

## **Alternative Reporting Standard: Disclosure Guidelines for the Pink® Market**

Federal and state securities laws require issuers to provide *current information* to the public markets. With a view to facilitating compliance with these laws, OTC Markets Group has created these Disclosure Guidelines (“Guidelines”)<sup>1</sup> that set forth the disclosure obligations that make up the “Alternative Reporting Standard” for Pink companies. Companies on the Pink Market that do not make disclosure directly to the SEC (via EDGAR), a banking regulator, or a non-U.S. regulatory authority may provide disclosure under our “Alternative Reporting Standard.” We use information provided by companies under these Guidelines to designate the appropriate tier in the Pink Market: Current Information or Limited Information.<sup>2</sup>

### **Pink Current Information Tier**

To qualify for the Current Information Tier:

1. **Subscribe to the OTC Disclosure & News Service:** To submit an application, visit [Gateway](#) to sign in or create a new account. Allow OTC Markets Group 2-4 weeks to process your application and provide authorized user credentials to OTCIQ.
2. **Publish Initial Disclosure:** Upload the following documents through OTCIQ:
  - Annual Report for the most recently completed fiscal year.
  - All Quarterly Reports for the Current Fiscal Year.

*Annual or Quarterly Reports are composed of:*

- **Disclosure Statements:** Disclosure information pursuant to these Guidelines for the applicable period. Available as a fillable form beginning on page 4 of these Guidelines.
- **Financial Statements:** Qualifying Financial Statements in accordance with the Financial Statement Requirements specified in Item 9 of these Guidelines.

*Qualifying Financial Statements include:*

- Audit Letter, if audited
- Balance Sheet
- Statement of Income
- Statement of Cash Flows
- Statement of Retained Earnings (Statement of Changes in Stockholders’ Equity)
- Notes to Financial Statements

3. **Publish Attorney Letter:** If financial statements are not audited by a PCAOB registered firm, companies must retain U.S. counsel to review their disclosure and provide a letter to OTC Markets Group with respect to adequate current information by providing the following:

- Attorney Letter Agreement: The attorney for the company must submit a signed Attorney Letter Agreement according to the [Attorney Letter Agreement Instructions](#).

<sup>1</sup> These Guidelines have been designed to encompass the “current information” requirements under state and federal securities laws, such as Rules 10b-5 and 15c2-11 of the Securities Exchange Act of 1934 (“Exchange Act”) as well as Rule 144 of the Securities Act of 1933 (“Securities Act”), and state Blue Sky laws. However, these Guidelines have not been reviewed by the U.S. Securities and Exchange Commission or any state securities regulator. These Guidelines do not constitute legal advice, and OTC Markets Group makes no assurance that compliance with our disclosure requirements will satisfy any legal requirements. These Guidelines may be amended from time to time, in the sole and absolute discretion of OTC Markets Group, with or without notice.

<sup>2</sup> OTC Markets Group may require companies with securities designated as “Caveat Emptor” or other compliance flags to make additional disclosures to qualify for the Pink Current Information tier.

- **Attorney Letter:** After the attorney reviews the company's disclosure, publish the "Attorney Letter With Respect to Current Information" through OTCIQ. Attorney Letters must be in accordance with the [Attorney Letter Guidelines](#).
4. **Verify Profile:** Verify the Company Profile through OTCIQ. This includes the complete list of current officers, directors, and service providers; outstanding shares; a business description; contact information; and the names of all company insiders and beneficial owners of 10% or more of the outstanding units or shares of any class of any equity security of the issuer.
  5. **OTC Markets Group Processing of Reports:** Allow OTC Markets Group to process the posted documents (typically three to five business days) and provide any comments. Companies will only be evaluated for Current Information once all required documentation has been submitted. A new Attorney Letter is required upon amendment of any referenced report.
  6. **Ongoing Requirements:** To qualify for Current Information on an ongoing basis, companies must:
    - Publish reports through OTCIQ on the following schedule:
      - Quarterly Report within **45 days** of the quarter end
      - Annual Report within **90 days** of the fiscal year end
      - Attorney Letter within **120 days** of the fiscal year end if financial statements are unaudited.
    - Maintain a Verified Profile. At least once every six months, review and verify the Company Profile through OTCIQ.
    - Maintain Transfer Agent Verified share data. If your transfer agent participates in the [Transfer Agent Verified Shares Program](#), then your securities must have current share data verified by the transfer agent.
    - Maintain an Active standing in the Company's State of Incorporation.

### **Pink Limited Information Tier**

Companies that do not meet the requirements of the Pink Current Information tier set forth above may still qualify for the Pink Limited Information Tier by meeting the following minimum disclosure requirements.

1. **Annual Financial Statements:** Publish one set of Qualifying Annual Financial Statements which cover the past 2 completed fiscal years, provided the most recently completed fiscal year is within the past 16 months.
2. **Verified Profile:** The Company must verify the Company Profile through OTCIQ, including, but not limited to, a complete list of officers, directors, and service providers; outstanding shares; a business description; contact information; and the name of all company insiders. "Company Insiders" shall include the beneficial owner of 10% or more of the outstanding units or shares of any class of any equity security of the issuer.
3. **Ongoing Requirements:** To qualify for Limited Information on an ongoing basis, companies must:
  - Publish reports on the following schedule:
    - Annual Financial Statements as outlined in Item 9 within 120 days of the fiscal year end. Should a change in FYE occur, no more than 16 months may elapse from the fiscal year end of the prior Annual Financial Statement.
  - Review and Verify the Company's profile information through OTCIQ at least once every 12 months.
  - Maintain Transfer Agent Verified share data. If your transfer agent participates in the [Transfer Agent Verified Shares Program](#), then your securities must have current share data verified by the transfer agent.

### **Current Reporting of Material Corporate Events**

In addition to the disclosure requirements above, all companies on the Pink market are expected to promptly release to the public any news or information regarding corporate events that may be material to the issuer and its securities (including adverse information). Persons with knowledge of such events are considered to be in possession of material nonpublic information and may not buy or sell the issuer's securities until or unless such information is made public. If not included in the issuer's previous public disclosure documents, or if the material events occurs after the publication of such disclosure documents, the issuer shall publicly

disclose such events by disseminating a news release **within four (4) business days** following their occurrence and posting such news release through an Integrated Newswire or the OTC Disclosure & News Service.<sup>3</sup>

Material corporate events may include:

- [Changes to the company's shell status. Please refer to our \*\*FAQ on Shell Companies\*\*](#)
- [Changes in control of issuer](#)
- [Departure of directors or principal officers; election of directors; appointment of principal officers](#)
- [Entry into or termination of a material definitive agreement or material agreement \*\*not made in the ordinary course of business\*\*](#)
- [Completion of an acquisition or disposition of assets, including but not limited to merger transactions](#)
- [Creation of a direct financial obligation or an obligation under an off-balance sheet arrangement of an issuer](#)
- [Triggering events that accelerate or increase a direct or contingent financial obligation including any default or acceleration of an obligation or an obligation under an off-balance sheet arrangement](#)
- [Costs associated with exit or disposal activities \*\*including material write-offs and restructuring; Material impairments\*\*](#)
- [Unregistered sales of equity securities](#)
- [Material modification to rights of security holders](#)
- [Changes in issuer's certifying accountant](#)
- [Non-reliance on previously issued financial statements or a related audit report or completed interim review](#)
- [Change in a company's fiscal year; Amendments to articles of incorporation or bylaws \*\*that were not previously disclosed in a proxy statement or other such disclosure statement.\*\*](#)
- [Amendments to the issuer's code of ethics, or waiver of a provision of the code of ethics](#)
- [Any changes to litigation the issuer may be involved in, or any new litigation surrounding the issuer](#)
- [Officer, director, or insider transactions in the issuer's securities](#)
- [Disclosure of investor relations, marketing, brand awareness, and stock promotion activities which might reasonably be expected to materially affect the market for its securities or otherwise deemed material by the issuer](#)
- [A company's bankruptcy or receivership](#)
- [Termination or reduction of a business relationship with a customer that constitutes a specified amount of the company's revenues](#)
- [Any material limitation, restriction, or prohibition, including the beginning and end of lock-out periods, regarding the company's employee benefits, retirement and stock ownership plan](#)
- [Earnings releases](#)
- [Other materially different information regarding key financial or operation trends from that set forth in periodic reports](#)
- [Other events the issuer determines to be material](#)

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<sup>3</sup> "Integrated Newswire" shall mean a newswire service that is integrated with the OTC Disclosure & News Service and is included on OTC Markets Group's list of Integrated Newswires, as published on <https://www.otcmarkets.com/corporate-services/ir-tools-services>

# **Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines**

## **SPYR, INC.**

6700 Woodlands Parkway, Ste 230, #331  
The Woodlands, TX 77382

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(303) 991-8000

<https://spyr.com>  
[contact@spyr.com](mailto:contact@spyr.com)  
SIC: 5810

## **Annual Report**

**For the period ending December 31, 2023 (the "Reporting Period")**

### **Outstanding Shares**

The number of shares outstanding of our Common Stock was:

922,847,492 Shares Outstanding as of Period Ending December 31, 2023

371,546,371 Shares Outstanding as of Period Ending December 31, 2022

### **Shell Status**

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933, Rule 12b-2 of the Exchange Act of 1934 and Rule 15c2-11 of the Exchange Act of 1934):

Yes: ☐ No: ☒

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes: ☐ No: ☒

### **Change in Control**

Indicate by check mark whether a Change in Control<sup>1</sup> of the company has occurred over this reporting period:

Yes: ☐ No: ☒

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<sup>1</sup> "Change in Control" shall mean any events resulting in:

- (i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities;
- (ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets;
- (iii) A change in the composition of the Board occurring within a two (2)-year period, as a result of which fewer than a majority of the directors are directors immediately prior to such change; or
- (iv) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the

1) **Name and address(es) of the issuer and its predecessors (if any)**

SPYR, INC.

6700 Woodlands Parkway, Ste. 230, #331  
The Woodlands, TX 77382

Eat at Joes, Ltd. Until March 12, 2015

The state of incorporation or registration of the issuer and of each of its predecessors (if any) during the past five years;  
Please also include the issuer's current standing in its state of incorporation (e.g. active, default, inactive):

The Company is Incorporated and Active in the State of Nevada

Describe any trading suspension orders issued by the SEC concerning the issuer or its predecessors since inception:

None

On May 24, 2022, the Company acquired the fixed tangible and intangible assets of GeoTraq, Inc. from JanOne, Inc., a Nevada corporation. GeoTraq assets include intellectual property and inventory consisting of wireless modules that were to provide Location Based Services ("LBS") designed to connect to external sensors to the Internet of Things.

The address(es) of the issuer's principal executive office:

6700 Woodlands Parkway, Ste. 230, #331  
The Woodlands, TX 77382

The address(es) of the issuer's principal place of business:

☒ *Check if principal executive office and principal place of business are the same address:*

Has the issuer or any of its predecessors been in bankruptcy, receivership, or any similar proceeding in the past five years?

No: ☒ Yes: ☐ If Yes, provide additional details below:

**Security Information**

**Transfer Agent**

Signature Stock Transfer  
972-612-4120

info@signaturestocktransfer.com  
14673 Midway Road - Suite 220  
Addison, TX 75001

**Publicly Quoted or Traded Securities:**

*The goal of this section is to provide a clear understanding of the share information for its publicly quoted or traded equity securities. Use the fields below to provide the information, as applicable, for all outstanding classes of securities that are publicly traded/quoted.*

OTC Markets Group Inc.

Trading symbol: SPYR

Exact title and class of securities outstanding: Common

CUSIP: 85219Y103

Par or stated value: \$0.0001

Total shares authorized: 3,000,000,000 as of date: December 31, 2023

Total shares outstanding: 922,847,492 as of date: December 31, 2023

Total number of shareholders of record: 126 as of date: December 31, 2023

*All additional class(es) of publicly quoted or traded securities (if any):*

Trading symbol: \_\_\_\_\_

Exact title and class of securities outstanding: \_\_\_\_\_

CUSIP: \_\_\_\_\_

Par or stated value: \_\_\_\_\_

Total shares authorized: \_\_\_\_\_ as of date: \_\_\_\_\_

Total shares outstanding: \_\_\_\_\_ as of date: \_\_\_\_\_

Total number of shareholders of record: \_\_\_\_\_ as of date: \_\_\_\_\_

**Other classes of authorized or outstanding equity securities:**

*The goal of this section is to provide a clear understanding of the share information for its other classes of authorized or outstanding equity securities (e.g. preferred shares). Use the fields below to provide the information, as applicable, for all other authorized or outstanding equity securities.*

Exact title and class of the security: Preferred Stock, Class A

CUSIP (if applicable): 85219Y103

Par or stated value: \$0.0001

Total shares authorized: 1 as of date: December 31, 2023 Total

shares outstanding (if applicable): 1 as of date: December 31, 2023 Total

number of shareholders of record: 1 as of date: December 31, 2023

Exact title and class of the security: Preferred Stock, Class b

CUSIP (if applicable): 85219Y103

Par or stated value: \$100.00

Total shares authorized: 250,000 as of date: December 31, 2023 Total

shares outstanding (if applicable): 107,636 as of date: December 31, 2023 Total

number of shareholders of record: 1 as of date: November 20, 2023

Exact title and class of the security: Preferred Stock, Class E

CUSIP (if applicable): 85219Y103

Par or stated value: \$0.0001

Total shares authorized: 10,000,000 as of date: December 31, 2023

Total shares outstanding (if applicable): 20,000 as of date: December 31, 2023 Total

number of shareholders of record: 1 as of date: December 31, 2023

Exact title and class of the security: Preferred Stock, Class G

CUSIP (if applicable): 85219Y103

Par or stated value: \$0.0001

Total shares authorized:	100,000 as of date: December 31, 2023
Total shares outstanding (if applicable):	9,224 as of date: December 31, 2023
number of shareholders of record:	1 as of date: December 31, 2023

### **Security Description:**

*The goal of this section is to provide a clear understanding of the material rights and privileges of the securities issued by the company. Please provide the below information for each class of the company's equity securities, as applicable:*

#### **1. For common equity, describe any dividend, voting and preemption rights.**

The holders of our Common Stock have equal ratable rights to dividends from funds legally available if and when declared by our board of directors and are entitled to share ratably in all of our assets available for distribution to holders of Common Stock upon liquidation, dissolution or winding up of our affairs. Our Common Stock does not provide the right to a preemptive, subscription or conversion rights and there is no redemption or sinking fund provisions or rights. Our Common Stockholders are entitled to one non-cumulative vote per share on all matters on which stockholders may vote. Holders of shares of our Common Stock do not have cumulative voting rights, which means that the holders of more than 50% of the outstanding shares, voting for the election of directors, can elect all of the directors to be elected, if they so choose, and, in that event, the holders of the remaining shares will not be able to elect any of our directors.

#### **2. For preferred stock, describe the dividend, voting, conversion, and liquidation rights as well as redemption or sinking fund provisions.**

Series "A" Preferred Stock: The Company shall, in its discretion, determine when and if dividends will be paid on the Class "A" Preferred Shares, and whether it will be paid in cash, shares of Common Stock, or a combination of both. The Class "A" Preferred Stock will have priority as to dividends over the Common Stock. The holders of the Class "A" Preferred Stock will be entitled at any time to convert their shares of Class "A" Preferred Stock into shares of the Company's Common Stock at the rate of one (1) share of Class "A" Preferred Stock be converted into common shares of the Company at an agreed price of forty cents (\$0.40) per share (the "Conversion Price"). No fractional shares will be issued. The holders of the Class "A" Preferred Stock shall vote for the election of directors, and shall have full voting rights, except that each Class A Preferred share shall entitle the holder to exercise ten thousand (10,000) votes for each one (1) Class A Preferred Share held.

Series "B" Preferred Stock: Each holder of outstanding Shares of Series "B" Preferred Stock shall be entitled to vote with holders of outstanding shares of Common Stock, voting together as a single class, with respect to any and all matters presented to the stockholders of the Corporation for their action or consideration (whether at a meeting of stockholders of the Corporation, by written action of stockholders in lieu of a meeting or otherwise), except as provided by law or by the provisions of Section 6.2 below. Whenever holders of Series "B" Preferred Stock are required or permitted to take any action by vote, such action may be taken without a meeting on written consent, setting forth the action so taken and signed by the holders of the outstanding shares of Series "B" Preferred Stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all such shares entitled to vote thereon were present and voted. For the avoidance of doubt, in any matter presented to the stockholders for their consideration and action, in a noticed meeting, special meeting or by written consent, the holder of the Series "B" Preferred Stock shall be entitled to cast that number of votes equal to the total number of votes cast, plus one thousand shares to equal to a majority of the shares eligible to vote on any matter, consistent with Section 2.8 of the Corporation's By Laws.

Series "E" Preferred Stock: Each share of Series E Preferred Stock shall be convertible to common stock at the average closing bid price for the Company's common stock for the 5 trading days prior to the conversion date and is adjustable to prevent dilution. Series E shares are redeemable at the option of the Company at par value only after repayment of shareholder loans and subject to the holder's option to convert. Shareholders of Series E are entitled to vote 1,000 votes per share of Series E Convertible Preferred Shares Series E Stock is entitled to liquidation preference at par value and is senior to all other share of preferred or common shares issued past, present and future. Series E Preferred Stock shall not be eligible to participate, receive or accrue dividends.

Series "G" Preferred Stock: Each share of Series G Convertible Preferred Stock shall be convertible into one hundred thousand common shares subject to a beneficial ownership limitation restricting the holder to owning no more than 9.99% of the total issued and outstanding shares of the Corporation on the date of conversion. With respect to payment of assets upon liquidation, dissolution, or winding up of the Corporation, whether voluntary or involuntary, all Shares of Series "G" Preferred Stock shall rank senior to all common stock ("Junior

Securities"). Series G Preferred Stock shall not be eligible to participate, receive or accrue dividends. Series G stock are not redeemable but have preferential liquidation rights. Holders of the Shares of Series G Preferred Stock shall not be entitled to vote with holders of Junior Securities with respect to any and all matters presented to the stockholders of the Corporation for their action or consideration.

**3. Describe any other material rights of common or preferred stockholders.**

NA

**4. Describe any material modifications to rights of holders of the company's securities that have occurred over the reporting period covered by this report.**

NA

**3) Issuance History**

The goal of this section is to provide disclosure with respect to each event that resulted in any changes to the total shares outstanding of any class of the issuer's securities **in the past two completed fiscal years and any subsequent interim period.**

Disclosure under this item shall include, in chronological order, all offerings and issuances of securities, including debt convertible into equity securities, whether private or public, and all shares, or any other securities or options to acquire such securities, issued for services. Using the tabular format below, please describe these events.

**A. Changes to the Number of Outstanding Shares**

Indicate by check mark whether there were any changes to the number of outstanding shares within the past two completed fiscal years:

No: ☐ Yes: ☒ (If yes, you must complete the table below)



Shares Outstanding as of Second Most Recent Fiscal Year End:  Date 12/31/2021 <div>Opening Balance Common: 245,050,988 Preferred A: 107,636 Preferred E: 20,000 Preferred G: 0</div>			*Right-click the rows below and select "Insert" to add rows as needed.						
Date of Transaction	Transaction type (e.g., new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to.  *You must disclose the control person(s) for any entities listed.	Reason for share issuance (e.g. for cash or debt conversion) -OR- Nature of Services Provided	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.
1/1/21	New Issuance	75,000	Common	\$0.0800	No	Tim Matula	Services	Restricted	4(a)(2)
1/1/21	New Issuance	75,000	Common	\$0.0800	No	Tad Mailander	Services	Restricted	4(a)(2)
1/25/21	New Issuance	3,000,000	Common	\$0.1236	No	Tim Wong	Services	Unrestricted	4(a)(2)
2/1/21	New Issuance	1,000,000	Common	\$0.1600	No	James R Thompson	Services	Restricted	4(a)(2)
2/1/21	New Issuance	250,000	Common	\$0.1600	No	Jennifer D Duettra	Services	Restricted	4(a)(2)
4/1/21	New Issuance	75,000	Common	\$0.1624	No	Tim Matula	Services	Restricted	4(a)(2)
4/1/21	New Issuance	75,000	Common	\$0.1624	No	Tad Mailander	Services	Restricted	4(a)(2)
5/13/21	New Issuance	763,917	Common	\$0.0875	Yes	Medhi Safavi	Debt Conversion	Unrestricted	4(a)(2)
6/18/21	New Issuance	2,972,320	Common	\$0.0770	Yes	Medhi Safavi	Debt Conversion	Unrestricted	4(a)(2)
6/24/21	New Issuance	1,242,854	Common	\$0.0533	Yes	Irth Communications, LLC - Andrew Haag	Services	Restricted	4(a)(2)
7/19/21	New Issuance	3,561,830	Common	\$0.0510	Yes	Medhi Safavi	Debt Conversion	Restricted	4(a)(2)
10/4/21	New Issuance	10,000,000	Common	\$0.0467	Yes	Ares Capital, Inc - Nima Montazeri	Debt Conversion	Unrestricted	4(a)(2)
10/22/21	New Issuance	7,000,000	Common	\$0.0762	No	Tim Wong	Services	Unrestricted	S-8
10/28/21	New Issuance	5,128,205	Common	\$0.0933	Yes	Medhi Safavi	Debt Conversion	Unrestricted	4(a)(2)
12/9/21	New Issuance	1,083,009	Common	\$0.0440	Yes	Ares Capital, Inc - Nima Montazeri	Debt Conversion	Unrestricted	4(a)(2)
12/13/21	New Issuance	5,611,222	Common	\$0.0500	Yes	Medhi Safavi	Debt Conversion	Unrestricted	4(a)(2)
1/1/22	Retirement	-11,000,000	Common	\$0.0464	No	Tim Matula	Settlement	Restricted	4(a)(2)

1/4/22	New Issuance	5,200,000	Common	\$0.0415	No	Michael DeGiacomo Jr	Services	Unrestricted	S-8
1/10/22	New Issuance	7,000,000	Common	\$0.0461	No	Tim Wong	Services	Unrestricted	S-8
1/12/22	New Issuance	3,500,000	Common	\$0.0620	No	Robert L Hymers III	Services	Unrestricted	S-8
1/12/22	New Issuance	1,015,019	Common	\$0.0620	No	Richard K Clark	Services	Unrestricted	S-8
1/13/22	Retirement	-7,000,000	Common	\$0.0604	No	Tim Wong	Services	Unrestricted	S-8
1/19/22	New Issuance	1,863,000	Common	\$0.0566	Yes	Medhi Safavi	Debt Conversion	Unrestricted	4(a)(2)
1/31/22	New Issuance	773,348	Common	\$0.0609	No	Richard Kelly Clark	Settlement	Unrestricted	S-8
1/31/22	New Issuance	1,546,695	Common	\$0.0609	No	Harald K Zink	Settlement	Unrestricted	S-8
1/31/22	New Issuance	695,951	Common	\$0.0609	No	Misty Seals	Settlement	Unrestricted	S-8
2/7/23	New Issuance	11,000,000	Common	\$0.0575	No	Tim Matula	Services	Unrestricted	S-8
3/3/22	New Issuance	1,886,792	Common	\$0.0318	No	Irth Communications, LLC - Andrew Haag	Services	Restricted	4(a)(2)
3/15/22	New Issuance	2,000,000	Common	\$0.0490	No	Collier Capital Investments, LLC - David Clark	Settlement	Restricted	4(a)(2)
3/17/22	New Issuance	1,498,289	Common	\$0.0443	Yes	Ares Capital, Inc - Nima Montazeri	Debt Conversion	Restricted	4(a)(2)
4/11/22	New Issuance	4,004,290	Common	\$0.0414	Yes	Ares Capital, Inc - Nima Montazeri	Debt Conversion	Restricted	4(a)(2)
4/25/22	New Issuance	2,737,329	Common	\$0.0448	Yes	Ares Capital, Inc - Nima Montazeri	Debt Conversion	Unrestricted	4(a)(2)
5/4/22	New Issuance	2,367,465	Common	\$0.0389	Yes	Ares Capital, Inc - Nima Montazeri	Debt Conversion	Unrestricted	4(a)(2)
5/5/22	New Issuance	5,000,000	Common	\$0.0396	No	Juan Yunis	Debt Conversion	Restricted	4(a)(2)
5/20/22	New Issuance	2,000,000	Common	\$0.0450	Yes	Robert L Hymers III	Debt Conversion	Unrestricted	4(a)(2)
6/13/22	New Issuance	3,720,939	Common	\$0.0237	Yes	Brown Stone Capital LP - Nima Montazeri	Debt Conversion	Unrestricted	4(a)(2)
6/16/22	New Issuance	1,250,000	Common	\$0.0220	No	Integrity Media, Inc - Ajmal Nasir	Debt Conversion	Restricted	4(a)(2)
6/16/22	New Issuance	30,000,000	Common	\$0.0220	No	JanOne, Inc - Tim Matula	Acquisition	Restricted	4(a)(2)
8/15/22	New Issuance	3,000,000	Common	\$0.0222	No	Marlin Molinaro	Services	Restricted	4(a)(2)

8/15/22	New Issuance	7,000,000	Common	\$0.0222	No	Redstone Communcations, LLC - Anthony Altavilla	Services	Restricted	4(a)(2)
9/1/22	New Issuance	683,334	Common	\$0.0180	No	Pierre Parent	Services	Restricted	4(a)(2)
9/28/22	New Issuance	6,000,000	Common	\$0.0116	No	Robert L Hymers III	Services	Unrestricted	S-8
10/25/22	New Issuance	17,196,262	Common	\$0.0109	No	Srax, Inc - Chris Miglino	Services	Restricted	4(a)(2)
11/11/22	New Issuance	683,334	Common	\$0.0135	No	Pierre Parent	Services	Restricted	4(a)(2)
11/22/22	New Issuance	2,000,000	Common	\$0.0120	No	Richard Kelly Clark	Services Settlement	Unrestricted	4(a)(2)
11/22/22	New Issuance	2,000,000	Common	\$0.0120	No	Harald K Zink	Services Settlement	Unrestricted	4(a)(2)
11/22/22	New Issuance	1,000,000	Common	\$0.0120	No	Misty Seals	Services Settlement	Unrestricted	4(a)(2)
12/5/22	Retirement	-25,000,000	Common	\$0.0001	No	The 41149 Irrevocable Trust - Tim Matula	Cancellation	Restricted	4(a)(2)
12/5/22	Retirement	-6,638,209	Common	\$0.0001	No	The 41149 Irrevocable Trust - Tim Matula	Cancellation	Restricted	4(a)(2)
12/5/22	New Issuance	12,000,000	Common	\$0.0113	No	Michael DeGiacomo Jr	Services	Unrestricted	S-8
12/5/22	New Issuance	5,000,000	Common	\$0.0113	No	James R Thompson	Settlement	Restricted	4(a)(2)
12/5/22	New Issuance	2,500,000	Common	\$0.0113	No	Jennifer D Duettra	Settlement	Restricted	4(a)(2)
12/5/22	Retirement	-1,893,299	Common	\$0.0113	No	Berkshire Capital Management Co, Inc - Joseph Fiore	Cancellation	Unrestricted	4(a)(2)
12/5/22	Retirement	-2,441,176	Common	\$0.0113	No	Joseph Fiore	Cancellation	Restricted	4(a)(2)
12/5/22	Retirement	-300,000	Common	\$0.0113	No	Berkshire Capital Management Co, Inc - Joseph Fiore	Cancellation	Unrestricted	4(a)(2)
12/21/22	New Issuance	14,962,686	Common	\$0.0100	Yes	Brown Stone Capital LP - Nima Montazeri	Debt Conversion	Unrestricted	4(a)(2)
12/28/22	New Issuance	10,000,000	Common	\$0.0110	No	John Cesar Grosso	Services	Restricted	4(a)(2)
12/30/23	New Issuance	683,334	Common	\$0.0105	No	Pierre Parent	Services	Restricted	4(a)(2)
1/3/23	New Issuance	6,100,000	Common	\$0.0112	No	Pierre Parent	Services	Restricted	4(a)(2)

1/5/23	New Issuance	5,000,000	Common	\$0.0100	Yes	1 800 Diagonal Lending, LLC - Seth Kramer	Debt Conversion	Unrestricted	4(a)(2)
1/23/23	New Issuance	3,000,000	Common	\$0.0088	Yes	1 800 Diagonal Lending, LLC - Seth Kramer	Debt Conversion	Unrestricted	4(a)(2)
1/24/23	New Issuance	3,000,000	Common	\$0.0084	Yes	Pinnacle Consulting Services, Inc - Robert L Hymers III	Debt Conversion	Unrestricted	4(a)(2)
1/26/23	New Issuance	5,681,818	Common	\$0.0069	Yes	1 800 Diagonal Lending, LLC - Seth Kramer	Debt Conversion	Unrestricted	4(a)(2)
2/2/23	New Issuance	5,454,545	Common	\$0.0060	Yes	1 800 Diagonal Lending, LLC - Seth Kramer	Debt Conversion	Unrestricted	4(a)(2)
2/6/23	New Issuance	4,090,909	Common	\$0.0055	Yes	Pinnacle Consulting Services, Inc - Robert L Hymers III	Debt Conversion	Unrestricted	4(a)(2)
2/7/23	New Issuance	6,187,879	Common	\$0.0066	Yes	1 800 Diagonal Lending, LLC - Seth Kramer	Debt Conversion	Unrestricted	4(a)(2)
2/13/23	New Issuance	8,000,000	Common	\$0.0042	Yes	1 800 Diagonal Lending, LLC - Seth Kramer	Debt Conversion	Unrestricted	4(a)(2)
2/16/23	New Issuance	4,545,455	Common	\$0.0043	Yes	Pinnacle Consulting Services, Inc - Robert L Hymers III	Debt Conversion	Unrestricted	4(a)(2)
2/22/23	New Issuance	9,523,810	Common	\$0.0035	Yes	1 800 Diagonal Lending, LLC - Seth Kramer	Debt Conversion	Unrestricted	4(a)(2)
2/28/23	New Issuance	15,333,333	Common	\$0.0030	Yes	1 800 Diagonal Lending, LLC - Seth Kramer	Debt Conversion	Unrestricted	4(a)(2)
3/6/23	New Issuance	21,666,666	Common	\$0.0024	Yes	Brown Stone Capital LP - Nima Montazeri	Debt Conversion	Unrestricted	4(a)(2)
3/15/23	New Issuance	550	Preferred G	\$0.0001	Yes	JanOne, Inc - Tim Matula	Acquisition	Restricted	Rule 144
3/28/23	New Issuance	12,500,000	Common	\$0.0020	Yes	1 800 Diagonal Lending, LLC - Seth Kramer	Debt Conversion	Unrestricted	4(a)(2)
4/25/23	New Issuance	24,054,054	Common	\$0.0023	Yes	Medhi Safavi	Debt Conversion	Unrestricted	4(a)(1)
5/19/23	New Issuance	25,000,000	Common	\$0.0014	Yes	Medhi Safavi	Debt Conversion	Unrestricted	4(a)(1)
5/19/23	New Issuance	214,286	Common	\$0.0014	Yes	Medhi Safavi	Debt Conversion	Unrestricted	4(a)(1)

6/7/23	New Issuance	1,308	Preferred G	\$0.0001	Yes	JanOne, Inc - Tim Matula	Acquisition	Restricted	Rule 144
6/15/23	New Issuance	26,470,588	Common	\$0.0011	Yes	Medhi Safavi	Debt Conversion	Unrestricted	4(a)(1)
6/30/23	New Issuance	2,285	Preferred G	\$0.0001	Yes	JanOne, Inc - Tim Matula	Acquisition	Restricted	Rule 144
7/18/23	New Issuance	27,777,778	Common	\$0.0011	Yes	Medhi Safavi	Debt Conversion	Unrestricted	4(a)(1)
8/2/23	New Issuance	29,200,000	Common	\$0.0011	Yes	Medhi Safavi	Debt Conversion	Unrestricted	4(a)(1)
8/28/23	New Issuance	30,000,000	Common	\$0.0011	Yes	Medhi Safavi	Debt Conversion	Unrestricted	4(a)(1)
9/21/23	New Issuance	32,000,000	Common	\$0.0011	Yes	Medhi Safavi	Debt Conversion	Unrestricted	4(a)(1)
10/2/23	New Issuance	5,081	Preferred G	\$0.0001	Yes	JanOne, Inc - Tim Matula	Acquisition	Restricted	Rule 144
10/11/23	New Issuance	33,500,000	Common	\$0.0011	Yes	Medhi Safavi	Debt Conversion	Unrestricted	4(a)(1)
10/16/23	New Issuance	35,000,000	Common	\$0.0011	Yes	Medhi Safavi	Debt Conversion	Unrestricted	4(a)(1)
11/14/23	New Issuance	37,000,000	Common	\$0.0002	Yes	Medhi Safavi	Debt Conversion	Unrestricted	4(a)(1)
11/16/2023	New Issuance	42,000,000	Common	\$0.0002	Yes	Medhi Safavi	Debt Conversion	Unrestricted	4(a)(1)
12/08/2023	New Issuance	48,000,000	Common	\$0.0002	Yes	Medhi Safavi	Debt Conversion	Unrestricted	4(a)(1)
12/26/2023	New Issuance	51,000,000	Common	\$0.0001	Yes	Medhi Safavi	Debt Conversion	Unrestricted	4(a)(1)
Shares Outstanding on Date of This Report:									
<u>Ending Balance:</u>									
Date 12/31/2023	Common: 922,847,492								
	Preferred A: 107,636								
	Preferred E: 20,000								
	Preferred G:9,224								

**Example:** A company with a fiscal year end of December 31<sup>st</sup>, in addressing this item for its Annual Report, would include any events that resulted in changes to any class of its outstanding shares from the period beginning on January 1, 2021 through December 31, 2022 pursuant to the tabular format above.

Use the space below to provide any additional details, including footnotes to the table above:

\_\_\_\_\_

## B. Promissory and Convertible Notes

Indicate by check mark whether there are any outstanding promissory, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer's equity securities:

No: ☐ Yes: ☒ (If yes, you must complete the table below)

Date of Note Issuance	Outstanding Balance (\$)	Principal Amount at Issuance (\$)	Interest Accrued (\$)	Maturity Date	Conversion Terms (e.g. pricing mechanism for determining conversion of instrument to shares)	Name of Noteholder. <small>*You must disclose the control person(s) for any entities listed.</small>	Reason for Issuance (e.g. Loan, Services, etc.)
5-17-21	\$572,654.63	\$501,102.57	\$71,552.06	demand	-	481149 Irrevocable Trust/Tim Matula	Loan
5-27-21	\$4,347.75	\$61,500	\$4,347.75	demand	50% discount to lowest VWAP for three days prior to conversion.	Ares Capital Inc./Nima Montazeri	Loan
6-17-21	\$2,453,958.04	\$2,453,958.04	\$337,552.01	demand	Actual/365 6%	Berkshire Capital Mgt. Joseph Fiore	Loan
10/1/21	\$468,205.00	\$500,000.00	\$27,550.02	10/5/25	Lesser of \$0.25 or 70% of lowest VWAP for three days prior to conversion.	Mehdi Safavi	Loan
11-3-21	\$49,152.24	\$45,000	\$4,152.24	11/2/26	The lesser of (1) \$0.25, or 50% of the average of the three lowest VWAP	Ares Capital Inc./Nima Montazeri	Loan
12-27-21	\$28,712.33	\$50,000.00	-	12/26/26	Actual/365 8%	Brownstone Capital/Nima Montazeri	Loan
1-10-22	\$243,090.41	\$200,000.00	\$43,090.41	1/9/27	Actual/365 8%	Brownstone Capital/Nima Montazeri	Loan
2-3-22	\$60,246.58	\$50,000.00	\$10,246.58	2/2/27	Actual/365 8%	Brownstone Capital/Nima Montazeri	Loan
2-11-22	\$60,071.24	\$50,000.00	\$10,071.24	2-10-27	Actual/365 8%	Brownstone Capital/Nima Montazeri	Loan
3-24-22	\$248,524.94	\$210,000.00	\$38,524.94	3/23/27	Actual/365 8%	Brownstone Capital/Nima Montazeri	Loan
4-21-22	\$204,956.17	\$175,000.00	\$29,956.17	4/20/27	Actual/365 8%	Brownstone Capital/Nima Montazeri	Loan
5-24-22	\$12,854,071.23	\$12,600,000.00	\$254,071.23	5/24/27	Actual/365 8%	JanOne, Inc./Tony Isaac	Purchase price acquisition
6-16-22	\$85,997.26	\$75,000.00	\$10,997.26	6/15/27	Actual/365 8%	Mehdi Safavi	Loan
8-2-22	\$168,904.11	\$150,000.00	\$18,904.11	8/1/27	Actual/365 8%	Mehdi Safavi	Loan
9-23-22	\$55,487.12	\$65,000.00	\$5,487.12	9/23/23	Actual/365 8%	1800 Diagonal Lending/Seth Kramer	Loan
10-1-22	\$78,726.03	\$70,000.00	\$8,726.03	4/1/23	Actual/365 10%	Pinnacle Consulting/Robert Hymers	Loan

Use the space below to provide any additional details, including footnotes to the table above:

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## Issuer's Business, Products and Services

The purpose of this section is to provide a clear description of the issuer's current operations.

(Please ensure that these descriptions are updated on the Company's Profile on [www.otcm Markets.com](http://www.otcm Markets.com)).

- A. Summarize the issuer's business operations (If the issuer does not have current operations, state "no operations")

The Company operates two segments in the "Internet of Things" (IoT) market. Through our wholly owned subsidiary GeoTraq division, we develop and manufacture entirely self-contained and ultra-small Mobile IoT (Internet of Things) modules for asset tracking, location-based services, and sensor modules for remote monitoring.

- B. List any subsidiaries, parent company, or affiliated companies.

GeoTraq Inc

- C. Describe the issuers' principal products or services.

GeoTraq is a Mobile IoT module manufacturer and connectivity provider. GeoTraq offers asset tracking and remote monitoring through Mobile IoT modules with global connectivity. GeoTraq Mobile IoT modules report location data with the ability to measure variables from external sensors, such as temperature, flow, pressure, humidity, motion, acceleration and more. The modules transmit data for scheduled reports or trigger-based event alerts. GeoTraq technology is designed to streamline business processes and increase operational efficiency to drive ROI and solve real business challenges.

## Issuer's Facilities

The Company currently does not own or lease any real property out of which it conducts operations. All administrative activities of the Company are conducted remotely given the COVID-19 pandemic. Our plan is to continue to operate remotely until such time as we determine formal office space is needed.

## Officers, Directors, and Control Persons

Using the table below, please provide information, as of the period end date of this report, regarding any officers, or directors of the company, individuals or entities controlling more than 5% of any class of the issuers securities, or any person that performs a similar function, regardless of the number of shares they own. **If any insiders listed are corporate shareholders or entities, provide the name and address of the person(s) beneficially owning or controlling such corporate shareholders, or the name and contact information (City, State) of an individual representing the corporation or entity in the note section.**

Include Company Insiders who own any outstanding units or shares of any class of any equity security of the issuer.

The goal of this section is to provide an investor with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant or beneficial shareholders.

Names of All Officers, Directors and Control Persons	Affiliation with Company (e.g. Officer Title /Director/Owner of more than 5%)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding	Names of control person(s) if a corporate entity
Tim Matula	CEO	Sammamish, WA	2,150,000	Common	0.27%	
John Formichella	Director	Bangkok Thailand	300,000	Common	0.04%	
Tad Mailander	Legal Counsel & Director	San Diego, CA	150,000	Common	0.01%	
Mailander Law Office, Inc.	Legal Counsel & Director	San Diego, CA	1,500,000	Common	0.19%	Tad Mailander
JanOne, Inc.	CEO	Las Vegas, NV	30,000,000	Common	3.83%	Tim Matula
JanOne, Inc.	CEO, Owner of more than 5%	Las Vegas, NV	9,224	Preferred G	9.22%	Tim Matula

## Legal/Disciplinary History

A. Identify and provide a brief explanation as to whether any of the persons or entities listed above in Section 6 have, in the past 10 years:

1. Been the subject of an indictment or conviction in a criminal proceeding or plea agreement or named as a defendant in a pending criminal proceeding (excluding minor traffic violations);

None

2. Been the subject of the entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, financial- or investment-related, insurance or banking activities;

None

3. Been the subject of a finding, disciplinary order or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, a state securities regulator of a violation of federal or state securities or commodities law, or a foreign regulatory body or court, which finding or judgment has not been reversed, suspended, or vacated;

None

4. Named as a defendant or a respondent in a regulatory complaint or proceeding that could result in a "yes" answer to part 3 above; or

None



5. Been the subject of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities.

None

6. Been the subject of a U.S Postal Service false representation order, or a temporary restraining order, or preliminary injunction with respect to conduct alleged to have violated the false representation statute that applies to U.S mail.

None

- B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

\_\_\_\_\_

### Third Party Service Providers

Provide the name, address, telephone number and email address of each of the following outside providers. You may add additional space as needed.

Securities Counsel (must include Counsel preparing Attorney Letters).

Tad Mailander  
Mailander Law Office Incorporated  
2721 SW Trenton St # 47135  
Seattle WA 98146  
(619) 549-1442  
tad@mailanderlaw.net

Accountant or Auditor  
BF Borgers CPA PC  
5400 West Cedar Ave  
Lakewood, CO 80226

(303) 953-1454  
contact@bfbcpa.us

### Investor Relations

Name: \_\_\_\_\_  
Firm: \_\_\_\_\_  
Address 1: \_\_\_\_\_  
Address 2: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Email: \_\_\_\_\_

*All other means of Investor Communication:*

Twitter: \_\_\_\_\_  
Discord: \_\_\_\_\_  
LinkedIn \_\_\_\_\_  
Facebook: \_\_\_\_\_  
[Other ] \_\_\_\_\_

#### Other Service Providers

Provide the name of any other service provider(s) that **that assisted, advised, prepared, or provided information with respect to this disclosure statement**. This includes counsel, broker-dealer(s), advisor(s), consultant(s) or any entity/individual that provided assistance or services to the issuer during the reporting period.

Name: \_\_\_\_\_  
Firm: \_\_\_\_\_  
Nature of Services: \_\_\_\_\_  
Address 1: \_\_\_\_\_  
Address 2: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Email: \_\_\_\_\_

#### **) Financial Statements**

**A.** Name: **Tim Matula**  
Title: **CEO**  
Relationship to Issuer: **Officer**

**B.** The following financial statements were prepared in accordance with:

- ☐ IFRS  
☒ U.S. GAAP

**C.** The following financial statements were prepared by (name of individual)<sup>2</sup>:Name:

Name **Tim Matula**  
Title: **CEO**  
Relationship to Issuer: **Officer**

Describe the qualifications of the person or persons who prepared the financial statements: Mr. Matula has 21 years of accounting experience having joined Shearson Lehman Brothers as a financial consultant in 1992. In 1994 he joined Prudential Securities and when he left Prudential in 1997, he was Associate Vice President, Investments, Quantum Portfolio Manager.

Provide the following financial statements for the most recent fiscal year or quarter. For the initial disclosure statement (qualifying for Pink Current Information for the first time) please provide reports for the two previous fiscal years and any subsequent interim periods.

- a. Audit letter, if audited;
- b. Balance Sheet;
- c. Statement of Income;
- d. Statement of Cash Flows;
- e. Statement of Retained Earnings (Statement of Changes in Stockholders' Equity)
- f. Financial Notes

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<sup>2</sup> The financial statements requested pursuant to this item must be prepared in accordance with US GAAP or IFRS and by persons with sufficient financial skills.

## 9) Issuer Certification

*Principal Executive Officer:*

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles but having the same responsibilities) in each Quarterly Report or Annual Report.

The certifications shall follow the format below:

I, Tim Matula certify that:

1. I have reviewed this Disclosure Statement for SPYR, Inc.;
2. Based on my knowledge, this disclosure statement 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 disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

April 15, 2024

/s/ Tim Matula

*Principal Financial Officer:*

I, Tim Matula certify that:

1. I have reviewed this Disclosure Statement for SPYR, Inc.;
2. Based on my knowledge, this disclosure statement 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 disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

April 15, 2024

/s/ Tim Matula

**SPYR, Inc. and Subsidiaries**  
**Condensed Consolidated Balance Sheets**  
**(Unaudited)**

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 14,000	\$ 3,000
Prepaid Expenses	4,000	4,000
Inventory	115,000	115,000
Total Current Assets	<u>133,000</u>	<u>122,000</u>
Non-Current Assets:		
Property and Equipment, net	-	6,000
Intangible Assets, net	9,500,000	9,500,000
Other Assets	1,000	1,000
<b>TOTAL ASSETS</b>	<u><b>\$ 9,634,000</b></u>	<u><b>\$ 9,629,000</b></u>
<b>LIABILITIES &amp; STOCKHOLDERS' DEFICIT</b>		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	\$ 2,150,000	\$ 2,071,000
Related party Notes Payable, current portion	580,000	553,000
Short-Term Convertible Notes Payable	140,000	370,000
Current Liabilities of Discontinued Operations	815,000	815,000
Total Current Liabilities	<u>3,685,000</u>	<u>3,809,000</u>
Other Liabilities:		
Notes Payable	12,624,000	12,152,000
Long-Term Convertible Notes Payable	1,618,000	561,000
Derivative Liability	7,511,000	3,384,000
Total Liabilities	<u>25,438,000</u>	<u>19,906,000</u>
Stockholders' Deficit:		
Preferred Stock, Class A, \$0.0001 par value, 10,000,000 shares authorized; 107,636 shares issued and outstanding as of December 31, 2023 and December 31, 2022, respectively	11	11
Preferred Stock, Class E, \$0.0001 par value, 10,000,000 shares authorized; 20,000 shares issued and outstanding as of December 31, 2023 and December 31, 2022, respectively	2	2
Preferred Stock, Class G, \$0.0001 par value, 10,000,000 shares authorized; 4,143 and 0 shares issued and outstanding as of December 31, 2023 and December 31, 2022, respectively	-	-
Common Stock, \$0.0001 par value, 3,000,000,000 shares authorized; 922,847,492 and 371,546,371 shares issued and outstanding as of December 31, 2023 and December 31, 2022, respectively	92,285	37,155
Common Stock to be Issued	381,417	381,417
Additional Paid-In Capital	67,696,285	64,938,415
Accumulated Deficit	<u>(83,974,000)</u>	<u>(75,634,000)</u>
<b>OTC M Total Stockholder's Deficit</b>	<u><b>(15,804,000)</b></u>	<u><b>(10,277,000)</b></u>
<b>Disclos TOTAL LIABILITIES AND STOCKHOLDER'S DEFICIT</b>	<u><b>\$ 9,634,000</b></u>	<u><b>\$ 9,629,000</b></u>

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

**SPYR, Inc. and Subsidiaries**  
**Condensed Consolidated Statements of Operations**  
**(Unaudited)**

	<b>For The Year Ended</b>	
	<b>December 31,</b>	
	<b>2023</b>	<b>2022</b>
	<hr/>	<hr/>
Revenues	\$ -	\$ 2,000
Cost of Goods Sold	-	(1,000)
Gross Profit	<hr/> -	<hr/> 1,000
	<hr/>	<hr/>
<b><u>Expenses:</u></b>		
Labor and Related Expenses	197,000	418,000
Rent	1,000	18,000
Depreciation and Amortization	8,000	134,000
Bank Charges	-	-
Professional Fees	80,000	3,917,000
Research and Development	-	33,000
Other General and Administrative	9,000	165,000
Total Operating Expenses	<hr/> 295,000	<hr/> 4,685,000
	<hr/>	<hr/>
Operating Loss	(295,000)	(4,684,000)
	<hr/>	<hr/>
Other Income (Expenses)		
Interest Expense	(2,016,000)	(2,680,000)
Income from Employee Retention Credit	105,000	-
Other income	55,000	6,000
Amortization of Debt Discounts	(1,532,000)	(722,000)
Loss on Conversion of Debt	-	(32,000)
Loss on Settlement	-	(30,000)
Loss on Issuance of Common Stock	-	(380,000)
Settlement Expense	-	(983,000)
Change in Value of Derivative Liability	(4,657,000)	805,000
Total Other Income (Expenses)	<hr/> (8,045,000)	<hr/> (4,016,000)
	<hr/>	<hr/>
Income from Continuing Operations	(8,340,000)	(8,700,000)
Loss from Discontinued Operations	-	-
Net Income	<hr/> \$ (8,340,000)	<hr/> \$ (8,700,000)
	<hr/>	<hr/>
Basic and diluted earnings per common share	<hr/> \$ (0.01)	<hr/> \$ (0.03)
	<hr/>	<hr/>
OTC M Weighted average common shares outstanding	587,381,698	301,544,718
Disclos	<hr/>	<hr/>

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

**SPYR, Inc. and Subsidiaries**  
**Condensed Consolidated Statements of Stockholders' Equity**  
**For The Year Ended December 31, 2023**  
(Unaudited)

	Preferred Stock, Class A		Preferred Stock, Class B		Preferred Stock, Class C		Common Stock		Additional Paid In Capital	Common Stock to be Issued		Accumulated Deficit	Total
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>
<b>Balance, December 31, 2022</b>	<b>107,636</b>	<b>\$ 11</b>	<b>20,000</b>	<b>\$ 2</b>	-	\$ -	<b>371,546,371</b>	<b>\$ 37,155</b>	<b>\$ 64,938,415</b>	<b>8,441,667</b>	<b>\$ 381,417</b>	<b>\$ (75,634,000)</b>	<b>\$ (10,277,000)</b>
Fair Value of Common Stock Issued for Conversion of Notes Payable	-	-	-	-	-	-	545,201,121	54,520	347,626	-	-	-	402,146
Common Stock Issued for Services	-	-	-	-	-	-	6,100,000	610	60,390	-	-	-	61,000
Preferred Stock Issued for Asset Acquisition	-	-	-	-	4,143	-	-	-	1,720,504	-	-	-	1,720,504
Current Period Adjustment to Additional Paid-In Capital	-	-	-	-	-	-	-	-	99,121	-	-	-	99,121
Reclassification of Derivative Liabilities to Additional Paid-In Capital	-	-	-	-	-	-	-	-	530,228	-	-	-	530,228
Common Stock Issued for Convertible Net Income	-	-	-	-	-	-	-	-	-	-	-	(8,340,000)	(8,340,000)
<b>Balance, December 31, 2023</b>	<b>107,636</b>	<b>\$ 11</b>	<b>20,000</b>	<b>\$ 2</b>	<b>4,143</b>	<b>\$ -</b>	<b>922,847,492</b>	<b>\$ 92,285</b>	<b>\$ 67,696,285</b>	<b>8,441,667</b>	<b>\$ 381,417</b>	<b>\$ (83,974,000)</b>	<b>\$ (15,804,000)</b>

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

**SPYR, Inc. and Subsidiaries**  
**Condensed Consolidated Statements of Stockholders' Equity**  
**For The Year Ended December 31, 2022**  
(Unaudited)

	Preferred Stock, Class A		Preferred Stock, Class B		Preferred Stock, Class C		Common Stock		Additional Paid In Capital	Common Stock to be Issued		Accumulated Deficit	Total
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>
<b>Balance, December 31, 2021</b>	<b>107,636</b>	<b>\$ 11</b>	<b>20,000</b>	<b>\$ 2</b>	-	\$ -	<b>245,050,988</b>	<b>\$ 24,505</b>	<b>\$ 58,448,385</b>	<b>9,115,019</b>	<b>\$ 425,097</b>	<b>\$ (66,934,000)</b>	<b>\$ (8,036,000)</b>
Fair Value of Common Stock Issued for Employee Compensation	-	-	-	-	-	-	1,015,019	102	46,995	(1,015,019)	(47,097)	-	(0)
Fair Value of S-8 Registered Common Stock Issued for Services	-	-	-	-	-	-	8,700,000	870	430,445	-	-	-	431,315
Fair Value of Common Stock Issued for Settlement	-	-	-	-	-	-	17,515,994	1,752	1,165,224	-	-	-	1,166,976
Fair Value of Common Stock Issued for Conversion of Notes Payable	-	-	-	-	-	-	31,153,998	3,115	339,045	-	-	-	342,161
Fair Value of Restricted Common Stock Issued for Services	-	-	-	-	-	-	67,383,056	6,738	2,400,279	-	-	-	2,407,017
Common Stock Issued for Asset Acquisition	-	-	-	-	-	-	30,000,000	3,000	1,257,000	-	-	-	1,260,000
Common Stock to be Issued for Services	-	-	-	-	-	-	-	-	-	341,667	3,417	-	3,417
Common Stock to be Issued for Director Compensation	-	-	-	-	-	-	-	-	-	9,000,000	517,500	-	517,500
Cancellation of Common Stock to be Issued	-	-	-	-	-	-	-	-	-	(9,000,000)	(517,500)	-	-
Cancellation of Common Stock Previously Issued	-	-	-	-	-	-	(36,272,684)	(3,627)	-	-	-	-	(521,127)
Adjustment for Unreconciled Difference with Transfer Agent	-	-	-	-	-	-	7,000,000	700	84,166	-	-	-	84,866
Reclassification of Derivative Liabilities to Additional Paid-In Capital	-	-	-	-	-	-	-	-	766,875	-	-	-	766,875
Net Loss	-	-	-	-	-	-	-	-	-	-	-	(8,700,000)	(8,700,000)
<b>Balance, December 31, 2022</b>	<b>107,636</b>	<b>\$ 11</b>	<b>20,000</b>	<b>\$ 2</b>	-	<b>\$ -</b>	<b>371,546,371</b>	<b>\$ 37,155</b>	<b>\$ 64,938,415</b>	<b>8,441,667</b>	<b>\$ 381,417</b>	<b>\$ (75,634,000)</b>	<b>\$ (10,277,000)</b>

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

**SPYR, Inc. and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
(Unaudited)

	<b>For The Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
<b>Cash Flows From Operating Activities:</b>		
Net Income (Loss)	\$ (8,340,000)	\$ (8,700,000)
<b>Adjustments to Reconcile Net Income (Loss) to Net Cash Used in Operating Activities:</b>		
Loss on Discontinued Operations	-	-
Depreciation and Amortization	8,000	132,000
Miscellaneous Non-Cash Operating Adjustments	(2,000)	-
Common Stock Issued for Employee Compensation	-	-
Common Stock Issued for Services	61,000	1,093,000
Common Stock Issued for Settlement	-	98,000
Amortization of Debt Discounts on Convertible Notes Payable	1,532,000	2,176,000
Loss on Conversion of Debt	-	32,000
Change in Value of Derivative Liability	4,657,000	(1,120,000)
<b>Changes in Operating Assets and Liabilities:</b>		
Decrease in Prepaid Expenses	-	43,000
Increase (Decrease) in Accounts Payable and Accrued Liabilities	79,000	419,000
Increase in Accrued Interest on Notes Payable Related Party	1,796,000	19,000
Increase in Accrued Interest on Notes Payable	-	468,000
Increase in Accrued Interest and Liquidated Damages on Convertible Notes Payable	220,000	34,000
<b>Net Cash Provided by (Used in) Operating Activities from Continuing Operations</b>	<b>11,000</b>	<b>(5,306,000)</b>
<b>Net Cash Used in Operating Activities from Discontinued Operations</b>	<b>-</b>	<b>-</b>
<b>Net Cash Used in Operating Activities</b>	<b>11,000</b>	<b>(5,306,000)</b>
<b>Cash Flows From Investing Activities:</b>		
<b>Net Cash Provided by Investing Activities</b>	<b>-</b>	<b>-</b>
<b>Cash Flows From Financing Activities:</b>		
Proceeds from Long-Term Convertible Notes	-	910,000
Proceeds from Short-Term Convertible Notes	-	269,000
Repayment of Short-Term Convertible Notes	-	(30,000)
Repayment of Notes Payable, current portion	-	(38,000)
<b>Net Cash Provided by Financing Activities</b>	<b>-</b>	<b>1,111,000</b>
<b>Net Increase (Decrease) in Cash</b>	<b>11,000</b>	<b>(4,195,000)</b>
<b>Cash and Cash Equivalents at Beginning of Period</b>	<b>3,000</b>	<b>32,000</b>
<b>Cash and Cash Equivalents at End of Period</b>	<b>\$ 14,000</b>	<b>\$ (4,163,000)</b>
<b>Supplemental Disclosure of Interest and Income Taxes Paid:</b>		
Interest Paid during the Period	\$ -	\$ -
Income Taxes Paid during the Period	\$ -	\$ -
<b>Non-Cash Transactions</b>		
Extinguishment of Derivative Liability from Conversion of Notes Payable	\$ -	\$ 623,000
Common Stock and Notes Payable Issued for Asset Acquisition	\$ -	\$ 9,739,000
Common Stock Issued for Debt Conversion	\$ 402,146	\$ 234,000
Debt Discount on Long-Term Convertible Notes Payable	\$ 15,000	\$ 910,000
Reclassification of Derivative Liabilities to Additional Paid in Capital	\$ 530,228	\$ -
Preferred Stock Issued for Asset Acquisition	\$ 1,720,504	\$ -

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



SPYR, INC. AND SUBSIDIARIES  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023 AND 2022  
(Unaudited)

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Interim Financial Statements**

The accompanying condensed consolidated financial statements of SPYR, Inc. and subsidiaries (the “Company”) are unaudited. These unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all adjustments necessary to fairly present the Company’s financial position and results of operations for the interim periods reflected. Except as noted, all adjustments contained herein are of a normal recurring nature. Results of operations for the fiscal periods presented herein are not necessarily indicative of fiscal year-end results.

**Principles of Consolidation**

The consolidated financial statements include the accounts of SPYR, Inc. and its wholly-owned subsidiaries, Applied Magix, Inc. a Nevada corporation, SPYR APPS, LLC, a Nevada Limited Liability Company, E.A.J.: PHL, Airport Inc., a Pennsylvania corporation (discontinued operations, see Note 6). Intercompany accounts and transactions have been eliminated.

**Going Concern**

The accompanying financial statements have been prepared under the assumption that the Company will continue as a going concern. Such assumption contemplates the realization of assets and satisfaction of liabilities in the normal course of business, however, the issues described below raise substantial doubt about the Company’s ability to do so.

As shown in the accompanying financial statements, for the year ended December 31, 2023, the Company had current liabilities of \$3,685,000. As of December 31, 2023, our cash balance was \$14,000. These issues raise substantial doubt about the Company’s ability to continue as a going concern.

The Company intends to utilize cash on hand, shareholder loans and other forms of financing such as the sale of additional equity and debt securities, capital leases and other credit facilities to conduct its ongoing business, and to also conduct strategic business development, marketing analysis, due diligence investigations into possible acquisitions, and software development costs and implementation of our business plans generally. The Company also plans to diversify, through acquisition or otherwise, in other unrelated business areas and is exploring opportunities to do so.

Historically, we have financed our operations primarily through sales of our common stock and debt financing. The Company will continue to seek additional capital through the sale of its common stock, debt financing and through expansion of its existing and new products. If our financing goals for our products do not materialize as planned and if we are not able to achieve profitable operations at some point in the future, we may have insufficient working capital to maintain our operations as we presently intend to conduct them or to fund our expansion, marketing, and product development plans.

The ability of the Company to continue as a going concern is dependent upon the success of future capital offerings or alternative financing arrangements and expansion of its operations. The accompanying financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern. Management is actively pursuing additional sources of financing sufficient to generate enough cash flow to fund its operations through calendar year 2023. However, management cannot make any assurances that such financing will be secured.

**Covid-19**

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern” and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Company operates. While it is unknown how long these conditions will last and what the complete financial effect will be to the company, the Company is anticipating potential reductions in revenue, labor and supply shortages, difficulty meeting debt covenants, delays in collecting receivables and paying liabilities and changes in the fair value of assets and liabilities. Our necessity for fund raising activities make it reasonably possible that we are vulnerable to the risk of a near-term severe impact.

Additionally, it is reasonably possible that estimates made in the financial statements have been, or will be, materially and adversely impacted in the near term as a result of these conditions, including potential credit losses on receivables and investments; impairment losses related to long-lived assets; and contingent obligations.

### **Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions used by management affected impairment analysis for trading securities, fixed assets, intangible assets, capitalized licensing rights, amounts of potential liabilities, and valuation of issuance of equity securities. Actual results could differ from those estimates.

### **Loss Per Share**

The basic and fully diluted shares for the year ended Dec 31, 2023 are the same because the inclusion of the potential shares (Class A – 895,938,464, Class E – 1,385,042, Options – 2,700,000 and Warrants – 7,000,000) would have had an anti-dilutive effect due to the Company generating a loss for the year ended December 31, 2023.

The basic and fully diluted shares for the year ended June 30, 2022 are the same because the inclusion of the potential shares (Class A – 26,909,028, Class E – 570,190, Options – 5,379,900 and Warrants – 7,200,000) would have had an anti-dilutive effect due to the Company generating a loss for the year ended December 31, 2022.

### **Property and Equipment**

Property and equipment are stated at cost less accumulated depreciation or amortization. Depreciation is recorded at the time property and equipment is placed in service using the straight-line method over the estimated useful lives of the related assets, which range from three to ten years. Leasehold improvements are amortized over the shorter of the expected useful lives of the related assets or the lease term. The estimated economic useful lives of the related assets as follows:

Furniture and fixtures	2-7 years
Computer equipment	1-3 years
Vehicles	5 years

Maintenance and repairs are charged to operations; betterments are capitalized. The cost of property sold or otherwise disposed of and the accumulated depreciation and amortization thereon are eliminated from the property and related accumulated depreciation and amortization accounts, and any resulting gain or loss is credited or charged to operations.

### **Concentration of Credit Risk**

The Company has no significant off-balance-sheet concentrations of credit risk such as foreign exchange contracts, options contracts, or other foreign hedging arrangements. The Company maintains the majority of its cash balances with financial institutions, in the form of demand deposits. The Company believes that no significant concentration of credit risk exists with respect to these cash balances because of its assessment of the creditworthiness and financial viability of this financial institution.

### **Recent Accounting Standards**

The recent accounting pronouncements issued by the FASB, including its Emerging Issues Task Force, the American Institute of Certified Public Accountants, and the Securities and Exchange Commission did not or are not believed by management to have a material impact on the Company's present or future consolidated financial statements.

### **NOTE 2 – RELATED PARTY NOTES PAYABLE**

On May 17, 2021, the Company entered into an agreement to borrow funds from the 481149 Irrevocable Trust, a related party, that controls all of the currently outstanding preferred stock of the Company, and whose trustee is the Chief Executive Officer of the Company and a member of the board of directors. Pursuant to the agreement, the Company borrowed approximately \$501,000 with interest at 6% per annum due and payable on May 17, 2022, which is currently in default. As of December 31, 2023, accrued interest is approximately \$79,000 and the principal balance \$501,000.

### **NOTE 3 – NOTES PAYABLE**

The following table summarized the Company's notes payable as of December 31, 2023 and December 31, 2022:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Berkshire Capital Management Note Payable	\$ 2,454,000	\$ 2,454,000
JanOne Note Payable	12,600,000	12,600,000
Accrued interest	883,000	838,000
Debt Discount	(3,313,000)	(3,740,000)
<b>Notes Payable</b>	<b>\$ 12,624,000</b>	<b>\$ 12,152,000</b>

On September 5, 2017, the Company obtained a revolving line of credit from Berkshire Capital Management Co., Inc. which is controlled by the Company's former chairman of the board. The line of credit allows the Company to borrow up to \$1,000,000 with interest at 6% per annum. The loan is secured by a first lien on all the assets of the Company and its wholly owned subsidiary SPYR APPS\*, LLC. The loan was fully drawn as of February 2018, at which time the Company had borrowed \$1,000,000 and accrued interest of approximately \$16,000. Repayment on the loan was due December 31, 2021. This note is currently in default.

During 2018 and 2019, the Company has received an additional \$1,062,000 in the form of short-term advances from Berkshire Capital Management Co., Inc. The last advance occurred on September 30, 2019, at which time the Company had borrowed \$1,062,000. No further advances are expected from Berkshire Capital Management Co., Inc. The Company has accrued interest on these short-term advances at 6% per annum. The short-term advances are due upon demand. As of December 31, 2020, the Company had borrowed \$1,062,000 and accrued interest of approximately \$122,000.

On June 17, 2021, the Company consolidated all prior notes payable with Berkshire Capital Management, resulting in a single consolidated note payable of \$2,454,000. As of consolidation, \$338,000 of interest has accrued, resulting in a net payable at December 31, 2023 of \$2,829,000.

On December 16, 2021, the Company issued a promissory note to Grupo Rueda in the amount of \$38,000 with 8% interest per annum and matures on December 16, 2022, in exchange for settlement of accounts payable on behalf of the Company. As of December 31, 2021, the notes payable was recorded as notes payable, current portion on the balance sheet. During the year ended December 31, 2022, the Company repaid \$38,000 on the note payable. As of December 31, 2023, the balance of the note was \$0.

On May 24, 2022, the Company entered into a material definitive agreement ("MDA") not made in the ordinary course of business. The parties to the MDA are the Company and JanOne, Inc., a Nevada corporation ("JanOne"). There was no material relationship between the Company and JanOne other than in respect of the material definitive agreement. Pursuant to the terms of the MDA, JanOne agreed to sell, and the Company agreed to buy and assume, all legal right, title, and interest to all of the assets, and none of the liabilities, of JanOne's wholly owned subsidiary, GeoTraq, Inc. ("GeoTraq"), including but not limited to records all goodwill and all intellectual property, including an issued patent associated with GeoTraq. The Company accounted for this transaction as an asset acquisition under ASC 805, recognizing the value of the acquired assets based on the consideration paid. The Company allocated the value paid across the acquired assets, including \$115,000 of inventory consisting of raw materials, and a total of \$9,574,000 to intangible assets as disclosed in Note 7.

The aggregate consideration for the asset purchase consisted of the Company's issuance of 30,000,000 shares of unregistered restricted common stock to JanOne, which had a fair value of \$1,260,000 based on the closing price of the Company's common stock on May 24, 2022, and a convertible promissory note ("Note") in the amount of \$12,600,000. The Note accrues interest at 8% per annum, which is agreed to be paid in issuances of restricted common stock quarterly while the Note is outstanding, based on the closing price at the time of issuance, subject to a beneficial ownership limitation of 9.99% after giving effect to the issuance of restricted common stock. The maturity date is May 24, 2027. There is no prepayment penalty. The shares were issued on June 16, 2022. The Company recognized the note payable issued to the sellers of GeoTraq at its present value based on the five-year maturity period and 8% stated interest, and recognized an initial debt discount of \$4,121,000. The Company repays quarterly interest via issuance of Series G Preferred Stock. As of December 31, 2023, the Company had accrued approximately \$2,229,000 of interest on the note payable, however, as of December 31, 2023, approximately \$1,721,000 of the interest has been satisfied via an issuance of 550, 1,308, and 2,285 shares of Series G Preferred Stock on March 15, 2023, June 7, 2023, and June 30, 2023, respectively.

### **NOTE 4 – SHORT TERM CONVERTIBLE NOTES PAYABLE**

On May 27, 2021, the Company issued a promissory note to Ares Capital, Inc. in the amount of \$85,000 with 8% interest due and payable upon demand. On December 2, 2021, the note was amended to provide the holder with conversion rights consisting of a conversion price calculated by a 50% discount to the average of the lowest three (3) VWAP's for the Company's Common Stock during the twenty (20) Trading Day period ending on the latest complete trading day prior to the Conversion Date. On March 17, 2022, Ares Capital, Inc. converted \$21,000 of principal and \$1,000 of interest from

the May 27, 2021 convertible note into 1,498,289 common shares. On April 6, 2022, Ares Capital, Inc. converted \$41,000 of principal from the May 27, 2021 convertible note into 2,492,848 common shares. As of December 31, 2023, the note balance was \$0.

On August 11, 2021, the Company issued a promissory note to Ares Capital, Inc. in the amount of \$33,333 with 8% interest due and payable upon demand. On December 2, 2021, the note was amended to provide the holder with conversion rights consisting of a conversion price calculated by a 50% discount to the average of the lowest three (3) VWAP's for the Company's Common Stock during the twenty (20) Trading Day period ending on the latest complete trading day prior to the Conversion Date. On April 6, 2022, Ares Capital, Inc. converted \$23,000 of principal and \$2,000 of interest from the August 11 2021 convertible note into 1,511,442 common shares. On April 21, 2022, Ares Capital, Inc. converted \$10,000 of principal from the August 11, 2021 convertible note into 552,517 common shares. As of December 31, 2023, the note balance was \$0.

On August 12, 2021, the Company issued a promissory note to Ares Capital, Inc. in the amount of \$40,000 with 8% interest due and payable upon demand. On December 2, 2021, the note was amended to provide the holder with conversion rights consisting of a conversion price calculated by a 50% discount to the average of the lowest three (3) VWAP's for the Company's Common Stock during the twenty (20) Trading Day period ending on the latest complete trading day prior to the Conversion Date. On April 21, 2022, Ares Capital, Inc. converted \$38,000 of principal and \$2,000 of interest from the August 12 2021 convertible note into 1,184,812 common shares. On May 4, 2022, Ares Capital, Inc. converted \$2,000 of principal from the August 12, 2021 convertible note into 105,689 common shares. As of December 31, 2023, the note balance was \$0.

On September 9, 2021, the Company issued a promissory note to Ares Capital, Inc. in the amount of \$40,000 with 8% interest due and payable upon demand. On December 2, 2021, the note was amended to provide the holder with conversion rights consisting of a conversion price calculated by a 50% discount to the average of the lowest three (3) VWAP's for the Company's Common Stock during the twenty (20) Trading Day period ending on the latest complete trading day prior to the Conversion Date. On May 4 2022, Ares Capital, Inc. converted \$40,000 of principal and \$2,000 of interest from the September 9 2021 convertible note into 2,261,776 common shares. As of December 31, 2023, the note balance was \$0.

On May 10, 2022, the Company entered into a convertible promissory note in the principal amount of \$75,000, with 10% interest per annum, with a maturity date of August 10, 2022, which is currently in default. The note has a \$25,000 original issuance discount and the Company paid \$3,500 in deferred financing costs related to the note.

On July 1, 2022, the Company entered into a convertible promissory note in the principal amount of \$104,000, with 8% interest per annum, with a maturity date of July 1, 2023. The note has a \$4,000 original issuance discount. During the period beginning on the Issuance Date and ending on the date which is one hundred and eighty (180) days following the Issuance Date, the Conversion Price shall equal \$0.04. At any time after the one hundred and eighty (180) days, the Conversion Price shall equal the Variable Conversion Price calculated by 65% multiplied by the Market Price for the Common Stock during the ten (10) Trading Day period ending on the latest complete Trading Day prior to the Conversion Date.

On August 4, 2022, the Company entered into a convertible promissory note in the principal amount of \$65,000, with 8% interest per annum, with a maturity date of August 4, 2023. The note has a \$4,000 original issuance discount. During the period beginning on the Issuance Date and ending on the date which is one hundred and eighty (180) days following the Issuance Date, the Conversion Price shall equal \$0.04. At any time after the one hundred and eighty (180) days, the Conversion Price shall equal the Variable Conversion Price calculated by 65% multiplied by the Market Price for the Common Stock during the ten (10) Trading Day period ending on the latest complete Trading Day prior to the Conversion Date.

On September 23, 2022, the Company entered into a convertible promissory note in the principal amount of \$65,000, with 8% interest per annum, with a maturity date of September 23, 2023. The note has a \$4,000 original issuance discount. During the period beginning on the Issuance Date and ending on the date which is one hundred and eighty (180) days following the Issuance Date, the Conversion Price shall equal \$0.04. At any time after the one hundred and eighty (180) days, the Conversion Price shall equal the Variable Conversion Price calculated by 65% multiplied by the Market Price for the Common Stock during the ten (10) Trading Day period ending on the latest complete Trading Day prior to the Conversion Date.

On October 1, 2022, the Company entered into a convertible promissory note in the principal amount of \$70,000, with 10% interest per annum, with a maturity date of April 1, 2023. The Conversion Price shall equal the Variable Conversion Price calculated by 60% multiplied by the Market Price for the Common Stock during the twenty (20) Trading Day period ending on the latest complete Trading Day prior to the Conversion Date. As of December 31, 2023, there is approximately \$20,000 in interest and \$120,000 in principal outstanding on short term convertible notes payable.

#### **NOTE 5 – CONVERTIBLE NOTES PAYABLE**

On September 30, 2020, the Company entered into a Stock Purchase Agreement with a third-party investor. By virtue of the Stock Purchase Agreement, in two separate closings, the Company agreed to issue in each closing, an 8% \$500,000 Convertible Promissory Note and Warrant to purchase one million common shares. Each Convertible Promissory Note bears 8% interest and matures five year after issuance. Amounts due under the Convertible Promissory Note are convertible into the Registrant's common stock at the lower of \$0.25 per share or 70% of the average of the three lowest Variable Weighted Average Price ("VWAP") for the Registrant's common stock for the twenty trading days prior to an election to convert. The Warrants are exercisable for five-years at an exercise price of 0.25 per share or, subject to the Registrant filing a registration statement including the shares of common stock that may be issued upon exercise of the Warrant, in a cashless exercise. The first closing occurred October 5, 2020 upon the receipt by the Company of a check for \$500,000. The Company received two payments in the amount of \$250,000 each on November 20, 2020 and November 24, 2020 in connection with the second closing. Total proceeds from the issuance of these convertible notes payable was \$1,000,000. The Company

determined that the conversion features of these notes represented embedded derivatives since the notes are convertible into a variable number of shares upon conversion. The conversion features were valued at \$1,514,000 at the time of closing and the Company recognized a derivative liability of \$1,514,000 with corresponding debt discounts of \$1,000,000 and a loss on issuance of long-term convertible notes payable of \$514,000. During May and June of 2021, the Company received conversion notices received from the lender requesting the conversion of approximately \$204,000 (\$160,000 principal and \$44,000 interest) of the notes to 3,736,237 shares of the company's common stock. On July 29, 2021, a convertible note holder converted \$100,000 of principal debt and \$15,000 of interest at a conversion rate of \$0.0324 a share, into 3,561,830 Common Stock shares. On August 6, 2021, the company entered into an Amendment of the existing convertible debt, of which resulted in the conversion rates changing to 50% of the average of the lowest VWAP, and the interest on the loan was eliminated, as well as, a \$455,000 increase in the Derivative Liability portion of the convertible debt, from \$1,382,000 to \$1,761,000. The company recorded amortization of debt discounts, recognized as interest expense, in the amount of \$330,000 and accrued interest of \$47,000 during the year ended December 31, 2021. As of December 31, 2023, the balance of accrued interest is \$30,000 and outstanding principal is \$430,000.

On November 2, 2021, the Company issued a convertible promissory note to Brown Stone Capital, LP in the amount of \$50,000 with 8% interest due on November 2, 2026. The note is convertible into Company common stock at a fixed price of \$0.25 (the "Base Conversion Price) and (2) 50% of the average of the three lowest VWAP (as defined below) for the Common Stock (or any replacement security pursuant to Section 1(x)) for a Trading Day (as defined below) on the Trading Market during the 20 Trading Day period immediately prior to the Conversion Date (as defined below), provided that if the VWAP is determined pursuant to Section 1(n) then 50% of such VWAP as so determined. On June 13, 2022, Brown Capital, LP. converted \$50,000 of principal and \$2,000 of interest from the November 2, 2021 convertible note into 3,720,939 common shares. As of December 31, 2023, the note balance was \$0.

On November 3, 2021, the Company issued a convertible promissory note to ARES Capital, Inc, in the amount \$45,000 with 8% interest due on November 2, 2026. The note is convertible into Company common stock at a fixed price of \$0.25 (the "Base Conversion Price) and (2) 50% of the average of the three lowest VWAP (as defined below) for the Common Stock (or any replacement security pursuant to Section 1(x)) for a Trading Day (as defined below) on the Trading Market during the 20 Trading Day period immediately prior to the Conversion Date (as defined below), provided that if the VWAP is determined pursuant to Section 1(n) then 50% of such VWAP as so determined. As of December 31, 2023, there is outstanding approximate accrued interest of \$4,000 and principal of \$45,000.

On December 3, 2021, the Company issued a convertible promissory note to Brown Stone Capital, LP in the amount of \$70,000 with 8% interest due December 3, 2026. The note converts into Company common stock at the lesser price of (1) \$0.25 (the "Base Conversion Price) and (2) 50% of the average of the three lowest VWAP (as defined below) for the Common Stock (or any replacement security pursuant to Section 1(w)) for a Trading Day (as defined below) on the Trading Market (as defined below) during the 20 Trading Day period immediately prior to the Conversion Date (as defined below), provided that if the VWAP is determined pursuant to Section 1(m) then 50% of such VWAP as so determined. As of December 31, 2023, the note balance was \$0.

On December 27, 2021, the Company issued a convertible promissory note to Brown Stone Capital, LP in the amount of \$50,000 with 8% interests due December 27, 2026. The note converts into Company common stock at the lesser price of (1) \$0.25 (the "Base Conversion Price) and (2) 50% of the average of the three lowest VWAP (as defined below) for the Common Stock (or any replacement security pursuant to Section 1(w)) for a Trading Day (as defined below) on the Trading Market (as defined below) during the 20 Trading Day period immediately prior to the Conversion Date (as defined below), provided that if the VWAP is determined pursuant to Section 1(m) then 50% of such VWAP as so determined. As of December 31, 2023, there is accrued interest of \$0 and principal of \$29,000 outstanding.

On January 10, 2022, the Company issued a convertible promissory note to Brown Stone Capital, LP in the amount of \$200,000 with 8% interests due January 10, 2027. The note converts into Company common stock at the lesser price of (1) \$0.25 (the "Base Conversion Price) and (2) 50% of the average of the three lowest VWAP (as defined below) for the Common Stock (or any replacement security pursuant to Section 1(w)) for a Trading Day (as defined below) on the Trading Market (as defined below) during the 20 Trading Day period immediately prior to the Conversion Date (as defined below), provided that if the VWAP is determined pursuant to Section 1(m) then 50% of such VWAP as so determined. As of December 31, 2023, there is accrued interest of \$47,000 and principal of \$200,000 outstanding.

On January 19, 2022, Mehdi Safavi converted \$32,000 of debt into 1,863,000 common shares.

On February 3, 2022, the Company issued a convertible promissory note to Brown Stone Capital, LP in the amount of \$50,000 with 8% interests due February 3, 2027. The note converts into Company common stock at the lesser price of (1) \$0.25 (the "Base Conversion Price) and (2) 50% of the average of the three lowest VWAP (as defined below) for the Common Stock (or any replacement security pursuant to Section 1(w)) for a Trading Day (as defined below) on the Trading Market (as defined below) during the 20 Trading Day period immediately prior to the Conversion Date (as defined below), provided that if the VWAP is determined pursuant to Section 1(m) then 50% of such VWAP as so determined. As of December 31, 2023, there is outstanding approximate accrued interest of \$11,000 and principal of \$50,000.

On February 11, 2022, the Company issued a convertible promissory note to Brown Stone Capital, LP in the amount of \$50,000 with 8% interests due February 11, 2027. The note converts into Company common stock at the lesser price of (1) \$0.25 (the "Base Conversion Price) and (2) 50% of the average of the three lowest VWAP (as defined below) for the Common Stock (or any replacement security pursuant to Section 1(w)) for a Trading Day (as defined below) on the Trading Market (as defined below) during the 20 Trading Day period immediately prior to the Conversion Date (as defined

below), provided that if the VWAP is determined pursuant to Section 1(m) then 50% of such VWAP as so determined. As of December 31, 2023, there is outstanding approximate accrued interest of \$11,000 and principal of \$50,000.

On March 24, 2022, the Company issued a convertible promissory note to Brown Stone Capital, LP in the amount of \$210,000 with 8% interests due March 24, 2027. The note converts into Company common stock at the lesser price of (1) \$0.25 (the "Base Conversion Price) and (2) 50% of the average of the three lowest VWAP (as defined below) for the Common Stock (or any replacement security pursuant to Section 1(w)) for a Trading Day (as defined below) on the Trading Market (as defined below) during the 20 Trading Day period immediately prior to the Conversion Date (as defined below), provided that if the VWAP is determined pursuant to Section 1(m) then 50% of such VWAP as so determined. As of December 31, 2023, there is outstanding approximate accrued interest of \$43,000 and principal of \$210,000.

On April 21, 2022, the Company issued a convertible promissory note to Brown Stone Capital, LP in the amount of \$175,000 with 8% interests due April 21, 2027. The note converts into Company common stock at the lesser price of (1) \$0.25 (the "Base Conversion Price) and (2) 50% of the average of the three lowest VWAP (as defined below) for the Common Stock (or any replacement security pursuant to Section 1(w)) for a Trading Day (as defined below) on the Trading Market (as defined below) during the 20 Trading Day period immediately prior to the Conversion Date (as defined below), provided that if the VWAP is determined pursuant to Section 1(m) then 50% of such VWAP as so determined. As of December 31, 2023, there is outstanding approximate accrued interest of \$33,000 and principal of \$175,000.

On August 2, 2022, the Company entered into a securities purchase agreement and convertible promissory note with Amir Mehdi Safavi in the amount of \$150,000. The note carries 8% interest and matures August 2, 2027. As of December 31, 2023, there is outstanding approximate accrued interest of \$22,000 and principal of \$150,000.

On April 25, 2023, Mehdi Safavi converted \$17,800 of debt into 24,054,054 common shares.

On May 19, 2023, Mehdi Safavi converted \$17,650 of debt into 25,214,286 common shares.

On June 15, 2023, Mehdi Safavi converted \$13,500 of debt into 26,470,588 common shares.

On July 14, 2023, Mehdi Safavi converted \$12,500 of debt into 27,777,778 common shares.

On August 2, 2023, Mehdi Safavi converted \$13,140 of debt into 29,200,000 common shares.

On August 25, 2023, Mehdi Safavi converted \$6,030 of debt into 30,000,000 common shares.

On September 19, 2023, Mehdi Safavi converted \$6,400 of debt into 32,000,000 common shares.

On September 29, 2023, Mehdi Safavi converted \$7,035 of debt into 33,500,000 common shares.

On October 16, 2023, Mehdi Safavi converted \$7,000 of debt into 35,000,000 common shares.

On November 6, 2023, Mehdi Safavi converted \$7,104 of debt into 37,000,000 common shares.

On November 17, 2023, Mehdi Safavi converted \$8,400 of debt into 42,000,000 common shares.

On December 8, 2023, Mehdi Safavi converted \$9,600 of debt into 48,000,000 common shares.

On December 28, 2023, Mehdi Safavi converted \$5,967 of debt into 51,000,000 common shares.

As of December 31, 2023, there is approximately \$214,000 in interest and \$1,414,000 in principal outstanding on long term convertible notes payable, and unamortized debt discount of \$15,000.

#### **NOTE 6 – PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Equipment	\$ 16,000	\$ 16,000
Furniture & fixtures	17,000	17,000
Vehicles	10,000	10,000
Property and Equipment, Gross	43,000	43,000
Less: accumulated depreciation	(43,000)	(37,000)
Property and Equipment, Net	<u>\$ -</u>	<u>\$ 6,000</u>

Depreciation and amortization expense for the year ended December 31, 2023 and 2022 was \$0 and \$6,000, respectively.

#### **NOTE 7 – INTANGIBLE ASSETS AND OTHER ASSETS**

Intangible assets at December 31, 2023 and December 31, 2022 consisted of the following:

	<b>Useful Life (yr)</b>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Domain Names	7	\$ 21,000	\$ 21,000
Trademarks and copyrights	5	1,493,000	1,493,000
Intellectual Property, Patents	N/A	8,131,000	8,131,000
Less: accumulated amortization		(145,000)	(145,000)
		<u>\$ 9,500,000</u>	<u>\$ 9,500,000</u>

The trade-marks, copyrights and other intellectual property were acquired as part of the asset acquisition transaction with JanOne, as disclosed in Note 3.

At December 31, 2023 and December 31, 2022 other assets consisted of \$1,000. Other assets generally consist of security deposits for the Denver corporate office and Premier Workspaces.

#### **NOTE 8 – DERIVATIVE LIABILITY**

The Company determined that the conversion features of the long-term convertible notes payable represented embedded derivatives since the notes are convertible into a variable number of shares upon conversion. Accordingly, the notes are not considered to be conventional debt and the embedded conversion feature is bifurcated from the debt host and accounted for as a derivative liability. Accordingly, the fair value of these derivative instruments is recorded as liabilities on the balance sheet with the corresponding amount recorded as a discount to each note and any excess of the fair value of the derivative component over the face amount of the note recorded as an expense on the date of issuance. Discounts are amortized from the date of issuance to the maturity dates of the notes. Fair value of derivative liabilities is evaluated at the end of each reporting period with any change in value reported in other income or expenses on the statements of operations for the period.

The following table represents the Company's derivative liability activity for the year ended December 31, 2023:

	<b>Year Ended December 31, 2023</b>
Derivative liability balance, December 31, 2022	\$ 3,384,000
Fair value on the date of issuance of new derivatives	-
Reclassification to Additional Paid-In Capital	(530,000)
Change in derivative liability during the period	4,657,000
Derivative liability balance, December 31, 2023	<u>\$ 7,511,000</u>

The table below represents the average assumptions used in valuing the derivative liability at December 31, 2023:

	<b>Year Ended December 31, 2023</b>
Expected life in years	0.50 – 3.59
Stock price volatility	187.11% – 203.78%
Risk free interest rate	1.06% – 2.45%
Expected dividends	-
Forfeiture rate	-

## **NOTE 9 – DISCONTINUED OPERATIONS**

### **Restaurant**

Through our other wholly owned subsidiary, E.A.J.: PHL Airport, Inc., we owned and operated the restaurant “Eat at Joe’s®,” which was located in the Philadelphia International Airport since 1997. Our lease in the Philadelphia Airport expired in April 2017. Concurrent with expiration of the lease the restaurant closed. Pursuant to current accounting guidelines, the restaurant segment is reported as discontinued operations.

The assets and liabilities of our discontinued restaurant operations as of September 30, 2023 and December 31, 2022 were \$0 assets and \$22,000 in accounts payable and accrued liabilities.

The results of operations of our discontinued restaurant for the year ended December 31, 2023 and 2022, included in the consolidated statements of operations as discontinued operations, consisted of no operations for the year ended December 31, 2023 and 2022.

### **Digital Media**

Historically, through our wholly owned subsidiary, SPYR APPS®, LLC, we engaged in the development, publication and co-publication of mobile electronic games, seeking to generate revenue through those games by way of advertising and in-app purchases. As of December 31, 2020, all of our games have been removed from the game stores and the Company decided not to continue this line of business. Pursuant to current accounting guidelines, the assets and liabilities of SPYR APPS LLC as well as the results of its operations were presented in these financial statements as discontinued operations.

The assets and liabilities of our discontinued digital media operations as of December 31, 2023 and December 31, 2022 were as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Assets:		
Accounts receivable, net	\$ -	\$ -
Total Assets	<u>\$ -</u>	<u>\$ -</u>
Liabilities:		
Accounts payable and accrued liabilities	\$ 815,000	\$ 815,000
Total Liabilities	<u>\$ 815,000</u>	<u>\$ 815,000</u>



The results of operations of our discontinued digital media operations for the year ended December 31, 2023 and 2022, included in the consolidated statements of operations as discontinued operations, consisted of the following:

	December 31, 2023	December 31, 2022
Revenues:	\$ -	\$ -
Expenses		
Other general and administrative	-	-
Total operating expenses	-	-
Operating loss	-	-
Other income (expense)		
Interest expense	-	-
Write down of assets	-	-
Loss on discontinued operations	\$ -	\$ -

### **SPYR APPS, LLC**

On February 2, 2022, the Company filed Articles of dissolution with the Nevada Secretary of State dissolving SPYR APPS, LLC.

### **NOTE 10 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

As of December 31, 2023, and December 31, 2022, the Company had accounts payable and accrued liabilities of \$2,150,000 and \$2,071,000 respectively. As of December 31, 2023, of the outstanding \$2,150,000 consists of \$382,000 outstanding and owed to vendors and other professional service providers, and \$1,768,000 outstanding as accrued wages and salaries.

### **NOTE 11 – COMMITMENTS AND CONTINGENCIES**

#### **Equity Line of Credit**

The Company entered into a five-year Equity Line of Credit pursuant to an Equity Purchase Agreement with Ares Capital, Inc. (“Ares”) dated September 30, 2020. Pursuant to the agreement, Ares agreed to invest up to \$14,000,000 to purchase the Company’s Common Stock, par value \$0.0001 per share. The purchase price of the common shares is the lesser of the Fixed price or Market price. The Fixed price is \$0.50 per share in years 1 and 2, after the effectiveness of a registration statement, and \$1.00 per share in years 3, 4 and 5 after the effectiveness of this registration statement. The Market price is 70% of the three lowest Variable Weighted Average Price (“VWAP”) for the Company’s common stock during the 10-trading day period immediately prior to the conversion date. In addition, the Company and Ares entered into a Registration Rights Agreement, whereby the Company agreed to provide certain registration rights under the Securities Act of 1933, as amended, and the rules and regulations thereunder, and applicable state securities laws, with respect to the shares of Common Stock issuable for Ares’s investment pursuant to the Equity Purchase Agreement. As of September 30, 2022, no shares have been sold pursuant to this agreement. On April 26, 2022, the Registrant and Ares amended the Registration Rights Agreement previously disclosed on Form 8-K filed September 23, 2001. The transaction documents were amended to reflect Ares’ waiver of the requirement that the Registrant file a registration statement concerning the equity purchase agreement within thirty days of September 20, 2021.

#### **Operating Leases**

The Company leased approximately 5,169 square feet at 4643 South Ulster Street, Denver, Colorado pursuant to an amended lease dated May 21, 2015. Under the lease, the Company paid annual base rent on an escalating scale ranging from \$143,000 to \$152,000. In addition to the minimum basic rent, rent expense also includes approximately \$1,000 per month for other items charged by the landlord in connection with rent. On May 1, 2020 and July 29, 2020, the Company entered into amended lease agreements with its landlord. Under the terms of the amendments, the landlord agreed to waive rent, certain rent adjustments and parking for the period April 1, 2020 through August 31, 2020 and extend the term of the lease by five months. The lease term date, which was December 31, 2020, was changed to May 31, 2021. On April 1, 2021, the Company entered into a lease termination and payment agreement with the landlord, pursuant to which the Company vacated and surrendered the premises to the landlord and the Company will pay approximately \$67,000 over 18 months commencing April 1, 2021. As of November 1, 2021, the company was delinquent in its monthly payments and has not made payments to date pursuant to the settlement agreement had approximately \$37,000 in unpaid rent which was reported as part of accounts payable and accrued expenses in the accompanying condensed consolidated balance sheet as of December 31, 2023.

#### **Legal Proceedings**

We are involved in certain legal proceedings that arise from time to time in the ordinary course of our business. Except for income tax contingencies, we record accruals for contingencies to the extent that our management concludes that the occurrence is probable and that the related amounts of loss

can be reasonably estimated. Legal expenses associated with the contingency are expensed as incurred. Information about material legal proceedings follows:

### Settlements

On June 18, 2018 the Company was named as a defendant in a case filed in the United States District Court for the Southern District of New York: Securities and Exchange Commission vs. Joseph A. Fiore, Berkshire Capital Management Co., Inc., and Eat at Joe's, Ltd. n/k/a SPYR, Inc. ("Defendants"). Joseph A. Fiore was the Chairman of our Board of Directors and is a significant shareholder. Mr. Fiore resigned from his positions as Chairman of the Board and as a Director of the Company effective August 1, 2018. The suit alleged that Mr. Fiore, during 2013 and 2014, while he was the Company's Chief Executive Officer, Chief Financial Officer and Chairman of the Board of Directors, engaged in improper conduct on behalf of the defendants named in the case related to the Company's sales of securities in Plandai Biotechnology, Inc. The Commission alleged that Mr. Fiore and the Company unlawfully benefited through the sales of those securities. The Commission also alleged that from 2013 to 2014, the Company's primary business was investing and that it failed to register as an investment company, resulting in an alleged violation of Section 7(a) of the Investment Company Act of 1940. The suit sought to disgorge Joseph A. Fiore, Berkshire Capital Management Co., Inc., and the Company of alleged profits on the sale of the securities and civil fines related to the Company's failure to register as an investment company with the Commission.

Pursuant to a settlement agreement among the parties, on April 14, 2020, final judgment was entered in the case: Securities and Exchange Commission vs. Joseph A. Fiore, Berkshire Capital Management, Inc. and Eat at Joes, Inc., n/k/a SPYR, Inc., case number 7:18-cv-05474-KMK filed in the U.S. District Court for the Southern District of New York.

On April 23, 2020, Joseph Fiore/Berkshire Capital Management, Inc. satisfied the Company's joint and several liability obligation by paying to the Commission the agreed upon sum of Two Million Dollars pursuant to a settlement agreement between Joseph Fiore/Berkshire Capital Management, Inc. and the Company, which settlement agreement was entered into on April 15, 2020. The Company has until April 14, 2021 to satisfy its remaining financial obligation to the Commission, an agreed upon civil penalty of Five Hundred Thousand Dollars (\$500,000). The \$500,000 liability is reported as part of accounts payable and accrued liabilities on the accompanying condensed consolidated balance sheets as of December 31, 2020 and December 31, 2019 and was recorded as litigation settlement costs on the consolidated statements of operations for the year ended December 31, 2019.

In electing to settle with the Commission, the Company neither admitted nor denied liability to any of the Commission's allegations in its complaint, and in consideration for the Commission discontinuing its action, the Company, along with the two other defendants Joseph Fiore and Berkshire Capital Management agreed to be jointly and severally liable for disgorgement of profits and prejudgment interest in the amount of two million dollars, and to each be solely liable to pay a civil penalty in the amount of five hundred thousand dollars.

On March 15, 2022, the Company and Collier Investments, LLC entered into a Warrant Cancellation Agreement. On May 22, 2018, the Company issued a five year warrant to Collier to purchase 200,000 shares of common stock, adjustable in price and amount for dilutive issuances. The Company and Collier agreed to cancel the warrant in exchange for the Company issuing Collier 2,000,000 shares of common stock.

### Judgments

On or about January 24, 2019, SPYR APPS, LLC entered into an agreement with one of its vendors, Shatter Storm Studios, to whom it owed \$84,250 for artwork related to the Steven Universe game. Pursuant to the terms of that agreement, SPYR APPS, LLC needed to make payment in the amount of \$85,000 to cover the principal owed and attorneys' fees together plus 6% interest in that amount by December 1, 2019. Should SPYR APPS, LLC not make the required payment on or before December 1, 2019, it consented to entry of judgment in favor of Shatter Storm Studios for the amount owed. SPYR APPS, LLC did not make the payment and on January 27, 2020 Shatter Storm Studios initiated Case No. 1:200cv-00217 in the U.S. District Court for the District of Colorado seeking entry of the consent judgment against SPYR APPS, LLC. The judgment was not contested by SPYR APPS, LLC and judgment in the amount of \$85,000 plus post judgment interest at the rate of 6% was entered on March 17, 2020. The balance due as of December 31, 2022 and December 31, 2021 was approximately \$100,000, which includes accrued interest and attorneys' fees, has been reported as part of current liabilities of discontinued operations.

### Employment Agreements

Pursuant to employment agreements entered in December 2014 and October 2015, the Company agreed to compensate three officers with an initial base salary in the aggregate of \$450,000 per year with rolling five-year terms until terminated. In addition, as part of the employment agreements, the Company also agreed to grant these officers an aggregate of 1.55 million shares of restricted common stock at the beginning of each employment year. On September 17, 2021, Barry D. Loveless resigned as Chief Financial Officer. On December 31, 2021, the Company and James R. Thompson and Jennifer D. Duetra agreed to terminate their positions as Chief Executive Officer, President, General Counsel and Vice-President and Assistant General Counsel, respectively.

Pursuant to employment agreements entered in October 2020, the Company agreed to compensate the two former owners of Applied Magix with an initial base salary in the aggregate of \$300,000 for one year. In addition, as part of the employment agreements, the Company also agreed to grant these officers an aggregate of 2 million shares of restricted common stock as a signing bonus and 5 million options to purchase shares of restricted common stock.

On December 31, 2021, the Company terminated its employment agreements with James R. Thompson and Jennifer D. Duettra.

Pursuant to termination agreements, the Company is liable for unpaid wages and benefits to Ms. Duettra and Mr. Thompson of \$162,458.13 and \$3,600, and \$910,991.80 and \$2,300.02 respectively. The Company also owes Mr. Thompson contractual expense reimbursements in the amount of \$52,527.82.

In settlement of constructive termination under Ms. Duettra and Mr. Thompson's employment agreements, the Company agreed to issue 2,500,000 and 5,000,000 shares of restricted common stock, respectively, and continue payments of medical, dental and vision insurance for each until June 30, 2022.

On February 7, 2022, the Company entered into settlement agreements with Harald Zink, Richard Kelly Clark, and Misty Seals to settle accrued wages. The Company settled \$94,194 in accrued wages payable to Mr. Zink by the issuance of 1,546,695 common shares. The Company settled \$42,383 in accrued wages payable to Ms. Seals by the issuance of 695,951 common shares. The Company settled \$94,194 in accrued wages payable to Mr. Clark by the issuance of 1,788,367 common shares.

## **NOTE 12 – EQUITY TRANSACTIONS**

### **Common Stock:**

#### **Year Ended December 31, 2023**

During the year ended December 31, 2023, the Company issued an aggregate of 545,201,121 shares of common stock with a total fair value of \$402,146 in conversion of notes.

During the year ended December 31, 2023, the Company committed an aggregate of 6,100,000 shares of restricted common stock with a total fair value of \$61,000 for services rendered.

During the year ended December 31, 2023, the Company issued an aggregate of 4,143 shares of Series G preferred stock with a total fair value of \$1,721,000 for acquisition of assets including the associated interest accrued on note payable issued to acquire those assets.

#### **Year Ended December 31, 2022**

During the year ended December 31, 2022, the Company issued 1,015,019 shares of restricted common stock to Richard Kelly Clark for \$47,097 in compensation from the previous year, recorded as common stock to be issued as of December 31, 2021.

The Company also issued 8,700,000 common shares for outside consulting with a fair value of \$431,000.

The Company also issued 5,015,994 common shares for settlements to Collier Investments, and separately with Richard Kelly Clark, Harald Zink, and Misty Seals with an aggregate fair market value of \$282,000. The Company recognized a loss on the issuances of \$16,000.

The company also issued 16,191,312 common shares in conversion of \$266,000 in notes payable.

During the year ended December 31, 2022, the Company committed an aggregate of 26,820,126 shares of restricted common stock with a total fair value of \$662,000 for services rendered.

The company also issued 30,000,000 common shares with a fair value of \$1,260,000 for acquisition of assets..

The Company also has the obligation to issue 9,000,000 shares in director compensation, and 1,886,792 common shares for consulting services that had not been issued as of June 30, 2022. The fair value of these issuances was \$518,000 and \$30,000 respectively. The 9,000,000 shares previously referenced were later cancelled during the year ended December 31, 2022.

### **Shares Reserved:**

At December 31, 2023, the Company has no reserved shares of common stock in connection with convertible notes or warrants.

## **NOTE 14 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events pursuant to the requirements of ASC Topic 855 and has determined that no material subsequent events exist through the date of this filing apart from the following:

None noted.