RTA America, Inc. and Subsidiaries

Consolidated Financial Statements

December 31, 2024

bpm

bpm.com

RTA AMERICA, INC. AND SUBSIDIARIES

TABLE OF CONTENTS

	Page(s)
Independent Auditors’ Report	1–2
Consolidated Financial Statements:	
Consolidated Balance Sheet	3
Consolidated Statement of Operations	4
Consolidated Statement of Changes in Stockholders’ Equity	5
Consolidated Statement of Cash Flows	6
Notes to Consolidated Financial Statements	7–18

One California Street, Suite 2500, San Francisco, CA 94111
Phone 415-421-5757 | **Fax** 415-288-6288 | bpm@bpm.com

INDEPENDENT AUDITORS' REVIEW REPORT

To the Board of Directors
RTA America, Inc.
Houston, Texas

Qualified Opinion

We have audited the consolidated financial statements of RTA America, Inc. and subsidiaries (the "Company"), which comprise the consolidated balance sheet as of December 31, 2024, and the related consolidated statements of operations, changes in stockholders' equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Basis for Qualified Opinion

The Company has not engaged a tax professional to prepare an income tax provision or made the required disclosures related to such provision. Had such provision been prepared, the result would be a deferred tax asset related mainly to the Company's cumulative net operating losses; however, such asset would be fully reserved for as the utilization of such asset is not considered probable as of December 31, 2024. In addition, the Company has not adopted the accounting standard Accounting Standards codification 842, *Leases*, which would result in the establishment of right-of-use assets and operating lease liabilities on the consolidated balance sheet. The impact of this omission has not been determined.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with U.S. GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with U.S. GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

BPM LLP

San Francisco, California
July 2, 2026

RTA America, Inc. and Subsidiaries

Consolidated Balance Sheet

As of December 31, 2024

ASSETS

Current assets:		
Cash	$	65,454
Accounts receivable, net		445,806
Inventory		17,821
Prepaid expenses		213,424
Total current assets		742,505
Property, software, and equipment, net		5,954,630
Goodwill, net		5,711,744
Deposits		35,450
Total assets	$	12,444,329

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Accounts payable	$	1,898,091
Notes payable, current portion		2,164,077
Convertible promissory notes, current portion		3,305,433
Deferred revenue		105,839
Accrued paid time off		49,089
Taxes payable		24,623
Total current liabilities		7,547,152
Notes payable, less current portion		408,388
Convertible promissory notes, less current portion		600,000
Total liabilities		8,555,540
Commitments and contingencies (Note 8)		
Stockholders' equity:		
Series A preferred voting stock, par value $0.0001, 53,203,021 shares authorized: 43,251,369 shares issued and outstanding		4,325
Series A preferred non-voting stock, par value $0.0001, 78,500 shares authorized: 78,500 shares issued and outstanding		8
Common stock, par value $0.0001, 66,818,479 shares authorized: 26,892,217 shares issued and outstanding		2,689
Additional paid-in capital		14,405,579
Accumulated deficit		(10,523,812)
Total stockholders' equity		3,888,789
Total liabilities and stockholders' equity	$	12,444,329

RTA America, Inc. and Subsidiaries

Consolidated Statement of Operations

For the year ended December 31, 2024

Revenues, net	$	10,353,242
Cost of revenues		4,244,782
Gross profit		6,108,460
Operating expenses:		
Personnel		4,011,755
Amortization of goodwill		914,237
Depreciation and amortization of property, software, and equipment		204,170
Professional fees		632,627
Rent		641,439
Utilities		344,886
General and administrative		247,459
Insurance		214,154
Sales and marketing		135,796
Bad debt expense		50,000
Stock-based compensation		31,427
Total operating expenses		7,427,950
Loss from operations		(1,319,490)
Other expenses:		
Interest expense		627,271
Total other expense		627,271
Loss before income tax expense		(1,946,761)
Income tax expense		26,396
Net loss	$	(1,973,157)

RTA America, Inc. and Subsidiaries

Consolidated Statement of Changes in Stockholders' Equity

For the year ended December 31, 2024

	Series A Preferred Voting Stock		Series A Preferred Non-Voting Stock		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount	Shares	Amount			
Balance as of December 31, 2023	43,251,369	$ 4,325	78,500	$ 8	26,892,217	$ 2,689	$ 14,374,152	$ (8,550,655)	$ 5,830,519
Stock-based compensation	-	-	-	-	-	-	31,427	-	31,427
Net loss	-	-	-	-	-	-	-	(1,973,157)	(1,973,157)
Balance as of December 31, 2024	43,251,369	$ 4,325	78,500	$ 8	26,892,217	$ 2,689	$ 14,405,579	$ (10,523,812)	$ 3,888,789

RTA America, Inc. and Subsidiaries

Consolidated Statement of Cash Flows

For the year ended December 31, 2024

Cash flows from operating activities:		
Net loss	$	(1,973,157)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization of property, software, and equipment - revenue producing assets		569,663
Depreciation and amortization of property, software, and equipment - operating assets		204,170
Amortization of goodwill		914,237
Accrued interest added to debt principal		293,387
Provision for credit losses		50,000
Stock-based compensation		31,427
Changes in operating assets and liabilities:		
Accounts receivable		(113,848)
Prepaid expenses		(58,638)
Accounts payable		445,788
Accrued paid time off		(10,388)
Deferred revenue		13,364
Taxes payable		14,907
Net cash provided by operating activities		380,912
Cash flows from investing activities:		
Purchases of property, software, and equipment		(849,039)
Net cash used in investing activities		(849,039)
Cash flows from financing activities:		
Proceeds from notes payable		318,037
Proceeds from issuance of convertible promissory notes		220,000
Payments on notes payable		(169,073)
Net cash provided by financing activities		368,964
Net decrease in cash		(99,163)
Cash, beginning of year		164,617
Cash, end of year	$	65,454
Supplementary disclosure of cash flow information:		
Cash paid for interest	$	327,223
Cash paid for income taxes	$	26,395

1. Nature of Business

RTA America, Inc., dba Rural Telecommunications of America (the "Company"), was incorporated in the state of Texas in 2018. The Company is a broadband service provider engaged in the installation of internet equipment and distribution of internet services to rural communities in Texas. The Company primarily sells its services in the United States through direct to consumer and wholesale channels. The Company is headquartered in Houston, Texas.

The wholly owned subsidiaries of the Company include Southern Broadband, LLC, Ridgewood Holdings, LLC, South Central Tower Co., LLC, and The Fusion Network, LLC (the "Subsidiaries"). South Central Tower Co., LLC was sold on October 1, 2025; The Fusion Network, LLC was sold on October 14, 2025; and Ridgewood Holdings, LLC, was sold on November 17, 2025 (see Note 8).

Liquidity

The Company has historically funded its operations through debt and equity issuances. The Company had an accumulated deficit of $10.5 million and net loss of $1.9 million as of and for the year ended December 31, 2024, respectively. The Company will continue to require financing through debt or equity transactions until it achieves profitability and there is no guarantee that such financing will be available if needed. Management believes the Company will generate sufficient cash to sustain its normal operations for at least the next twelve months.

2. Summary of Significant Accounting Policies

Basis of Accounting

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

Principles of Consolidation

The consolidated financial statements of the Company include the accounts of RTA America, Inc. and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

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, 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. Actual results could differ from those estimates.

Significant estimates and assumptions made by management are used for, but not limited to, accounts receivable collectability, useful lives of depreciable assets and capitalized software costs, valuation of goodwill, and accrued liabilities, as well as amounts capitalized into fixed assets related to broadband equipment, which generally relates to broadband which has been or is in the process of being deployed.

Cash

The Company's cash consists of cash at banks. The Company's cash balance may, at times, exceed federally insured levels; however, the Company has not experienced any losses to date.

2. **Summary of Significant Accounting Policies**, continued

Accounts Receivable and Allowance for Credit Losses

Accounts receivable are generally recorded at the invoice amount and invoices are generally due 30 days after the invoice date. Interest is not charged on accounts receivable. Accounts receivable were $495,806 as of December 31, 2024 and the balance of accounts receivable as of January 1, 2024 was $381,958.

The Company evaluates historic losses, current economic conditions, and expected future losses in its analysis of potential credit losses related to accounts receivable. The Company maintains an allowance for estimated credit losses based on the expected collectability of such receivable. An account is written off when it is determined that all collection efforts have been exhausted. The Company recognized $50,000 in credit losses for the year ended December 31, 2024, and the allowance for credit losses balance was $50,000 as of December 31, 2024.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to credit risk consist principally of accounts receivable and cash. The Company does not require collateral on accounts receivable. Management considers its customer base to be credit worthy and has not had any significant issues regarding collection in prior years.

Inventory

Inventories, which consist of materials and parts, are valued at the lower of cost (determined on the first in, first out basis) or net realizable value. A provision is recorded to reduce the cost of inventory to its estimated net realizable value, if appropriate. No provision for obsolete inventory was recorded during the year ended December 31, 2024, as no inventories were determined to be impaired.

Prepaid Expenses

Prepaid expenses consist primarily of amounts paid in advance for services to be received within 12 months, including prepaid insurance, prepaid professional services, prepaid payroll costs, prepaid rent, and other prepaid services. Prepaid expenses are recorded at historical cost and are expensed over the periods in which the related benefits are realized.

As of December 31, 2024, the Company has recorded approximately $236,000 in other prepaid expenses related to overpayments made to fiber optic cable providers. These amounts are currently disputed with the respective vendors. Due to the uncertainty surrounding recovery, the Company has recorded a full valuation allowance against this balance as of December 31, 2024. For the year ended December 31, 2024, the Company recognized an expense of approximately $154,000 within cost of revenues related to this reserve. Notwithstanding the recorded allowance, the Company intends to continue pursuing recovery of these amounts.

2. Summary of Significant Accounting Policies, continued

Property, Software, and Equipment, Net

Property, software, and equipment, net are recorded at cost, less accumulated depreciation. Depreciation and amortization are computed using the straight-line method over the assets estimated useful life, or the lesser of the estimated useful life or related lease term for leasehold improvements. Estimated useful lives of the assets range as follows:

Internet services equipment	7 - 10 years
Autos and trucks	5 years
Computers and software	3 - 5 years
Building	15 years
Furniture and fixtures	10 years
Leashold improvements	Up to 15, not to exceed the lease life

Property, software, and equipment are evaluated for impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. The Company evaluates whether current facts or circumstances indicate that the carrying value of the assets to be held and used may not be recoverable. If such circumstances are determined to exist, an estimate of undiscounted future cash flows produced by the long-lived asset, or the appropriate grouping of assets, is compared to the carrying value to determine whether impairment exists. If an asset is determined to be impaired, the loss is measured based on quoted market prices in active markets, if available. If quoted market prices are not available, the estimate of fair value is based on various valuation techniques, including the discounted value of estimated future cash flows. The Company reports an asset to be disposed of at the lower of its carrying value or its estimated net realizable value. No impairment losses have been identified by the Company during the year ended December 31, 2024.

Goodwill

Goodwill is recognized when the purchase price of an acquired business exceeds the fair value of the identifiable net assets acquired, including tangible and intangible assets and liabilities. The Company has elected to apply the private company accounting alternative, under which goodwill is amortized on a straight-line basis over a period of 10 years. Goodwill is evaluated for impairment upon the occurrence of a triggering event that indicates the carrying amount of goodwill may not be recoverable. As of and for the year ended December 31, 2024, management identified the sale of three subsidiaries as a triggering event; however, no impairment of goodwill has been recorded.

Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consist primarily of payables which the Company received invoices for, credit cards payable, taxes payable, accrued paid time off, and accrued interest on notes payable.

2. Summary of Significant Accounting Policies, continued

Fair Value Measurements

Assets and liabilities recorded at fair value on a recurring basis in the balance sheet are categorized based upon the level of judgement associated with the inputs used to measure their fair values. Fair value is defined as the exchange price that would be received for an asset or an exit price that would be paid to transfer a liability in the principal or most advantageous market for the asset of liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs.

The authoritative guidance on fair value measurements establishes a three-tier fair value hierarchy for disclosure of fair value measurements as follows:

Level 1 – Fair valuing the asset or liability using observable inputs, such as quoted prices in active markets for identical assets or liabilities;

Level 2 – Fair valuing the asset or liability using inputs other than quoted prices that are observable for the applicable asset or liability, either directly or indirectly, such as quoted prices for similar (as opposed to identical) assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active; and

Level 3 – Fair valuing the asset or liability using unobservable inputs that reflect the Company's own assumptions regarding the applicable asset or liability.

The categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The carrying values of the Company's accounts receivable, accounts payable, and debt approximate their fair values. As of December 31, 2024, the Company had no assets or liabilities recorded at fair values.

Revenue Recognition

The Company recognizes revenue in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers*. The standard prescribes a five-step process governing contract revenue reporting which includes:

1. Identifying the contract with the customer;
2. Identifying the performance obligations in the contract;
3. Determining the transaction price;
4. Allocating the transaction price to the performance obligations in the contract; and
5. Recognizing revenue when or as the performance obligation is satisfied.

2. Summary of Significant Accounting Policies, continued

Revenue Recognition, continued

Revenue from contracts with customers is recognized when, or as, the Company satisfies performance obligations by transferring the promised goods or services to customers. A good or service is transferred to a customer when, or as, the customer obtains control of that good or service. A performance obligation may be satisfied over time or at a point in time. Revenue from a performance obligation satisfied over time is recognized by measuring the Company's progress in satisfying the performance obligation in a manner that depicts the transfer of the goods or services to the customer. Revenue from performance obligations satisfied at a point in time is recognized at the point in time that the Company determines the customer obtains control over the promised good or service. The amount of revenue recognized reflects the consideration to which the Company expects to be entitled in exchange for the promised goods or services (i.e. the "transaction price"). In determining the transaction price, the Company considers multiple factors, including the effects of variable consideration. Variable consideration is included in the transaction price only to the extent it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when uncertainties with respect to the amount are resolved. In determining when to include variable consideration in the transaction price, the Company considers the range of possible outcomes, the predictive value of past experiences, the time period when uncertainties expect to be resolved, and the amount of consideration that is susceptible to factors outside of the Company's influence, such as market volatility or judgment and actions of third parties.

Direct incremental costs to obtain a contract or fulfill a contract are evaluated under the criteria for capitalization on a contract-by-contract basis. There were no capitalized contract costs as of January 1, 2024 or December 31, 2024.

The Company's revenue transactions comprise a single performance obligation, which consists of the sale of services to customers either through wholesale or direct to consumer channels. The Company satisfies the performance obligation and records revenues when transfer of control has passed to the customer based on the terms of sale. A customer is considered to have control once they are able to direct the use and receive substantially all of the benefits of the service.

Revenue is generally recognized over time, typically upon completion of services, which is the point at which control transfers to the customer. Generally, this relates to the provision of a single month of internet services for the customer.

The transaction price is determined based upon the invoiced sales price, less sales discounts and miscellaneous claims from customers. Payment terms for transactions depend on the agreement with the customer and payment is generally required within 30 days or less receipt by the customer. Revenues are presented net of any taxes collected from customers and remitted to governmental authorities.

When the Company receives cash in advance of the completion of performance obligations it records deferred revenue, which is then earned when performance obligations are completed. Deferred revenue totaled $105,839 and $92,475 as of December 31, 2024 and 2023, respectively. All deferred revenue as of December 31, 2023 was earned during 2024.

Cost of Revenues

Cost of revenues includes expenses directly associated with the delivery of the Company's services, including costs to construct and deploy fiber infrastructure, tower lease expenses, and costs incurred to provide internet services to customers. These costs are recognized in the Company's statements of operations in the same period in which the related service revenues are recognized.

2. Summary of Significant Accounting Policies, continued

Advertising and Promotion

Advertising and promotional costs are expensed as incurred and totaled $123,608 for the year ended December 31, 2024.

Stock-Based Compensation

In accordance with ASC Topic 718, *Compensation – Stock Compensation*, all stock-based payments consisting of stock options, or similar awards, are measured on the grant date based on the fair value of the award and recognized as expense ratably over the requisite service period of the award. Determining the appropriate fair value and calculating the fair value of stock-based awards requires judgment, including the underlying fair value of common stock, estimating stock price volatility, the risk-free interest rates, expected future dividends, if any, and the expected term of the stock-based awards.

Recently Issued Accounting Pronouncements Not Yet Adopted

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures* ("ASU 2023-09"). ASU 2023-09 requires enhanced income tax disclosures, including a tabular rate reconciliation using both percentages and dollar amounts disaggregated into specific categories, expanded disclosure of income taxes paid by federal, state, and foreign jurisdictions, and disaggregation of income (loss) before income tax expense between domestic and foreign. ASU 2023-09 is effective for the Company for annual periods beginning after December 15, 2025. The Company is currently evaluating the impact of ASU 2023-09 on its consolidated financial statement disclosures.

In March 2024, the FASB issued ASU 2024-01, *Compensation – Stock Compensation (Topic 718): Scope Application of Profits Interest and Similar Awards* ("ASU 2024-01"). ASU 2024-01 adds an illustrative example to ASC 718 to clarify how entities should determine whether profits interest and similar awards are within the scope of share-based payment accounting under Topic 718 or should be accounted for under other guidance. ASU 2024-01 is effective for the Company for annual periods beginning after December 15, 2025. The Company issued restricted stock awards to employees. The Company is currently evaluating the impact of ASU 2024-01 on its consolidated financial statements, including whether the illustrative guidance may affect the Company's existing conclusions regarding the classification and measurement of its stock awards under Topic 718.

In March 2025, the FASB issued ASU 2025-05, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets* ("ASU 2025-05"). ASU 2025-05 provides a practical expedient that permits entities to assume that current conditions as of the balance sheet date do not change for the remaining life of current accounts receivables and contract assets when estimating expected credit losses, eliminating the requirement to develop reasonable and supportable forecasts for short-term receivables. For entities other than public business entities, ASU 2025-05 also provides an accounting policy election to consider collection activity after the balance sheet date when estimating expected credit losses. ASU 2025-05 is effective for the Company for annual periods beginning after December 15, 2025, with early adoption permitted. The Company has accounts receivable that are within the scope of ASU 2025-05. The Company is currently evaluating whether to elect the practical expedient and the accounting policy election upon adoption. Given that the Company's allowance for credit losses was $50,000 as of December 31, 2024, the Company does not expect a material impact on the consolidated financial statements upon adoption.

3. Property, Software, and Equipment, Net

Property and equipment, net is comprised of the following as of December 31, 2024:

Internet services equipment	$ 6,028,162
Autos and trucks	455,408
Computers and software	367,034
Building	104,756
Land	51,235
Furniture and fixtures	10,325
Leasehold improvements	7,478
	7,024,398
Less: accumulated depreciation and amortization	(2,301,408)
	4,722,990
Construction in progress	1,231,640
Total	$ 5,954,630

Depreciation and amortization expense totaled $773,833 for the year ended December 31, 2024. $569,663 of this expense related to internet services equipment and is included in cost of revenues on the consolidated statement of operations. The Company placed $900,000 of assets from construction in progress into service, which were classified within internet services equipment asset class for the year ended December 31, 2024.

4. Goodwill

The Company acquired its Subsidiaries in 2021 and, as a result of these acquisitions, recognized goodwill of $9,142,367. For the year ended December 31, 2024, the Company recorded goodwill amortization expense of $914,237. Accumulated amortization of goodwill totaled $3,430,623 as of December 31, 2024.

5. Notes Payable

U.S. Small Business Administration Loan

In May 2020, the Company's subsidiary Southern Broadband, LLC entered into a loan agreement with the U.S. Small Business Administration for $150,000, prior to being acquired by the Company (the "SBA Loan"). The SBA Loan was assumed by the Company as a result of the acquisition of the subsidiary in 2021. The SBA Loan bears interest at 3.75% per annum. Monthly installments of $731 began 12 months after May 18, 2020, and principal and interest are due and payable 30 years from this date. The SBA Loan is guaranteed by certain stockholders of the Company and is collateralized by the Company's assets. The outstanding principal amount under the SBA Loan was $151,416 as of December 31, 2024. Interest expense in connection with the SBA Loan amounted to $5,740 for the year ended December 31, 2024.

5. Notes Payable, continued

LLC Loan

In November 2021, the Company entered into a Loan and Security Agreement with a limited liability company, pursuant to which it issued a non-revolving promissory note in the principal amount of $2,000,000 (the "LLC Loan"). The LLC Loan bore interest at a rate of 13% per annum, with monthly payments of accrued interest required. All outstanding principal and accrued interest were originally due on November 1, 2024. The LLC Loan was guaranteed by the Company's stockholders and secured by substantially all of the Company's assets.

The Company did not repay the outstanding balance on the contractual maturity date and subsequently entered into three consecutive forbearance agreements with the lender dated November 21, 2024, May 21, 2025, and August 14, 2025. These agreements extended the maturity date to May 21, 2025, July 5, 2025, and August 31, 2025, respectively. Effective November 21, 2024, the interest rate increased to 22.5% per annum through the extended maturity period. The outstanding principal balance under the LLC Loan was $2,000,000 as of December 31, 2024.

In September 2025, the lender initiated legal proceedings against the Company for nonpayment under the loan agreement. On September 30, 2025, the Company and the lender entered into a settlement and payoff agreement. On October 4, 2025, the Company repaid the outstanding principal of $2,000,000 and accrued interest of $416,120, thereby satisfying the obligation in full.

Vehicle and Equipment Loans

The Company entered into multiple loan agreements with various lending institutions for the purchasing of equipment and vehicles for the period from July 2020 through December 31, 2024. Vehicle and equipment loans interest rates and maturity dates vary from 6.38% to 13.94% per annum and from March 2025 through November 2028, respectively. The outstanding principal balance on vehicle and equipment loans totaled $421,049 as of December 31, 2024.

As of December 31, 2024, future minimum payments under the aforementioned loan agreements are as follows:

Year ending December 31:	
2025	$ 2,164,077
2026	132,014
2027	86,006
2028	52,281
2030	3,657
Thereafter	134,430
	$ 2,572,465

6. Convertible Promissory Notes

In November 2020, the Company issued a convertible promissory note to a stockholder in the principal amount of $100,000. The note accrues interest at a rate of 10.0% per annum and was originally due on November 11, 2022. The note continues to accrue interest beyond this date and is payable on demand. The note was prepayable at the option of the Company prior to maturity. In addition, the note provided for an automatic conversion into the Company's preferred stock upon the occurrence of a qualifying equity issuance prior to the original maturity date. In the event qualifying event conversion is not consummated prior to maturity date, the holder may convert the outstanding principal balance and any unpaid interest into shares of common stock. As of December 31, 2024, the outstanding balance under the note consisted of $100,000 in principal and $38,657 in accrued interest.

In December 2021, the Company issued a convertible promissory note to a stockholder in the principal amount of $2,079,000. The note accrues interest at a rate of 10.0% per annum and was originally due on December 31, 2022. The note continues to accrue interest beyond this date and is payable on demand. In addition, the note provided for an automatic conversion into the Company's preferred stock upon the occurrence of a qualifying equity issuance prior to the original maturity date. The holder may convert the outstanding principal balance and any unpaid interest into shares of common stock at any time. In November 2023, $2,000,000 of the note converted into 5,750,000 shares of common stock issued to two stockholders. As of December 31, 2024, the outstanding balance under the note consisted of $79,000 in principal and $370,482 in accrued interest.

In October 2022, the Company issued a convertible promissory note to a stockholder in the principal amount of $2,042,000. The note accrues interest at a rate of 10.0% per annum and was originally due on October 27, 2023. The note continues to accrue interest beyond this date and is payable on demand. In addition, the note provided for an automatic conversion into the Company's preferred stock upon the occurrence of a qualifying equity issuance prior to the original maturity date. The holder may convert the outstanding principal balance and any unpaid interest into shares of common stock at any time. As of December 31, 2024, the outstanding balance under the note consisted of $2,030,000 in principal and $467,734 in accrued interest.

On July 25, 2023, the Company issued a convertible promissory note to an LLC in the principal amount of $600,000. The note accrues interest at a rate of 4.0% per annum from the first anniversary of the issuance date and is due on January 31, 2026. In addition, the note provided for an automatic conversion into the Company's preferred stock upon the occurrence of a qualifying financing prior to the original maturity date. In the event qualifying financing conversion is not consummated prior to maturity date, the holder may convert the outstanding principal balance and any unpaid interest into shares of common stock on or after the maturity date. The note is expressly subordinated to all existing and future indebtedness of the Company. As of December 31, 2024, the outstanding balance under the note consisted of $600,000 in principal.

On August 15, 2024, the Company issued a convertible promissory note to an LLC in the principal amount of $220,000. The note accrues interest at a rate of 4.0% per annum from the first anniversary of the issuance date and is due on August 31, 2025. In addition, the note provided for an automatic conversion into the Company's preferred stock upon the occurrence of a qualifying financing prior to the original maturity date. In the event qualifying financing conversion is not consummated prior to maturity date, the holder may convert the outstanding principal balance and any unpaid interest into shares of common stock on or after the maturity date. The note is expressly subordinated to all existing and future indebtedness of the Company. As of December 31, 2024, the outstanding balance under the note consisted of $220,000 in principal.

6. **Convertible Promissory Notes**, continued

As of December 31, 2024, future minimum payments under the convertible promissory notes are as follows:

Year ending December 31:		
2025 (includes on-demand amounts and $846,433 of accrued interest)	$	3,305,433
2026		600,000
	$	3,905,433

7. Stockholders' Equity

Capital Stock

The Company's authorized capital stock consists of 120,100,000 shares with a par value of $0.0001 per share, including 66,818,479 shares of Common Stock, 53,203,021 shares of Series A Preferred Voting Stock, and 78,500 shares of Series A Preferred Non-Voting Stock.

Series A Preferred Voting Stock

Each share of Series A Preferred Voting Stock entitles the holder to one vote per share. The certificate of formation does not provide for mandatory dividends, redemption rights, or conversion rights for the Series A Preferred Voting Stock.

In the event of a liquidation, winding-up, or sale transaction, holders of Series A Preferred Voting Stock are entitled to receive the greater of (i) the original purchase price paid per share or (ii) their pro rata share of proceeds based on the aggregate outstanding shares of Preferred Voting Stock and Common Stock. If the original purchase price method results in a greater return, holders of Series A Preferred Voting Stock receive payment prior to distributions to holders of Series A Preferred Non-Voting Stock and Common Stock. Thereafter, any remaining proceeds are distributed in accordance with the priority provisions set forth in the certificate of formation.

Series A Preferred Non-Voting Stock

The Series A Preferred Non-Voting Stock does not possess voting rights or dividend rights and does not contain redemption or conversion features.

In the event of a liquidation, winding-up, or sale transaction, holders of Series A Preferred Non-Voting Stock are entitled to receive a fixed amount of $1.17 million, to the extent proceeds are available, before certain distributions are made to holders of Common Stock. This preference is limited to sales transactions and liquidation events as defined in the certificate of formation.

Common Stock

Holders of Common Stock are entitled to one vote for each share held on all matters submitted to shareholders. Dividends may be declared and paid at the discretion of the Board of Directors from legally available funds, subject to the rights and preferences of any preferred stock. In the event of a liquidation, winding-up, or sale transaction, holders of Common Stock are entitled to participate in distributions after payment of the Company's liabilities and satisfaction of any preferential rights of preferred shareholders. Common shareholders participate in remaining proceeds in accordance with the liquidation provisions contained in the Company's certificate of formation.

7. **Stockholders' Equity**, continued

Capital Stock, continued

Common Stock, continued

The Company's certificate of formation does not provide redemption rights or conversion rights for the currently authorized Common Stock.

Liquidation Preferences

The Company's capital structure includes liquidation preferences associated with its preferred stock. The Series A Preferred Voting Stock participates in sale or liquidation proceeds based on the greater of its original purchase price per share or a pro rata allocation of proceeds. Additionally, holders of Series A Preferred Non-Voting Stock are entitled to a fixed liquidation preference of $1.17 million, subject to the availability of proceeds. Remaining proceeds are distributed among preferred and common shareholders in accordance with the priorities established in the certificate of formation.

Other Rights

The certificate of formation authorizes the Board of Directors to establish future classes or series of common or preferred stock and determine the voting, dividend, redemption, conversion, exchange, and other rights of such future classes or series. No cumulative voting rights are provided to shareholders.

The Company's preferred stock does not contain mandatory redemption provisions, fixed maturity dates, or conversion features that would require liability classification. Accordingly, the Company's preferred stock is classified within shareholders' equity.

Stock-Based Compensation

The Company grants restricted stock awards ("RSA's") to employees. Stock-based compensation expense is recognized over the vesting period of the RSA's based on the fair value of the stock at the issue date. The fair value of the stock is determined by the Company's management. RSA's vest over a four-year period from the grant date. Stock-based compensation expense was $31,427 for the year ended December 31, 2024. Unrecognized stock-based compensation expense was $20,366 as of December 31, 2024, which is expected to be recognized over a weighted-average period of 1.14 years.

A summary of RSA's activity for the year ended December 31, 2024 is as follows:

	Number of RSA's	Weighted-Average Grant Date Fair Value
Nonvested at beginning of the year	210,417	$ 52,604
Granted	-	-
Vested	(127,500)	(31,875)
Forfeited	-	-
Nonvested at end of year	82,917	$ 20,729

8. Commitments and Contingencies

From time to time, the Company may be involved in a variety of legal matters and subject to legal proceedings that arise in the ordinary course of business. Management believes that these legal proceedings, if any, are not expected to have a material effect on the Company's financial position or results of operations.

9. Concentrations

Account receivable from three customers accounted for 12% of the Company's account receivable as of December 31, 2024.

Two vendors comprised 21% of the Company's account payable as of December 31, 2024.

10. Related-Party Transactions

The Company's debt is guaranteed by certain stockholders of the Company.

The Company issued three convertible promissory notes to a stockholder, which outstanding balance totaled $2,209,000 as of December 31, 2024 and are due on demand (see Note 6).

The Company's Chief Executive Officer is also an officer of Catalyst Networks, an entity to which the Company owes approximately $2.5 million in promissory notes payable, inclusive of accrued interest, as of December 31, 2024.

For the year ended December 31, 2024, the Company paid approximately $235,000 to an officer for professional services provided to the Company.

11. Subsequent Events

The Company's management has reviewed the results of activities for the period of time from December 31, 2024 through July 2, 2026, the date the consolidated financial statements were available to be issued, and has determined that no subsequent events have occurred that require recognition or disclosure in these consolidated financial statements other than the following items:

The Company sold its subsidiaries South Central Tower Co., LLC, and The Fusion Network, LLC in October 2025, and Ridgewood Holdings, LLC in November 2025.