\$ -	\$ 1,417,753
Intangibles assets, net	2,695,180	-	-	4,622,552	-	7,317,732
Assets from continuing operations, net of intercompany eliminations	14,214,476	8,998	(1,061,059)	4,622,552	-	17,784,967
	Six Months Ended June 30, 2026					
	TalentAlly	NAPW	RemoteMore Contracted Software Development Service	Corporate Licensing Service	Corporate Overhead	Consolidated
	Recruitment Services	Membership Services				
Membership fees and related services	\$ -	\$ 142,943	\$ -	\$ -	\$ -	\$ 142,943
Recruitment services	1,212,515	-	-	-	-	1,212,515
Contracted software development	-	-	1,361,870	-	-	1,361,870
Consumer advertising and marketing solutions	12,044	-	-	-	-	12,044
Licensing Service	-	-	-	-	-	-
Total revenues	1,224,559	142,943	1,361,870	-	-	2,729,372
Income (loss) from continuing operations	(280,950)	(70,744)	(50,372)	(2,311,276)	(880,876)	(3,594,218)
Depreciation and amortization	76,283	140	635	2,311,276	-	2,388,334
Income tax expense (benefit)	-	-	-	-	-	-
Net income (loss) from continuing operations	(263,815)	(70,760)	(45,457)	(2,311,276)	(880,876)	(3,572,184)

	Three Months Ended June 30, 2025					
	TalentAlly	NAPW	RemoteMore Contracted Software Development Service	Corporate	Corporate	
	Recruitment Services	Membership Services		Licensing Service	Overhead	Consolidated
Membership fees and related services	\$ -	\$ 86,378	\$ -	\$ -	\$ -	\$ 86,378
Recruitment services	880,207	-	-	-	-	880,207
Contracted software development	-	-	668,948	-	-	668,948
Consumer advertising and marketing solutions	5,957	-	-	-	-	5,957
Licensing Service	-	-	-	-	-	-
Total revenues	886,164	86,378	668,948	-	-	1,641,490
Income (loss) from continuing operations	(31,449)	(34,786)	(96,667)	-	(333,642)	(496,544)
Depreciation and amortization	39,254	117	1,315	-	-	40,686
Income tax expense (benefit)	-	-	-	-	-	-
Net income (loss) from continuing operations	(31,014)	(34,786)	(92,615)	-	(333,642)	(492,057)

As of December 31, 2025						
Goodwill	\$ 465,752	\$ -	\$ 952,001	\$ -	\$ -	\$ 1,417,753
Intangibles assets, net	9,629,008	-	-	-	-	9,629,008
Assets from continuing operations, net of intercompany eliminations	18,753,293	17,854	(903,578)	\$ -	-	17,867,569

	Six Months Ended June 30, 2025					
	TalentAlly	NAPW	RemoteMore Contracted Software Development Service	Corporate	Corporate	
	Recruitment Services	Membership Services		Licensing Service	Overhead	Consolidated
Membership fees and related services	\$ -	\$ 182,008	\$ -	\$ -	\$ -	\$ 182,008
Recruitment services	1,796,541	-	-	-	-	1,796,541
Contracted software development	-	-	1,156,455	-	-	1,156,455
Consumer advertising and marketing solutions	11,072	-	-	-	-	11,072
Licensing Service	-	-	-	-	-	-
Total revenues	1,807,613	182,008	1,156,455	-	-	3,146,076
Income (loss) from continuing operations	(90,917)	(58,471)	(184,430)	-	(868,067)	(1,201,885)
Depreciation and amortization	78,912	234	2,497	-	-	81,643
Income tax expense (benefit)	-	-	-	-	-	-
Net income (loss) from continuing operations	(129,669)	(58,470)	(176,941)	-	(868,067)	(1,233,147)

16. Subsequent Events

On July 2, 2026, the Company entered into a Stock Purchase Agreement with MEB Holding LLC (the “MEB”), pursuant to which the Company agreed to sell all of the issued and outstanding equity interests of its wholly owned subsidiaries, NAPW, Inc. and IAW, Inc., to MEB for aggregate cash consideration of \$150,000. The Company’s Board of Directors approved the transaction on July 2, 2026, and the transaction closed on July 3, 2026, upon receipt of the purchase price. Under the terms of the Stock Purchase Agreement with MEB, the transaction is effective for accounting and economic purposes as of June 30, 2026.

On July 23, 2026, the Company filed a Certificate of Amendment to its Certificate of Incorporation with the Secretary of State of the State of Delaware, which became effective at 5:30 p.m. Eastern Time on the same date. The amendment increased the Company’s authorized capital stock from 46,000,000 shares, consisting of 45,000,000 shares of common stock and 1,000,000 shares of preferred stock, to 1,001,000,000 shares, consisting of 1,000,000,000 shares of common stock and 1,000,000 shares of preferred stock. The amendment also changed the par value of the Company’s common stock and preferred stock from \$0.01 per share to \$0.0001 per share.

On August 12, 2026, the Company’s registration statement on Form S-1, as amended (File No. 333-297043), relating to a best efforts public offering was declared effective by the U.S. Securities and Exchange Commission. On August 13, 2026, the Company closed the offering and sold an aggregate of 1,620,000 units at a public offering price of \$0.28 per unit and 5,524,000 pre-funded units at a public offering price of \$0.2799 per pre-funded unit. Each unit consisted of one share of common stock and one common stock purchase warrant, and each pre-funded unit consisted of one pre-funded common stock purchase warrant and one common stock purchase warrant. The Company received gross proceeds of approximately \$2.0 million from the offering, before deducting placement agent fees and other offering expenses. Maxim Group LLC acted as the exclusive placement agent for the offering and received a cash fee equal to 6.0% of the aggregate purchase price paid by investors, in addition to reimbursement of certain expenses. Pursuant to the Company’s previously disclosed standstill agreement with Streeterville Capital, LLC, the Company agreed to pay Streeterville an amount equal to 20% of the gross proceeds from the offering, with the remaining net proceeds to be used for working capital and other general corporate purposes.

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

Objective and Forward-Looking Statements

The objective of this Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is to provide a narrative from the perspective of management that allows investors to view the company through our eyes. This discussion should be read in conjunction with the accompanying condensed consolidated financial statements and the notes thereto. Our aim is to provide a qualitative and quantitative analysis of our financial condition, results of operations, and cash flows, with a particular focus on material events, trends, and uncertainties known to management that are reasonably likely to have a material impact on our future performance.

This MD&A contains forward-looking statements within the meaning of the federal securities laws. These statements are based on our current beliefs and expectations and are not guarantees of future performance. Forward-looking statements involve known and unknown risks, uncertainties, and other factors that may cause our actual results, performance, or achievements to be materially different from any future results, performance, or achievements expressed or implied by the forward-looking statements. These factors include, but are not limited to, the risks and uncertainties discussed in Part I, Item 1A, "Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2025, and in Part II, Item 1A of this Quarterly Report on Form 10-Q. We undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date of this report.

Overview

We are an operator of professional networks with a focus on diversity, employment, education and training. We use the term "diversity" (or "diverse") to describe communities, or "affinities," that are distinct based on a wide array of criteria, including ethnic, national, cultural, racial, religious or gender classification. We serve a variety of such communities, including Women, Hispanic-Americans, African-Americans, Asian-Americans, persons with disabilities, Military Professionals, and Lesbian, Gay, Bisexual and Transgender (LGBTQ+) persons, and students and graduates seeking to transition from education to career. The Company's technology platform is integral to the operation of its business.

As of June 30, 2026, we operated in three business segments. TalentAlly Network, our primary business segment, includes online professional job seeking communities with career resources tailored to the needs of various diverse cultural groups and employers looking to hire members of such groups. Our second business segment consists of the NAPW Network, a women-only professional networking organization. On July 3, 2026, the Company completed the sale of the NAPW Network and IAW, Inc. The divestiture aligns with the Company's strategy to focus on its core business operations and reduce operating losses. Our third business segment consists of RemoteMore, which connects companies with reliable, cost-efficient software developers. Currently, we operates in two business segments, TalentAlly Network and RemoteMore (beginning in fiscal 2021).

While maintaining our legacy operations, we are aggressively expanding into new, unrelated business areas, including the acquisition and monetization of entertainment assets (specifically, musical copyrights) and the exploration of Web 3.0 technologies, such as the tokenization of Real World Assets ("RWA"). This strategic redirection is a material event driven by management's assessment that our traditional recruitment business faces significant headwinds and that diversification is essential for long-term value creation. However, this strategy carries substantial execution risk, involves entering markets where we have limited operational history, and has fundamentally altered our capital requirements and liquidity profile. The success of this pivot is a primary known uncertainty that is reasonably likely to cause our future operating results and financial condition to differ materially from reported historical information. To support these exploratory efforts, in 2025, we established a wholly owned subsidiary, Colorful Japan, in Tokyo, Japan. Colorful Japan is not currently a material contributor to our revenues, and its operations remain in development.

Sources of Revenue

We generate revenue from (i) recruitment services, (ii) contracted software development, (iii) paid membership subscriptions and related services, (iv) consumer advertising and consumer marketing solutions, and (v) licensing service. The following table sets forth our revenues from each product as a percentage of total revenue for the periods presented. The period-to-period comparison of financial results is not necessarily indicative of future results.

	Six Months Ended June 30,	
	2026	2025
Revenues:		
Membership fees and related services	5.2%	5.7%
Recruitment services	44.4%	57.2%
Contracted software development	49.9%	36.8%
Consumer advertising and marketing solutions	0.5%	0.3%
Licensing Service	0.0%	0.0%

This shift in revenue mix, with a significant decline in the contribution from our traditional Recruitment Services and a corresponding increase from Contracted Software Development, is a direct reflection of the market trends and strategic shifts discussed in this MD&A.

Recruitment Services. We provide recruitment services through TalentAlly Network to medium and large employers seeking to diversify their employment ranks. Our recruitment services revenue is derived from the Company's agreements through single and multiple job postings, recruitment media, career fair events, talent recruitment communities, basic and premier corporate memberships, hiring campaign marketing and advertising, e-newsletter marketing and research and outreach services. Recruitment revenue includes revenue recognized from direct sales to customers for recruitment services and events, as well as revenue from the Company's direct e-commerce sales. The majority of recruitment services revenue comes from job recruitment advertising as well as face-to-face and virtual recruiting events for Engineering, Technology and Security Clearance positions, designed to attract diverse candidates who may also have STEM-based backgrounds through our wholly-owned company Expo Experts Events, LLC. We also offer to businesses subject to the regulations and requirements of the Equal Employment Opportunity Office of Federal Contract Compliance Program ("OFCCP") our OFCCP compliance product, which combines diversity recruitment advertising with job postings and compliance services.

Membership Fees and Related Services. We offer paid membership subscriptions through our NAPW Network, a women-only professional networking organization, operated by our wholly-owned subsidiary. Members gain access to networking opportunities through a members-only website at www.iawomen.com and "virtual" events which occur in a webcast setting, as well as through in-person networking local chapters. NAPW members also receive ancillary (non-networking) benefits such as educational discounts, shopping, and other membership perks. The basic package is the Initiator level, which provides online benefits only. Upgrades to an Innovator membership include the Initiator benefits, as well as a mentorship match service and upgraded content. The most comprehensive level, the Influencer, provides all the aforementioned benefits plus expanded opportunities for marketing and promotion, including the creation and distribution of a press release, which is sent over major newswires. Additionally, all memberships offer educational programs with discounts or at no cost, based on the membership level. NAPW Membership is renewable and fees are payable on an annual or monthly basis, with the first fee payable at the commencement of the membership.

Contracted Software Development. RemoteMore generates revenue by providing contracted programmers to assist customers with their software solutions through customized software development.

Consumer Advertising and Consumer Marketing Solutions. We work with partner organizations to provide them with integrated job boards on their websites which offer their members or customers the ability to post recruitment advertising and job openings. We generate revenue from fees charged for those postings.

Licensing Service. The Company's licensing service initiatives are in the early stages of development. Since September 2025, the Company has acquired the copyrights to 28 original musical works. As of June 30, 2026, the copyright assets have not generated revenue. The Company is in the process of developing and implementing commercialization strategies, including licensing and promotional activities, for these copyright assets. While management intends to pursue revenue-generating opportunities related to these assets, there can be no assurance as to the timing or extent of any revenue that may be generated.

Cost of Revenue

Cost of revenue primarily consists of costs of producing job fair and other events, revenue sharing with partner organizations, and costs of web hosting and operating our websites for the TalentAlly Network. Costs of hosting member conferences and local chapter meetings are also included in the cost of revenue for NAPW Network. Costs of paying outside developers are included in the cost of revenue for RemoteMore.

	Six Months Ended June 30,	
	2026	2025
Cost of revenues:		
TalentAlly Network	23.3%	31.9%
NAPW Network	0.3%	0.8%
RemoteMore	76.4%	67.3%
Corporate Licensing Service	0.0%	0.0%

The significant increase in the proportion of our cost of revenue attributable to RemoteMore reflects the change in our revenue mix. The contracted software development business has a fundamentally higher cost of revenue as a percentage of its revenue compared to our legacy recruitment services business.

Results of Operations

Revenues

Total Revenues

The following tables set forth our revenue for the periods presented. The period-to-period comparison of financial results is not necessarily indicative of future results.

	Three Months Ended June 30,		Change (Dollars)	Change (Percent)
	2026	2025		
	(in thousands)			
Revenues:				
Membership fees and related services	\$ 68	\$ 86	\$ (18)	(20.9)%
Recruitment services	581	881	(300)	(34.1)%
Contracted software development	526	668	(142)	(21.3)%
Consumer advertising and marketing solutions	6	6	-	0.0%
Licensing Service	-	-	-	0.0%
Total revenues	\$ 1,181	\$ 1,641	\$ (460)	(28.0)%

Total revenues for the three months ended June 30, 2026, decreased approximately \$460,000, or 28.0%, to approximately \$1,181,000 from approximately \$1,641,000 during the same period in the prior year. The decrease was primarily attributable to an approximate \$300,000 decline in recruitment services revenue, an approximate \$142,000 decline in contracted software development revenue, and an approximate \$18,000 decline in membership fees and related services revenue. Recruitment services revenue decreased primarily due to lower customer hiring activity and reduced spending on recruitment solutions. In addition, continued changes in corporate priorities surrounding diversity, equity, and inclusion (“DEI”) initiatives, together with evolving legal and regulatory developments, caused certain customers to reduce or delay spending on diversity-focused recruitment programs, negatively impacting demand for our diversity recruiting solutions. Contracted software development revenue decreased primarily due to reduced customer demand for outsourced software development and technical staffing services. Customers continued to exercise greater caution in technology spending, while advancements in AI-driven development tools have enabled some organizations to perform certain development functions with fewer external resources, resulting in lower demand for traditional outsourced development services. Membership fees and related services revenue decreased primarily due to lower membership activity. The Company continues to evaluate opportunities for its licensing business and has not yet commenced commercial licensing activities. Accordingly, no licensing revenue was recognized during the three months ended June 30, 2026.

	Six Months Ended June 30,		Change (Dollars)	Change (Percent)
	2026	2025		
	(in thousands)			
Revenues:				
Membership fees and related services	\$ 143	\$ 182	\$ (39)	(21.4)%
Recruitment services	1,213	1,797	(584)	(32.5)%
Contracted software development	1,362	1,156	206	17.8%
Consumer advertising and marketing solutions	12	11	1	9.1%
Licensing Service	-	-	-	0.0%
Total revenues	\$ 2,730	\$ 3,146	\$ (416)	(13.2)%

Total revenues for the six months ended June 30, 2026, decreased approximately \$416,000, or 13.2%, to approximately \$2,730,000 from approximately \$3,146,000 during the same period in the prior year. The decrease was primarily attributable to an approximate \$584,000 decline in recruitment services revenue and an approximate \$39,000 decline in membership fees and related services revenue, partially offset by an approximate \$206,000 increase in contracted software development revenue. Recruitment services revenue decreased primarily due to lower customer hiring activity and reduced spending on recruitment solutions. In addition, continued changes in corporate priorities surrounding diversity, equity, and inclusion (“DEI”) initiatives, together with evolving legal and regulatory developments, caused certain customers to reduce or delay spending on diversity-focused recruitment programs, negatively impacting demand for our diversity recruiting solutions. Contracted software development revenue increased primarily due to strong revenue generated from several significant customer engagements and expanded work with existing customers during the first quarter of 2026. The increase was partially offset by lower revenue during the second quarter of 2026 as certain large customer projects were completed or substantially scaled back, resulting in lower demand for outsourced software development and technical staffing services compared to the prior-year period. Membership fees and related services revenue decreased primarily due to lower membership activity. The Company continues to evaluate opportunities for its licensing business and has not yet commenced commercial licensing activities. Accordingly, no licensing revenue was recognized during the six months ended June 30, 2026.

Revenues by Segment

The following table sets forth each operating segment's revenues for the periods presented. The period-to-period comparison is not necessarily indicative of future results.

	Three Months Ended June 30,		Change	Change
	2026	2025	(Dollars)	(Percent)
	(in thousands)			
TalentAlly Network	\$ 587	\$ 887	\$ (300)	(33.8)%
NAPW Network	68	86	(18)	(20.9)%
RemoteMore	526	668	(142)	(21.3)%
Corporate Licensing Service	-	-	-	0.0%
Total revenues	\$ 1,181	\$ 1,641	\$ (460)	(28.0)%

During the three months ended June 30, 2026, our TalentAlly Network generated approximately \$587,000 in revenues compared to approximately \$887,000 in revenues during the three months ended June 30, 2025, a decrease of approximately \$300,000, or 33.8%. The decrease in the TalentAlly Network segment was due to reduced demand for online recruitment and hiring solutions, consistent with broader market conditions affecting the talent acquisition industry. In addition, certain employers moderated or deferred spending on diversity, equity, and inclusion focused initiatives, which contributed to the decrease in demand for certain of our offerings. The Company continues to monitor these trends and adjust its operating strategy accordingly.

During the three months ended June 30, 2026, NAPW Network generated approximately \$68,000, compared to revenues of approximately \$86,000 during the same period in the prior year, a decrease of approximately \$18,000, or 20.9%. The decrease in the NAPW Network segment was primarily driven by reduced demand for membership-based professional networking organizations, reflecting broader shifts in market preferences. In addition, reduced access to funding and capital for certain segments of entrepreneurs, including women entrepreneurs, had impacted their ability and willingness to participate in fee-based membership programs and related events, which contributed to lower membership acquisition and renewal activity during the period.

During the three months ended June 30, 2026, RemoteMore revenue was approximately \$526,000, compared to revenues of approximately \$668,000 during the same period in the prior year, a decrease of approximately \$142,000, or 21.3%. The decrease in the RemoteMore segment was due to reduced customer demand for outsourced software development and technical staffing services. Customers continued to exercise greater caution in technology spending, while advancements in AI-driven development tools have enabled some organizations to perform certain development functions with fewer external resources, resulting in lower demand for traditional outsourced development services.

	Six Months Ended June 30,		Change	Change
	2026	2025	(Dollars)	(Percent)
	(in thousands)			
TalentAlly Network	\$ 1,225	\$ 1,808	(583)	(32.2)%
NAPW Network	143	182	(39)	(21.4)%
RemoteMore	1,362	1,156	206	17.8%
Corporate Licensing Service	-	-	-	0.0%
Total revenues	\$ 2,730	\$ 3,146	\$ (416)	(13.2)%

During the six months ended June 30, 2026, our TalentAlly Network generated approximately \$1,225,000 in revenues compared to approximately \$1,808,000 in revenues during the six months ended June 30, 2025, a decrease of approximately \$583,000, or 32.2%. The decrease in the TalentAlly Network segment was due to reduced demand for online recruitment and hiring solutions, consistent with broader market conditions affecting the talent acquisition industry. In addition, certain employers moderated or deferred spending on diversity, equity, and inclusion focused initiatives, which contributed to the decrease in demand for certain of our offerings. The Company continues to monitor these trends and adjust its operating strategy accordingly.

During the six months ended June 30, 2026, NAPW Network revenues generated approximately \$143,000 compared to revenues of approximately \$182,000 during the same period in the prior year, a decrease of approximately \$39,000 or 21.4%. The decrease in the NAPW Network segment was primarily driven by reduced demand for membership-based professional networking organizations, reflecting broader shifts in market preferences. In addition, reduced access to funding and capital for certain segments of entrepreneurs, including women entrepreneurs, had impacted their ability and willingness to participate in fee-based membership programs and related events, which contributed to lower membership acquisition and renewal activity during the period.

During the six months ended June 30, 2026, RemoteMore revenue was approximately \$1,362,000 compared to revenues of approximately \$1,156,000 during the same period in the prior year, an increase of approximately \$206,000, or 17.8%. The significant growth in the RemoteMore segment was due to strong revenue generated from several significant customer engagements and expanded work with existing customers during the first quarter of 2026. The increase was partially offset by lower revenue during the second quarter of 2026 as certain large customer projects were completed or substantially scaled back, resulting in lower demand for outsourced software development and technical staffing services compared to the prior-year period.

The Company's licensing service initiatives are in the early stages of development. Since September 2025, the Company has acquired the copyrights to 28 original musical works. As of June 30, 2026, the copyright assets had not generated revenue. The Company is in the process of developing and implementing commercialization strategies, including licensing and promotional activities, for these copyright assets. While management intends to pursue revenue-generating opportunities related to these assets, there can be no assurance as to the timing or extent of any revenue that may be generated.

Costs and Expenses

The following tables set forth our costs and expenses for the periods presented. The period-to-period comparison of financial results is not necessarily indicative of future results.

	Three Months Ended June 30,		Change	Change
	2026	2025	(Dollars)	(Percent)
	(in thousands)			
Cost and expenses:				
Cost of revenues	\$ 719	\$ 929	\$ (210)	(22.6)%
Sales and marketing	339	494	(155)	(31.4)%
General and administrative	671	674	(3)	(0.4)%
Depreciation and amortization	1,193	41	1,152	2,809.8%
Total pre-tax cost and expenses:	\$ 2,922	\$ 2,138	\$ 784	36.7%

	Six Months Ended June 30,		Change	Change
	2026	2025	(Dollars)	(Percent)
	(in thousands)			
Cost and expenses:				
Cost of revenues	\$ 1,733	\$ 1,648	\$ 85	5.2%
Sales and marketing	759	1,065	(306)	(28.7)%
General and administrative	1,444	1,553	(109)	(7.0)%
Depreciation and amortization	2,388	82	2,306	2,812.2%
Total cost and expenses:	\$ 6,324	\$ 4,348	\$ 1,976	45.4%

Cost of revenues: Cost of revenues during the three months ended June 30, 2026 was approximately \$719,000, a decrease of approximately \$210,000, or 22.6%, from approximately \$929,000 during the same period of the prior year. The decrease was primarily attributable to an approximate \$122,000 reduction in RemoteMore's contract costs, consisting of fees paid to external developers, which declined in line with lower related revenues. The decrease was also attributable to an approximate \$48,000 reduction in payroll-related costs and an approximate \$40,000 reduction in event-related costs, primarily as a result of workforce restructuring and increased system automation.

Cost of revenues: Cost of revenues during the six months ended June 30, 2026 was approximately \$1,733,000, an increase of approximately \$85,000, or 5.2%, from approximately \$1,648,000 during the same period of the prior year. The decrease was predominantly due to an approximate \$243,000 increase in RemoteMore's contract costs, which were the fees paid to external developers and were directly correlated with the segment's significant revenue growth. Partially offsetting the increases was a decrease of approximately \$87,000 in payroll-related costs and approximately \$71,000 in event-related and other costs due to labor restructuring and system automation.

Sales and marketing expense: Sales and marketing expense during the three months ended June 30, 2026 was approximately \$339,000, a decrease of approximately \$155,000, or 31.4%, from \$494,000 during the same period in the prior year. The decrease was predominantly attributed to approximately \$33,000 of reduced payroll and commission related costs, \$78,000 reduction in marketing and \$44,000 related to consulting and software costs. The overall reduction in sales and marketing expenses was driven by lower revenue levels and improved operational efficiency, which collectively resulted in decreased spending across payroll, marketing, consulting, and other related services.

Sales and marketing expense: Sales and marketing expense during the six months ended June 30, 2026 was approximately \$759,000, a decrease of approximately \$306,000, or 28.7%, from \$1,065,000 during the same period in the prior year. The decrease was predominantly attributed to approximately \$82,000 of reduced payroll and commission related costs, \$127,000 reduction in marketing and \$97,000 related to consulting and software costs. The overall reduction in sales and marketing expenses was driven by lower revenue levels and improved operational efficiency, which collectively resulted in decreased spending across payroll, marketing, consulting, and other related services.

General and administrative expense: General and administrative expenses decreased by approximately \$3,000, or 0.4%, to approximately \$671,000 during the three months ended June 30, 2026, as compared to approximately \$674,000 during the same period in the prior year. The decrease in expenses was predominantly due to reductions of approximately \$3,000 in miscellaneous expenses.

General and administrative expense: General and administrative expenses decreased by approximately \$109,000, or 7.0%, to approximately \$1,444,000 during the six months ended June 30, 2026, as compared to approximately \$1,553,000 during the same period in the prior year. The decrease was primarily attributable to an approximate \$41,000 reduction in computer service expenses resulting from workforce reductions and lower software subscription and information technology service costs, an approximate \$44,000 reduction in bad debt expense due to improved collections, and an approximate \$24,000 reduction in filing fees due to fewer regulatory filings.

Depreciation and amortization expense: Depreciation and amortization expense during the three months ended June 30, 2026 was approximately \$1,193,000, an increase of approximately \$1,152,000 or 2,809.8%, compared to approximately \$41,000 during the same period in the prior year. The increase was primarily attributable to the amortization of musical works copyrights acquired by the Company, which are being amortized over an estimated 18-month useful life based on the expected peak streaming period.

Depreciation and amortization expense: Depreciation and amortization expense during the six months ended June 30, 2026 was approximately \$2,388,000, an increase of approximately \$2,306,000 or 2,812.2% compared to approximately \$82,000 during the same period in the prior year. The increase was primarily attributable to the amortization of musical works copyrights acquired by the Company, which are being amortized over an estimated 18-month useful life based on the expected peak streaming period.

Costs and Expenses by Segment

The following table sets forth each operating segment's costs and expenses for the periods presented. The period-to-period comparison is not necessarily indicative of future results.

	Three Months Ended June 30,		Change	Change
	2026	2025	(Dollars)	(Percent)
	(in thousands)			
TalentAlly Network	\$ 671	\$ 918	\$ (247)	(26.9)%
NAPW Network	93	120	(27)	(22.5)%
RemoteMore	564	766	(202)	(26.4)%
Corporate Licensing Service	1,156	-	1,156	100.0%
Corporate Overhead	438	334	104	31.1%
Total costs and expenses:	\$ 2,922	\$ 2,138	\$ 784	36.7%

	Six Months Ended June 30,		Change	Change
	2026	2025	(Dollars)	(Percent)
	(in thousands)			
TalentAlly Network	\$ 1,506	\$ 1,899	\$ (393)	(20.7)%
NAPW Network	214	240	(26)	(10.8)%
RemoteMore	1,412	1,341	71	5.3%
Corporate Licensing Service	2,311	-	2,311	100.0%
Corporate Overhead	881	868	13	1.5%
Total costs and expenses:	\$ 6,324	\$ 4,348	\$ 1,976	45.4%

For the three months ended June 30, 2026, costs and expenses related to our TalentAlly Network segment decreased by approximately \$247,000, or 26.9%, as compared to the same period in the prior year. The decrease was primarily a result of reductions of approximately \$124,000 in payroll related costs, approximately \$76,000 in sales and marketing costs, approximately \$7,000 in revenue-sharing costs, approximately \$28,000 in third-party software related to sales, approximately \$10,000 in bad debt expenses, approximately \$9,000 in legal expenses, and \$7,000 in miscellaneous expenses. These decreases were mainly attributable to workforce reductions and operational efficiencies implemented in response to decreased revenue. Partially offsetting the decreases was an increase of approximately \$14,000 in franchise tax expenses, primarily due to an increase in outstanding shares.

For the six months ended June 30, 2026, costs and expenses related to our TalentAlly Network segment decreased by approximately \$393,000, or 20.7%, as compared to the same period in the prior year. The decrease was primarily a result of reductions of approximately \$263,000 in payroll related costs, approximately \$121,000 in sales and marketing costs, approximately \$21,000 in revenue-sharing costs, approximately \$49,000 in third-party software related to sales, and approximately \$14,000 in bad debt expenses, approximately \$9,000 in legal expenses, and \$19,000 in miscellaneous expenses. These decreases were mainly attributable to workforce reductions and operational efficiencies implemented in response to decreased revenue. Partially offsetting the decreases was an increase of approximately \$103,000 in franchise tax expenses, primarily due to an increase in outstanding shares.

For the three months ended June 30, 2026, costs and expenses related to the NAPW Network decreased by approximately \$27,000, or 22.5%, as compared to the same period in the prior year. The decrease was primarily attributable to an approximate \$19,000 reduction in sales and marketing expenses due to reduced marketing and promotional activities and an approximate \$8,000 reduction in costs of sales and services due to lower levels of membership-related service activities.

For the six months ended June 30, 2026, costs and expenses related to the NAPW Network decreased by approximately \$26,000, or 10.8%, as compared to the same period in the prior year. The decrease was primarily attributable to an approximate \$19,000 reduction in sales and marketing expenses due to reduced marketing and promotional activities and an approximate \$8,000 reduction in costs of sales and services due to lower levels of membership-related service activities, partially offset by an approximate \$1,000 increase in general and administrative expenses resulting from slightly higher operating and administrative support costs.

For the three months ended June 30, 2026, costs and expenses related to RemoteMore decreased by approximately \$202,000, or 26.4%, as compared to the same period in the prior year, predominantly due to a decrease of approximately \$202,000 in costs of sales. The decrease in costs of sales was primarily attributable to the expiration or completion of certain customer service engagements, which resulted in fewer active projects and lower related personnel and service delivery costs.

For the six months ended June 30, 2026, costs and expenses related to RemoteMore increased by approximately \$71,000, or 5.3%, as compared to the same period in the prior year, predominantly due to an increase of approximately \$71,000 in costs of sales. The increase was primarily attributable to higher contractor costs and consulting service expenses incurred during the first quarter of 2026, driven by increased revenue-generating activities and the need for additional technical and project support to meet client demand.

For the three months ended June 30, 2026, costs and expenses related to Licensing Service increased by approximately \$1,156,000, or 100%, as compared to the same period in the prior year. The increase was predominantly attributable to the amortization of musical works copyrights acquired by the Company, which are being amortized over an estimated 18-month useful life based on the expected peak streaming period.

For the six months ended June 30, 2026, costs and expenses related to Licensing Service increased by approximately \$2,311,000, or 100%, as compared to the same period in the prior year. The increase was predominantly attributable to the amortization of musical works copyrights acquired by the Company, which are being amortized over an estimated 18-month useful life based on the expected peak streaming period.

For the three months ended June 30, 2026, costs and expenses related to Corporate Overhead increased by approximately \$104,000, or 31.1%, as compared to the same period in the prior year. The increase was predominantly due to approximately \$113,000 share-based compensation expenses, and approximately \$5,000 in financial expenses. Partially offsetting the increases was the decreases of approximately \$14,000 in payroll related costs.

For the six months ended June 30, 2026, costs and expenses related to Corporate Overhead increased by approximately \$13,000, or 1.5%, as compared to the same period in the prior year. The increase was predominantly due to approximately \$5,000 in financial expenses and \$8,000 miscellaneous expenses.

Income Tax Expense (Benefit)

Three Months Ended June 30,	Change	Change
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	<u>2026</u>	<u>2025</u>	<u>(Dollars)</u>	<u>(Percent)</u>
	(in thousands)			
Income tax expense (benefit)	\$ -	\$ -	\$ -	0.0%

	<u>Six Months Ended June 30,</u>	<u>2025</u>	<u>Change</u>	<u>Change</u>
	<u>2026</u>		<u>(Dollars)</u>	<u>(Percent)</u>
	(in thousands)			
Income tax expense (benefit)	\$ -	\$ -	\$ -	0.0%

During the three months ended June 30, 2026 and 2025, we recorded an income tax expense of approximately \$0 and \$0, respectively.

During the six months ended June 30, 2026 and 2025, we recorded an income tax expense of approximately \$0 and \$0, respectively.

Net loss from Continuing Operations, Net of Tax

The following table sets forth each operating segment's net loss for the periods presented. The period-to-period comparison is not necessarily indicative of future results.

	Three Months Ended June 30,		Change	Change
	2026	2025	(Dollars)	(Percent)
	(in thousands)			
TalentAlly Network	\$ (59)	\$ (31)	\$ (28)	(90.3)%
NAPW Network	(25)	(35)	10	28.6%
RemoteMore	(38)	(93)	55	59.1%
Corporate Licensing Service	(1,156)	-	(1,156)	(100.0)%
Corporate Overhead	(438)	(333)	(105)	(31.5)%
Consolidated net loss from continuing operations, net of tax	\$ (1,716)	\$ (492)	\$ (1,224)	(248.8)%

	Six Months Ended June 30,		Change	Change
	2026	2025	(Dollars)	(Percent)
	(in thousands)			
TalentAlly Network	\$ (264)	\$ (130)	\$ (134)	(103.1)%
NAPW Network	(71)	(58)	(13)	(22.4)%
RemoteMore	(45)	(177)	132	74.6%
Corporate Overhead	(2,311)	-	(2,311)	(100.0)%
Corporate Licensing Service	(881)	(868)	(13)	(1.5)%
Consolidated net loss from continuing operations, net of tax	\$ (3,572)	\$ (1,233)	\$ (2,339)	(189.7)%

Consolidated Net Loss from Continuing Operations, Net of Tax. As the result of the factors discussed above, during the three months ended June 30, 2026, we incurred a net loss from continuing operations of approximately \$1,716,000, an increase in the net loss of approximately \$1,224,000, compared to a net loss of approximately \$492,000 during the three months ended June 30, 2025. As the result of the factors discussed above, during the six months ended June 30, 2026, we incurred a net loss from continuing operations of approximately \$3,572,000, an increase in the net loss of approximately \$2,339,000, compared to a net loss of approximately \$1,233,000 during the six months ended June 30, 2025.

Liquidity and Capital Resources

Our analysis of liquidity and capital resources is critical for understanding the material risks and uncertainties affecting our financial condition. As disclosed in Note 2 to the consolidated financial statements, our recurring losses from operations, negative cash flow from operating activities, and working capital deficiency raise substantial doubt about our ability to continue as a going concern.

The following table summarizes our liquidity and capital resources as of June 30, 2026 and December 31, 2025:

	June 30, 2026	December 31, 2025
	(in thousands)	
Cash and cash equivalents	\$ 142	\$ 217
Working deficiency from continuing operations	\$ (947)	\$ (4,043)

Our principal sources of liquidity are our cash and cash equivalents, including cash from operations and net proceeds from the issuances of Common Stock, if any. As of June 30, 2026, we had cash and cash equivalents of approximately \$142,000 compared to cash and cash equivalents of approximately \$217,000 at December 31, 2025. Our working capital deficit had decreased from approximately \$4,043,000 as of December 31, 2025 to approximately \$947,000 as of June 30, 2026. We had an accumulated deficit of approximately \$112,431,000 at June 30, 2026.

Our history of recurring losses from operations, raise substantial doubt about our ability to continue as a going concern. Our ability to continue as a going concern is dependent on our ability to further implement our business plan, raise capital, and generate revenues. The consolidated financial statements do not include any adjustments that might be necessary if we are unable to continue as a going concern.

Our cash and cash equivalents at June 30, 2026 and cash flow from operations may not be sufficient to meet our working capital requirements for the fiscal year ending December 31, 2026. To address our liquidity needs, management has implemented cost-reduction measures, including personnel reductions and vendor renegotiations, and is actively exploring additional financing opportunities. There can be no assurance that our business plans and actions will be successful, that we will generate anticipated revenues, or that unforeseen circumstances will not require additional funding sources in the future or accelerate plans to conserve liquidity. Future efforts to raise additional funds may not be successful or may not be available on acceptable terms, if at all.

We are closely monitoring operating costs and capital requirements. Management continues to reduce and control costs through personnel reductions, replacement and renegotiation of certain vendor arrangements, and the implementation of technology to reduce manual effort in routine operations. If we are unable to further reduce costs sufficiently, we may be required to dispose of certain assets or discontinue certain business lines.

Our TalentAlly Network sells recruitment services to employers, generally on a 30-to-90-day period or a one-year contract basis. This revenue is also deferred and recognized over the period of the contract. Our payment terms for TalentAlly Network customers range from 30 to 90 days. We consider the difference between the payment terms and payment receipts a result of transit time for invoice and payment processing and to date have not experienced any liquidity issues as a result of the payments extending past the specified terms. Our NAPW Network collects membership fees generally at the commencement of the membership term or at renewal periods thereafter. The memberships we sell are for one year and we defer recognition of the revenue from membership sales and renewals and recognize it ratably over the twelve-month period. We also offer monthly membership for NAPW for which we collect a fee on a monthly basis. RemoteMore generates revenue by providing contracted programmers to assist customers with their software solutions through customized software development. Customers are billed for services during the period in which the work is performed, and payment terms are typically net 10 days.

	Six Months Ended June 30,	
	2026	2025
	(in thousands)	
Cash provided by (used in) continued operations		
Operating activities	\$ (955)	\$ (780)
Investing activities	(15)	(1,304)
Financing activities	2,140	478
Net increase (decrease) in cash and cash equivalents	\$ 1,170	\$ (1,606)

Cash and Cash Equivalents

The Company considers cash and cash equivalents to include all short-term, highly liquid investments that are readily convertible to known amounts of cash and have original maturities of three months or less and may consist of cash on deposit with banks and investments in money market funds, corporate and municipal debt and U.S. government and U.S. government agency securities. As of June 30, 2026 and December 31, 2025, cash and cash equivalents consisted of cash on deposit with banks and investments in money market funds.

Net Cash Used in Operating Activities

Net cash used in operating activities from continuing operations during the six months ended June 30, 2026, was approximately \$955,000. We had a net loss from continuing operations of approximately \$3,572,000 during the six months ended June 30, 2026, which included stock-based compensation expense of approximately \$62,000, depreciation and amortization expense of approximately \$2,388,000, reversal of provision for doubtful accounts of approximately \$27,000, loss on disposal of property, plant and equipment of approximately \$19,000, and noncash lease expense of \$46,000. Changes in operating assets and liabilities provided approximately \$129,000 of cash during the six months ended June 30, 2026.

Net cash used in operating activities from continuing operations during the six months ended June 30, 2025, was approximately \$780,000. We had a net loss from continuing operations of approximately \$1,233,000 during the six months ended June 30, 2025, which included stock-based compensation expense of approximately \$22,000, depreciation and amortization expense of approximately \$82,000, provision for doubtful accounts of approximately \$18,000, unrealized loss on investment of \$44,000 and noncash lease expense of \$46,000. Changes in operating assets and liabilities provided approximately \$242,000 of cash during the six months ended June 30, 2025.

Net Cash Used in Investing Activities

Net cash used in investing activities from continuing operation during the six months ended June 30, 2026, was \$15,000

Net cash used in investing activities from continuing operations during the six months ended June 30, 2025, was \$1,304,000, which is primary related to the investment in 13% of AI Geometric Ltd's outstanding shares.

Net Cash Provided by Financing Activities

Net cash provided by financing activities during the six months ended June 30, 2026, was approximately \$2,140,000, consisting of \$1,495,000 in proceeds from the sale of Common Stock and \$645,000 in short-term debt, which is non-interest bearing in amount.

Net cash provided by financing activities during the six months ended June 30, 2025 was approximately \$478,000, consisting of \$400,000 in proceeds from the sale of Common Stock and \$78,000 in short-term debt, which is non-interest bearing and immaterial in amount.

Our material cash requirements for the next 12 months consist of funding our operating losses, and servicing any debt. The certainty of our cash flows from outside sources is low, as future financing is not guaranteed and may not be available on terms acceptable to us, if at all. Failure to secure sufficient additional capital in a timely manner will have a material adverse effect on our business and would likely force us to default on our obligations and scale back or cease operations.

Non-GAAP Financial Measure

Adjusted EBITDA

We believe Adjusted EBITDA provides a meaningful representation of our operating performance that provides useful information to investors regarding our financial condition and results of operations. Adjusted EBITDA is commonly used by financial analysts and others to measure operating performance. Furthermore, management believes that this non-GAAP financial measure may provide investors with additional meaningful comparisons between current results and results of prior periods as they are expected to be reflective of our core ongoing business. However, while we consider Adjusted EBITDA to be an important measure of operating performance, Adjusted EBITDA and other non-GAAP financial measures have limitations, and investors should not consider them in isolation or as a substitute for analysis of our results as reported under GAAP. Further, Adjusted EBITDA, as we define it, may not be comparable to EBITDA, or similarly titled measures, as defined by other companies.

The following non-GAAP financial information in the tables that follow are reconciled to comparable information presented using GAAP, derived by adjusting amounts determined in accordance with GAAP for certain items presented in the accompanying selected operating statement data.

The following table provides a reconciliation of net loss from continuing operations to Adjusted EBITDA, the most directly comparable GAAP measure reported in our consolidated financial statements, for the three and six months ended June 30, 2026 and 2025:

	Three Months Ended June 30,	
	2026	2025
	(in thousands)	
Loss from Continuing Operations, net of tax	\$ (1,716)	\$ (492)
Stock-based compensation	31	(15)
Loss attributable to noncontrolling interest	6	16
Depreciation and amortization	1,193	41
Other (expense) income, net	(25)	(4)
Income tax expense (benefit)	-	-
Adjusted EBITDA	\$ (511)	\$ (454)

	Six Months Ended June 30,	
	2026	2025
	(in thousands)	
Loss from Continuing Operations	\$ (3,572)	\$ (1,233)
Stock-based compensation	62	22
Loss attributable to noncontrolling interest	7	35
Depreciation and amortization	2,388	82
Other (expense) income, net	(22)	31
Income tax expense (benefit)	-	-
Adjusted EBITDA	\$ (1,137)	\$ (1,063)

Off-Balance Sheet Arrangements

Since inception, we have not engaged in any off-balance sheet activities within the meaning of Item 303 of Regulation S-K.

Critical Accounting Policies and Estimates

Our management's discussion and analysis of financial condition and results of operations is based on our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States, or U.S. GAAP. The preparation of these consolidated financial statements requires us to exercise considerable judgment with respect to establishing sound accounting policies and in making estimates and assumptions that affect the reported amounts of our assets and liabilities, our recognition of revenues and expenses, and disclosure of commitments and contingencies at the date of the consolidated financial statements.

We base our estimates on our historical experience, knowledge of our business and industry, current and expected economic conditions, the attributes of our products, the regulatory environment, and in certain cases, the results of outside appraisals. We periodically re-evaluate our estimates and assumptions with respect to these judgments and modify our approach when circumstances indicate that modifications are necessary. These estimates and assumptions form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources.

While we believe that the factors we evaluate provide us with a meaningful basis for establishing and applying sound accounting policies, we cannot guarantee that the results will always be accurate. Since the determination of these estimates requires the exercise of judgment, actual results could differ from such estimates.

While our significant accounting policies are more fully described in Note 3 to our consolidated financial statements included in Part I, Item 1 of this Quarterly Report, we believe that the following accounting policies are the most critical to aid you in fully understanding and evaluating our reported financial results and affect the more significant judgments and estimates that we use in the preparation of our consolidated financial statements.

Accounts Receivable and Allowance for Credit Losses

Our accounts receivable consists principally of uncollateralized amounts billed to customers. These receivables are generally due within 30 to 90 days of the period in which the corresponding sales occur and do not bear interest. They are recorded at net realizable value less an allowance for credit losses and are classified as account receivable, net on the consolidated balance sheets.

We adopted ASU 2016-13, Financial Instruments - Credit Losses, in the first quarter of fiscal 2023. This accounting standard requires companies to measure expected credit losses on financial instruments based on the total estimated amount to be collected over the lifetime of the instrument. Prior to the adoption of this accounting standard, we recorded incurred loss reserves against receivable balances based on current and historical information.

We consider both current conditions and reasonable and supportable forecasts of future conditions when evaluating expected credit losses for uncollectible receivable balances. In our determination of the allowance for credit losses, we pool receivables by days outstanding and apply an expected credit loss percentage to each pool. The expected credit loss percentage is determined using historical loss data adjusted for current conditions and forecasts of future economic conditions. Current conditions considered include predefined aging criteria, as well as specified events that indicate the balance due is not collectible. Reasonable and supportable forecasts used in determining the probability of future collection consider publicly available macroeconomic data and whether future credit losses are expected to differ from historical losses.

We are not party to any off-balance sheet arrangements that would require an allowance for credit losses in accordance with this accounting standard.

Goodwill and Intangible Assets

The Company accounts for goodwill and intangible assets in accordance with ASC 350, Intangibles – Goodwill and Other ("ASC 350"). ASC 350 requires that goodwill and other intangibles with indefinite lives should be tested for impairment annually or on an interim basis if events or circumstances indicate that the fair value of an asset has decreased below its carrying value.

Goodwill is tested for impairment at the reporting unit level on an annual basis (December 31 for the Company) and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. The Company considers its market capitalization and the carrying value of its assets and liabilities, including goodwill, when performing its goodwill impairment test.

When conducting its annual goodwill impairment assessment, the Company initially performs a qualitative evaluation of whether it is more likely than not that goodwill is impaired. If it is determined by a qualitative evaluation that it is more likely than not that goodwill is impaired, the Company then compares the fair value of the Company's reporting unit to its carrying or book value. If the fair value of the reporting unit exceeds its carrying value, goodwill is not impaired and the Company is not required to perform further testing. If the carrying value of a reporting unit exceeds its fair value, the Company will measure any goodwill impairment losses as the amount by which the carrying amount of a reporting unit exceeds its fair value, not to exceed the total amount of goodwill allocated to that reporting unit.

The Company's critical accounting estimates include the valuation of intangible assets acquired, the determination of the useful lives of finite-lived intangible assets, the assessment of impairment of long-lived assets, and the timing of when such assets are placed into service and begin amortization. These estimates require significant management judgment and are based on assumptions regarding future cash flows, market conditions, and the timing of commercialization. Due to the inherent uncertainty associated with these estimates, actual results may differ from those estimates, and such differences could have a material impact on the Company's financial condition and results of operations.

The Company determines the fair value of intangible assets using valuation techniques appropriate for the nature of the asset, including the income approach, market approach, or cost approach. These valuation techniques require the use of significant estimates and assumptions, including projected future cash flows, discount rates, market multiples, and other relevant factors. The Company maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value. Changes in the underlying assumptions could materially affect the estimated fair value of intangible assets and any related impairment charges.

Copyright assets are classified as finite-lived intangible assets and are amortized over their estimated useful lives, which are based on the pattern in which the economic benefits are expected to be consumed. Amortization commences when the assets are placed into service and are ready for their intended use. The Company evaluates these assets for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

Crypto assets are recorded at fair market value and classified as intangible assets on the consolidated balance sheet. These assets are initially recognized at cost and subsequently remeasured at fair value at each reporting date, with changes in fair value recognized in the consolidated statements of operations. Fair value is determined using quoted market prices in active markets for identical assets. Gains and losses resulting from changes in fair value are recognized in earnings in the period in which they occur.

Capitalized Technology Costs

We account for capitalized technology costs in accordance with ASC 350-40, Internal-Use Software (“ASC 350-40”). In accordance with ASC 350-40, we capitalize certain external and internal computer software costs incurred during the application development stage. The application development stage generally includes software design and configuration, coding, testing and installation activities. Training and maintenance costs are expensed as incurred, while upgrades and enhancements are capitalized if it is probable that such expenditures will result in additional functionality. Capitalized software costs are amortized over the estimated useful lives of the software assets on a straight-line basis, generally not exceeding three years.

Business Combinations

ASC 805, Business Combinations (“ASC 805”), applies the acquisition method of accounting for business combinations to all acquisitions where the acquirer gains a controlling interest, regardless of whether consideration was exchanged. ASC 805 establishes principles and requirements for how the acquirer a) recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any non-controlling interest in the acquiree; b) recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase; and c) determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. Accounting for acquisitions requires the Company to recognize, separately from goodwill, the assets acquired and the liabilities assumed at their acquisition-date fair values. Goodwill as of the acquisition date is measured as the excess of consideration transferred and the net of the acquisition-date fair values of the assets acquired and the liabilities assumed. While the Company uses its best estimates and assumptions to accurately value assets acquired and liabilities assumed at the acquisition date, the estimates are inherently uncertain and subject to refinement. As a result, during the measurement period, which may be up to one year from the acquisition date, the Company may record adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill. Upon the conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded to the consolidated statements of comprehensive loss.

Revenue Recognition

Our principal sources of revenue are recruitment revenue, consumer marketing and consumer advertising revenue, event revenues from career fairs, membership subscription fees, and contracted software development. Recruitment revenue includes revenue recognized from direct sales to customers for recruitment services and events, as well as revenue from our direct ecommerce sales. Revenues from recruitment services are recognized when the services are performed, evidence of an arrangement exists, the fee is fixed or determinable and collectability is probable. Our recruitment revenue is derived from agreements through single and multiple job postings, recruitment media, talent recruitment communities, basic and premier corporate memberships, hiring campaign marketing and advertising, e-newsletter marketing and research and outreach services.

Consumer marketing and consumer advertising revenue is recognized either based upon a fixed fee for revenue sharing agreements in which payment is required at the time of posting or billed based upon the number of impressions (the number of times an advertisement is displayed) recorded on the websites as specified in the customer agreement.

Revenue generated from NAPW Network membership subscriptions is recognized ratably over the 12-month membership period, although members pay their annual fees at the commencement of the membership period. We also offer a monthly membership for which we collect fees on a monthly basis and we recognize revenue in the same month as the fees are collected. Revenue from related membership services is derived from fees for development and set-up of a member’s personal on-line profile and/or press release announcements. Fees related to these services are recognized as revenue at the time the on-line profile is complete and press release is distributed.

Revenues generated from RemoteMore consist of contracts entered into to provide customers with software solutions and are recognized in the month work is performed.

Lease Obligations

We lease office space under a non-cancelable operating lease that expires in September 2027. Our facility lease provides for periodic rent increases and contain escalation clauses and renewal options. Our lease terms include options to extend the lease.

We recognize operating lease expense on a straight-line basis over the lease term and variable lease payments are expensed as incurred. Lease costs are primarily recorded within SG&A expenses in the Company's consolidated statements of loss and comprehensive loss.

We determine if a contract contains a lease at lease inception. If the borrowing rate implicit in the lease is not determinable, we use its incremental borrowing rate ("IBR") based on information available at lease commencement including prevailing financial market conditions to determine the present value of future lease payments. We have elected the option to combine lease and non-lease components as a single component for our entire population of lease assets.

Operating lease assets and lease liabilities are recognized at the lease commencement date. Operating lease liabilities represent the present value of lease payments not yet paid. Operating lease assets represent the right to use an underlying asset and are based upon the operating lease liabilities adjusted for prepayments or accrued lease payments, initial direct costs, and lease incentives. We have elected not to apply the recognition requirements to short-term leases of 12 months or less and instead recognizes lease payments as expense on a straight-line basis over the lease term. Our lease agreement does not contain any material residual value guarantees or material restrictive covenants. Leased assets are presented net of accumulated amortization.

Variable lease payment amounts that cannot be determined at the commencement of the lease, such as increases in lease payments based on changes in index rates or usage, are not included in the ROU assets or liabilities; instead, these are expensed as incurred and recorded as variable lease expense.

Recent Accounting Pronouncements

ASU 2024-03, Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40). In November 2024, the Financial Accounting Standards Board ("FASB") issued ASU 2024-03, Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures. The ASU requires a public business entity to provide disaggregated disclosures of certain categories of expenses on an annual and interim basis including purchases of inventory, employee compensation, depreciation, and intangible asset amortization for each income statement line item that contains those expenses. This ASU is effective for annual reporting periods beginning after December 15, 2026, and interim periods within annual reporting periods beginning after December 15, 2027, with early adoption permitted. The Company is currently evaluating the impact of this guidance on its consolidated financial statements and related disclosures.

ASU 2025-01, Income Statement—Expense Disaggregation Disclosures (Issued January 2025). In January 2025, the FASB issued ASU 2025-01, which clarifies the effective date of prior guidance requiring enhanced disaggregation of certain expense captions presented on the income statement. The amendments are effective for annual periods beginning after December 15, 2026, and interim periods thereafter. The Company is currently assessing the impact of this guidance.

ASU 2025-06, Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40) (Issued June 2025). In June 2025, the FASB issued ASU 2025-06, which modernizes the accounting for internal-use software by clarifying when capitalization begins and simplifying certain development stage guidance. The amendments are effective for fiscal years beginning after December 15, 2027. Early adoption is permitted. The Company is evaluating the potential impact of this guidance.

ITEM 3 – QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 4 – CONTROLS AND PROCEDURES

Evaluation of disclosure controls and procedures

As of June 30, 2026, our management conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended ("Exchange Act"), under the supervision of and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer. Based on that evaluation, our management, including the Chief Executive Officer and Chief Financial Officer, concluded that our disclosure controls and procedures were effective as of June 30, 2026.

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Exchange Act Rules 13a-15 or 15d-15 that occurred during our second quarter of fiscal 2026, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II

ITEM 1 – LEGAL PROCEEDINGS

The Company and its wholly owned subsidiary, NAPW, Inc., are parties to a proceeding captioned Deborah Bayne, et al. vs. NAPW, Inc. and Professional Diversity Network, Inc., No. 18-cv-3591 (E.D.N.Y.), filed on June 20, 2018, and alleging violations of the Fair Labor Standards Act and certain provisions of the New York Labor Law. The class is defined as “all individuals employed in New York from June 20, 2012 through October 15, 2021 by NAPW and PDN to sell memberships to the women’s networking organization known as the National Association of Professional Women and the International Association of Women,” excluding corporate officers, shareholders, directors and administrative employees. As it stands, the class currently consists of 164 putative class members and 60 opt-in plaintiffs.

The complaint alleges that NAPW (and PDN in its capacity as an alleged joint employer) violated similar provisions of the FLSA and the NYLL by (i) failing to pay overtime wages as required by both the FLSA and the NYLL, (ii) failing to provide accurate wage statements under the NYLL, and (iii) willfully violating both of those statutes. The Court, in an order issued on March 25, 2024, granted summary judgment against NAPW on the claims related to willful failure to pay overtime wages. The Court dismissed, without prejudice, claims based on failure to provide accurate wage statements under the NYLL based on lack of subject matter jurisdiction. The Court found that questions of fact remain as to whether PDN was a joint employer with NAPW. Damages remain unsettled particularly in light of the Court’s dismissal of the Plaintiff’s claims related to failure to provide accurate wage statements. During the first quarter of 2020, the Company recorded a \$450,000 litigation settlement reserve in the event of an unfavorable outcome in this proceeding. While the Plaintiff seeks damages substantially in excess of this reserve (including unpaid overtime, liquidated damages and penalties), NAPW and PDN continue to adamantly dispute the amount of damages claimed. Given the Court’s summary judgment ruling and the inherent uncertainty of litigation, an unfavorable outcome in this proceeding could have a material adverse effect on our financial condition, results of operations, and cash flows. In the *fourth* quarter of 2025, we recorded an additional \$250,000 litigation settlement reserve. PDN currently anticipate settling this matter with the plaintiffs by the *third* quarter of 2026.

General Legal Matters

From time to time, the Company is involved in legal matters arising in the ordinary course of business. While the Company believes that such matters are currently not material, there can be no assurance that matters arising in the ordinary course of business for which the Company is, or could be, involved in litigation, will not have a material adverse effect on its business, financial condition or results of operations.

ITEM 1A – RISK FACTORS

In addition to the risk factors previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2025, we are subject to the following new and updated material risks. You should carefully consider these risks, in addition to the other information in this report and our other filings with the SEC.

Risks Related to Our Financial Condition and Ability to Continue as a Going Concern

Our ability to fund our operations and strategic initiatives is dependent on raising additional capital, and we may not achieve or sustain profitability in the future.

Our recurring losses, negative cash flow, and the substantial near-term liabilities from the copyright acquisition agreement necessitate that we secure additional financing to continue operations and fund our new strategic direction. Our future financial viability depends on our ability to raise capital through equity or debt financings, enter into a strategic merger or acquisition, or generate sufficient revenue to achieve positive cash flow.

There is no assurance that we will be successful in obtaining the required financing on acceptable terms, or at all. The capital markets may be unwilling to provide funding to a company with our financial history and the “going concern” qualification from our auditors. If we are unable to raise sufficient capital, we may be forced to significantly delay, scale back, or even cease our operations, including our new strategic pivot into music copyrights. Even if we do secure financing, it may be on terms that are highly dilutive to our existing stockholders. Ultimately, despite our best efforts, we may never achieve or sustain profitability or positive cash flow, which could result in you losing all or part of your investment.

Risks Related to Our New Business Strategy

The valuation and future monetization of intangible assets like musical copyrights and Web 3.0 technologies are speculative and subject to significant uncertainty.

The core of our new strategy involves investing in intangible assets whose intrinsic worth is difficult to determine and whose future value and ability to generate revenue are highly speculative.

The value of musical copyrights is dependent on numerous unpredictable factors, including shifting public tastes, the royalty rates paid by streaming platforms, the risk of digital piracy, and the long-term popularity of artists. Valuation methodologies for copyrights are complex and subjective, and we may overpay for these assets. Furthermore, successfully monetizing these copyrights through licensing, synchronization, or other means requires specialized industry knowledge and networks that we do not currently possess.

The Web 3.0 sector, including blockchain, decentralized applications, and related technologies, is still in its early stages of development. The industry is characterized by rapid technological change, unproven business models, and an uncertain regulatory framework. Investments in Web 3.0 projects are subject to numerous risks, including technological failure, lack of market adoption, security vulnerabilities such as hacking, and the potential for future restrictive regulations. The value of these assets is extremely volatile, and there is no assurance that we will realize any return on these investments; we could lose our entire investment.

Risks Related to the Ownership of our Securities

We have been notified by Nasdaq of our failure to comply with certain continued listing requirements and, if we are unable to regain or maintain compliance with all applicable continued listing requirements and standards of Nasdaq, our common stock could be delisted from the Nasdaq Capital Market.

Our common stock, par value \$0.0001 per share (“Common Stock”) is currently listed on The Nasdaq Stock Market LLC (“Nasdaq”). In order to maintain that listing, we must satisfy minimum financial and other continued listing requirements and standards, including those regarding director independence and independent committee requirements, minimum stockholders’ equity, minimum share price, and certain corporate governance requirements.

On June 5, 2026, we received a written notification from Nasdaq notifying us that we were not in compliance with the minimum bid price requirement for continued listing on the Nasdaq Capital Market, as set forth under Nasdaq Listing Rule 5550(a)(2) (the “Minimum Bid Price Requirement”), because the closing bid price of our shares of Common Stock was below \$1.00 per share for the previous thirty (30) consecutive business days. We were granted 180 calendar days, or until December 2, 2026, to regain compliance with the Minimum Bid Price Requirement. In the event we do not regain compliance with the Minimum Bid Price Requirement by December 2, 2026, we may

be eligible for an additional 180-calendar day grace period. To qualify, we will be required to meet the continued listing requirement for market value of publicly held shares and all other listing standards for Nasdaq, with the exception of the Minimum Bid Price Requirement, and will need to provide written notice to Nasdaq of our intent to regain compliance with such requirement during such second compliance period. If we do not regain compliance within the allotted compliance period(s), including any extensions that may be granted, Nasdaq will provide notice that our Common Stock will be subject to delisting from Nasdaq. At that time, we may appeal Nasdaq's determination to a hearings panel.

The Company intends to continuously monitor the closing bid price for its Common Stock, and is in the process of considering various measures to resolve the deficiency and regain compliance with the Minimum Bid Price Requirement. On July 13, 2026, the Company held a Special Meeting of Stockholders at which the Company's stockholders approved an amendment to the Company's amended and restated certificate of incorporation (the "Certificate of Incorporation") to effect a reverse stock split of the Company's outstanding shares of Common Stock at a ratio ranging from one-for-two (1-for-2) to one-for-two thousand (1-for-2000), with the exact ratio to be determined by the Company's Board of Directors in its sole discretion. The Board may effect the reverse stock split at any time within one year following stockholder approval. However, there can be no assurance that we will be able to regain or maintain compliance with the Minimum Bid Price Requirement or any other Nasdaq listing standards, that Nasdaq will grant the Company any extension of time to regain compliance with the Minimum Bid Price Requirement or any other Nasdaq listing requirements, or that any such appeal to the Nasdaq hearings panel will be successful, as applicable. If we are unable to maintain compliance with these Nasdaq requirements, our Common Stock will be delisted from Nasdaq.

In addition, on July 22, 2026, the SEC approved a Nasdaq rule change requiring the immediate suspension and delisting of any listed company whose market value of listed securities ("MVLS") falls below \$5 million for 30 consecutive business days, subject to limited review by a Nasdaq Hearings Panel. Under the approved rule, a timely request for a hearing will not stay the suspension of trading, and our securities would generally trade on the over-the-counter market during any appeal process. The Nasdaq Hearings Panel may grant a limited exception period (not to exceed 180 days) to demonstrate compliance with initial listing requirements, but there can be no assurance that such relief would be granted.

Our ability to maintain compliance with the \$5 million MVLS requirement depends on a number of factors, including the market price of our Common Stock and the number of our issued and outstanding shares. The market price of our Common Stock may be volatile and could decline for reasons beyond our control, including:

- general market conditions or downturns in the broader equity markets;
- sector-specific or industry-wide volatility;
- changes in interest rates or macroeconomic conditions;
- geopolitical events;
- actual or perceived short selling activity or other trading dynamics;
- reduced liquidity or limited public float; and
- investor perceptions regarding our business, prospects, or financial condition.

If our MVLS were to fall below \$5 million for 30 consecutive business days, Nasdaq would issue a staff delisting determination and immediately suspend trading of our Common Stock on Nasdaq. Any suspension or delisting of our Common Stock from Nasdaq could materially and adversely affect our business, financial condition, results of operations, and the value of our Common Stock.

In the event that our Common Stock is delisted from Nasdaq, as a result of our failure to comply with the Minimum Bid Price Requirement, or due to our failure to continue to comply with any other requirement for continued listing on Nasdaq, and is not eligible for listing on another exchange, trading in the shares of our Common Stock could be conducted in the over-the-counter market or on an electronic bulletin board established for unlisted securities such as the Pink Sheets or the OTC Bulletin Board. In such event, it could become more difficult to dispose of, or obtain accurate price quotations for, our Common Stock, and it would likely be more difficult to obtain coverage by securities analysts and the news media, which could cause the price of our Common Stock to decline further. Also, it may be difficult for us to raise additional capital if we are not listed on a national exchange.

In the event that our Common Stock is delisted from Nasdaq, U.S. broker-dealers may be discouraged from effecting transactions in shares of our Common Stock because they may be considered penny stocks and thus be subject to the penny stock rules.

The U.S. Securities and Exchange Commission (the "SEC") has adopted a number of rules to regulate "penny stock" that restricts transactions involving stock which is deemed to be penny stock. Such rules include Rules 3a51-1, 15g-1, 15g-2, 15g-3, 15g-4, 15g-5, 15g-6, 15g-7, and 15g-9 under the Exchange Act. These rules may have the effect of reducing the liquidity of penny stocks. "Penny stocks" generally are equity securities with a price of less than \$5.00 per share (other than securities registered on certain national securities exchanges or quoted on Nasdaq if current price and volume information with respect to transactions in such securities is provided by the exchange or system). Our shares of Common Stock have in the past constituted, and may again in the future constitute, "penny stock" within the meaning of the rules. The additional sales practice and disclosure requirements imposed upon U.S. broker-dealers may discourage such broker-dealers from effecting transactions in shares of our Common Stock, which could severely limit the market liquidity of such shares of Common Stock and impede their sale in the secondary market.

A U.S. broker-dealer selling a penny stock to anyone other than an established customer or "accredited investor" (generally, an individual with a net worth in excess of \$1,000,000 or an annual income exceeding \$200,000, or \$300,000 together with his or her spouse) must make a special suitability determination for the purchaser and must receive the purchaser's written consent to the transaction prior to sale, unless the broker-dealer or the transaction is otherwise exempt. In addition, the "penny stock" regulations require the U.S. broker-dealer to deliver, prior to any transaction involving a "penny stock", a disclosure schedule prepared in accordance with SEC standards relating to the "penny stock" market, unless the broker-dealer or the transaction is otherwise exempt. A U.S. broker-dealer is also required to disclose commissions payable to the U.S. broker-dealer and the registered representative and current quotations for the securities. Finally, a U.S. broker-dealer is required to submit monthly statements disclosing recent price information with respect to the "penny stock" held in a customer's account and information with respect to the limited market in "penny stocks".

Stockholders should be aware that, according to the SEC, the market for "penny stocks" has suffered in recent years from patterns of fraud and abuse. Such patterns include: (i) control of the market for the security by one or a few broker-dealers that are often related to the promoter or issuer; (ii) manipulation of prices through prearranged matching of purchases and sales and false and misleading press releases; (iii) "boiler room" practices involving high-pressure sales tactics and unrealistic price projections by inexperienced salespersons; (iv) excessive and undisclosed bid-ask differentials and markups by selling broker-dealers; and (v) the wholesale dumping of the same securities by promoters and broker-dealers after prices have been manipulated to a desired level, resulting in investor losses. Our management is aware of the abuses that have occurred historically in the penny stock market. Although we do not expect to be in a position to dictate the behavior of the market or of broker-dealers who participate in the market, management will strive within the confines of practical limitations to prevent the described patterns from being established with respect to our securities.

Future sales or issuances of our Common Stock, including shares issuable upon exercise of the warrants issued in our August 2026 public offering, may result in substantial dilution and could adversely affect the market price of our Common Stock.

On August 13, 2026, we completed a best-efforts public offering in which we sold 1,620,000 units at a public offering price of \$0.28 per unit and 5,524,000 pre-funded units at a public offering price of \$0.2799 per pre-funded unit. Each unit consisted of one share of our Common Stock and one common stock purchase warrant, and each pre-funded unit consisted of one pre-funded common stock purchase warrant and one common stock purchase warrant. We received gross proceeds of approximately \$2.0 million before deducting placement agent fees and other offering expenses.

The offering resulted in the issuance of 1,620,000 shares of Common Stock and warrants to purchase an aggregate of up to 12,668,000 additional shares of Common Stock, consisting of pre-funded warrants to purchase up to 5,524,000 shares and Common Stock purchase warrants to purchase up to 7,144,000 shares. The exercise of these warrants would increase the number of shares of our Common Stock outstanding and dilute the ownership interests and voting power of our existing stockholders.

The issuance of a substantial number of shares upon exercise of these warrants, or the perception that such issuances may occur, could adversely affect the market price of our Common Stock. The outstanding warrants may also create an overhang on the market for our Common Stock and may make it more difficult for us to raise additional capital on favorable terms. Warrant holders may exercise their warrants at times when we could otherwise obtain more favorable terms in a new equity financing, and the availability of shares for issuance upon exercise may discourage potential investors from purchasing our Common Stock.

We may need to raise additional capital to support our operations and strategic initiatives. We may do so through additional issuances of Common Stock, preferred stock, convertible securities, warrants or other equity-linked securities. Any such future issuance could result in additional and potentially substantial dilution to our existing stockholders, may include rights or preferences senior to those of our Common Stock, and could further adversely affect the market price of our Common Stock.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

During the three months ended June 30, 2026, the Company issued 478,852 shares of its Common Stock to Streeterville Capital, LLC, at a price range of \$0.47 to \$0.74 per share, resulting in aggregate gross proceeds of \$290,000.

As of June 30, 2026, an aggregate of \$124,344 of principal and \$15,000 of accrued interest under a \$250,000 convertible promissory note issued in July 2025 had been converted into 199,510 shares of Common Stock at conversion prices ranging from \$0.47 to \$0.81 per share. During the three months ended June 30, 2026, \$64,714 of principal was converted into 106,686 shares of Common Stock at conversion prices ranging from \$0.47 to \$0.81 per share. As of June 30, 2026, the remaining principal balance of the note was \$125,656.

On *April 29, 2026*, the Company entered into a second Stock Purchase Agreement with AI Geometric Ltd., pursuant to which the Company agreed to acquire an additional 3.2% of AI Geometric Ltd.'s issued and outstanding shares for aggregate consideration of \$1,360,000. The purchase price was satisfied through the issuance of 2,000,000 shares of the Company's Common Stock. The Company's Board of Directors approved the issuance of the shares, subject to the limitations of Nasdaq Listing Rule 5635 and Rule 144 under the Securities Act of 1933, as amended. The shares were issued in reliance on the exemption from registration provided by Regulation S under the Securities Act. The transaction closed on May 27, 2026.

The sale and the issuance of the foregoing securities were offered and sold in reliance upon the exemption from registration pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended and Regulation D and/or Regulation S promulgated thereunder, as applicable, for transactions not involving any public offering. No underwriter participated in the offer and sale of these securities, no commission or other remuneration was paid or given directly or indirectly in connection therewith, and there was no general solicitation or advertising for securities issued in reliance upon such exemption.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURE

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

- 31.1 [Certification of Chief Executive Officer pursuant to Exchange Act Rule 13a-14\(a\) or Rule 15d- 14\(a\) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- 31.2 [Certification of Chief Financial Officer pursuant to Exchange Act Rule 13a-14\(a\) or Rule 15d- 14\(a\) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- 32.1 [Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- 32.2 [Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted 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 Labels Linkbase Document
- 101.PRE Inline XBRL Taxonomy Extension Presentation Linkbase Document
- 104 Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

PROFESSIONAL DIVERSITY NETWORK, INC.

Date: August 14, 2026

By: /s/ Yiran Gu

Name: Yiran Gu

Title: Chief Financial Officer
(Principal Financial Officer)

CERTIFICATIONS

I, Xun Wu, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Professional Diversity Network, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer 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: August 14, 2026

/s/ Xun Wu

Xun Wu

Chief Executive Officer

(Principal Executive Officer)

CERTIFICATIONS

I, Yiran Gu, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Professional Diversity Network, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer 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: August 14, 2026

/s/ Yiran Gu

Yiran Gu
Chief Financial Officer
(Principal Financial Officer)

CERTIFICATION PURSUANT TO 18
U.S.C. SECTION 1350

In connection with the Quarterly Report of Professional Diversity Network, Inc. (the “registrant”) on Form 10-Q for the fiscal quarter ended June 30, 2026, as filed with the United States Securities and Exchange Commission on the date hereof (the “report”), the undersigned of the registrant, certify, pursuant to 18 U.S.C. § 1350, that to our knowledge:

- (1) The report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the registrant.

Date: August 14, 2026

/s/ Xun Wu

Xun Wu

Chief Executive Officer

(Principal Executive Officer)

CERTIFICATION PURSUANT TO 18
U.S.C. SECTION 1350

In connection with the Quarterly Report of Professional Diversity Network, Inc. (the “registrant”) on Form 10-Q for the fiscal quarter ended June 30, 2026, as filed with the United States Securities and Exchange Commission on the date hereof (the “report”), the undersigned of the registrant, certify, pursuant to 18 U.S.C. § 1350, that to our knowledge:

- (1) The report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the registrant.

Date: August 14, 2026

/s/ Yiran Gu

Yiran Gu
Chief Financial Officer
(Principal Financial Officer)