



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”)¹ 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.²

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:

¹ 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.

² 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 Agreement:** The attorney for the company must submit a signed Attorney Letter Agreement according to the [Attorney Letter Agreement Instructions](#).
 - **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.³

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

³ "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.otcmkt.com/corporate-services/ir-tools-services>

FORTTRAN CORPORATION

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Hickory, NC 28602
(828) 324-4611
www.fortrancorp.com
info@fortrancorp.com
SIC Code: 4813

Quarterly Report

For the Period Ending March 31, 2025 (the "Reporting Period")

Outstanding Shares

The number of shares outstanding of our Common Stock was:

23,859,465 as of March 31, 2025 (Current Reporting Period Date or More Recent Date)

23,459,465 as of December 31, 2024 (Most Recent Completed Fiscal Year End)

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 Control² of the company has occurred over this reporting period:

Yes: ☐ No: ☒

² "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 surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

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

In answering this item, provide the current name of the issuer any names used by predecessor entities, along with the dates of the name changes.

Fortran Corporation, formerly known as Burkyarns, Inc. and Burke Mills, Inc., was incorporated in the state of North Carolina on March 17, 1948. Burkyarns, Inc. changed its name to Burke Mills, Inc. on May 7, 1979, and Burke Mills, Inc. changed its name to Fortran Corporation on February 12, 2013.

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):

On January 21, 2020, Fortran Corporation reincorporated from the state of North Carolina to the state of Delaware by converting to a Delaware corporation pursuant to Section 265 of the Delaware General Corporation Law and Sections 55-11A-10 through 55-11A-13 of the North Carolina Business Corporation Act. Fortran Corporation's current standing is "active" in the state of Delaware.

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

NONE

List any stock split, dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

NONE

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

324 US Hwy 70 SW, Hickory, NC 28602 (P.O. Box 1450, Hickory, NC 28603)

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

Check box 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:

2) Security Information

Transfer Agent

Name: Colonial Stock Transfer
Phone: (801) 355-5740
Email: info@colonialstock.com
Address: 7840 S. 700 E, Sandy Utah 84070

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.

Trading symbol:	FRTN
Exact title and class of securities outstanding:	Common
CUSIP:	34960D 108
Par or stated value:	\$0.0001 per share
Total shares authorized:	50,000,000 as of date: March 31, 2025
Total shares outstanding:	23,859,465 as of date: March 31, 2025
Total number of shareholders of record:	348 as of date: March 31, 2025

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

NONE

Other classes of authorized or outstanding equity securities that do not have a trading symbol:

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 that do not have a trading symbol). 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
CUSIP (if applicable):	N/A
Par or stated value:	\$0.0001
Total shares authorized:	5,000,000 as of date: March 31, 2025
Total shares outstanding (if applicable):	N/A
Total number of shareholders of record:	N/A

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.

See "Note 11 – Shareholders' Deficit" of the Consolidated Financial Statements for the period ended March 31, 2025 which is attached to the end of this Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines Quarterly Report.

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

See "Note 11 – Shareholders' Deficit" of the Consolidated Financial Statements for the period ended March 31, 2025 which is attached to the end of this Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines Quarterly Report.

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

NONE

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.

NONE

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 for the two most recently completed fiscal years and any subsequent period.

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)

Number of Shares outstanding as of January 1, 2023:	<u>Opening Balance:</u> Common: 21,359,465 Preferred: NONE								
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 (entities must have individual with voting / investment control disclosed).	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?
April 5, 2023	New Issuance	1,050,000	Common	\$.2500	No	Donna T. Sharman	Debt Conversion	Restricted	Exemption (1)
April 5, 2023	New Issuance	1,050,000	Common	\$.2500	No	Sherry T. Miller	Debt Conversion	Restricted	Exemption (1)
March 28, 2025	New Issuance	400,000	Common	\$.2500	No	Donna T. Sharman	Debt Conversion	Restricted	Exemption (1)
Number of Shares Outstanding on March 31, 2025:	<u>Ending Balance:</u> Common: 23,859,465 Preferred: NONE								

Example: A company with a fiscal year end of December 31, 2024, 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, 2023 through December 31, 2024 pursuant to the tabular format above.

*** Control persons for any entities in the table above must be disclosed in the table or in a footnote here.

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

(1) Issued pursuant to an exemption from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"), as provided by Section 4(a)(2) of the Securities Act.

Fortran Corporation has made the following issuances and cancellations between March 31, 2025 and May 15, 2025:

NONE

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	Reason for Issuance (e.g. Loan, Services, etc.)
March 28, 2019	150,000.00	150,000.00	\$16,574	March 28, 2024 (Past Due)	At any time before maturity, the outstanding balance may be converted for common shares at \$.25 per share.	Charles D. Miller	Provide initial payment to TCA Global
March 29, 2019	107,250.00	107,250.00	\$11,833	March 29, 2025 (Past Due)	At any time before maturity, the outstanding balance may be converted for common shares at \$.25 per share.	Peter A. R. Sharman	Provide Debt Settlement Funding

***** Control persons for any entities in the table above must be disclosed in the table or in a footnote here.**

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

None

4) 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.otcmarkets.com).

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

Fortran Corporation ("Fortran" or the "Company"), through its North Carolina and South Carolina subsidiaries, is a leading telecommunications system integrator dedicated to designing, sourcing, implementing and maintaining complex telecommunications solutions primarily in North Carolina and South Carolina.

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

The telecom segment currently consists of three operating units. Our subsidiary, B & L Telephone, LLC, headquartered in Hickory, North Carolina, focuses on business and governmental clients throughout North Carolina. Our subsidiaries, Fortran Communications, Inc. and Intech Systems of South Carolina, Inc., both headquartered in Columbia, South Carolina, focus on business and governmental clients throughout South Carolina. The company

purchased Intech Systems of South Carolina, Inc. on January 1, 2025. See Consolidated Financial Statements attached.

C. Describe the issuers' principal products or services.

The Company has direct distribution contracts with Optus, Intermedia and Forerunner Technologies. These companies are our prime source for equipment and services that we sell directly to end users. In addition to these core products, we also offer our clients a wide array of complimentary products including cabling, fiber connectivity, SIP trunks, paging, access and control systems and security (including facial recognition technology).

New system sales ("Box Sales") often generate a post-implementation maintenance agreement ("MSA") to support the system, which generally ranges from 1-3 years for commercial clients and 3-5 years for government clients. Historically, such an agreement results in a fixed fee earned over the term of the contract. MSA and MAC revenues are the direct result of the Company's relationship with its clients and its longstanding record of providing high-quality service.

5) Issuer's Facilities

The goal of this section is to provide a potential investor with a clear understanding of all assets, properties or facilities owned, used or leased by the issuer and the extent in which the facilities are utilized.

In responding to this item, please clearly describe the assets, properties or facilities of the issuer, give the location of the principal plants and other property of the issuer and describe the condition of the properties. If the issuer does not have complete ownership or control of the property (for example, if others also own the property or if there is a mortgage on the property), describe the limitations on the ownership.

If the issuer leases any assets, properties or facilities, clearly describe them as above and the terms of their leases.

Fortran Corporation, through its subsidiaries, leases a 1,000 square foot office/warehouse facility in Hickory, NC and a 2,400 square foot office/warehouse facility in Columbia, SC. The terms of the Hickory, NC lease requires the Company to pay \$1,000 per month for 12 months with a renewal option of an additional 12 months for \$1,030 per month. The terms of the Columbia, SC lease requires the Company to pay \$3,250 per month and is a triple net lease. This lease ends on September 30, 2025. The Company is negotiating to renew this lease at a lower monthly rate.

6) Officers, Directors, and Control Persons

Using the table below, please provide information, as of the period end date of this report, regarding all officers and directors of the company, or any person that performs a similar function, regardless of the number of shares they own.

In addition, list all individuals or entities controlling 5% or more of any class of the issuer's securities.

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. 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.

Name of Officer/Director and Control Person	Affiliation with Company (e.g. Officer/Director/Owner of more than 5%)	Residential Address (City / State Only)	Number of shares owned(1)	Share type/class	Ownership Percentage of Class Outstanding	Corp. Entity ?
Glenn E. Withers	Director (Chairman)	Ocean Isle Beach, NC	622,279	Common	2.61%	No
Douglas L. Miller	Owner of more than 5%	Elon, NC	1,363,125	Common	5.71%	No
Dayne L. Miller	Officer (CFO, Secretary), Director, Owner of more than 5%	Claremont, NC	1,541,873	Common	6.46%	No
F. Kent Greer	Officer (President, CEO), Director	Lenoir, NC	202,000	Common	.08%	No
Emmett D. Crawford (Deceased)	Owner of more than 5%	Taylorsville, NC	1,285,714	Common	5.39%	No
Charles D. Miller	Owner of more than 5%	Nashville, TN	1,363,125	Common	5.71%	No
Philip A. Miller	Owner of more than 5%	Elon, NC	1,363,125	Common	5.71%	No
Sherry T. Miller	Owner of more than 5%	Elon, NC	2,413,125	Common	10.11%	No
Donna T. Sharman	Director, Owner of more than 5%	Conover, NC	2,238,802	Common	9.38%	No
Christopher L. Sharman	Owner of more than 5%	Charleston, SC	1,346,250	Common	5.64%	No
Peter A. R. Sharman	Owner of more than 5%	Conover, NC	1,229,670	Common	5.15%	No

Confirm that the information in this table matches your public company profile on www.OTCMarkets.com. If any updates are needed to your public company profile, log in to www.OTCIQ.com to update your company profile.

7) 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); **Fortran Corporation is not currently aware of anything relevant to this subsection with respect to any of the foregoing persons.**
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; **Fortran Corporation is not currently aware of anything relevant to this subsection with respect to any of the foregoing persons.**

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; **Fortran Corporation is not currently aware of anything relevant to this subsection with respect to any of the foregoing persons.**
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 **Fortran Corporation is not currently aware of anything relevant to this subsection with respect to any of the foregoing persons.**
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. **Fortran Corporation is not currently aware of anything relevant to this subsection with respect to any of the foregoing persons.**
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. **Fortran Corporation is not currently aware of anything relevant to this subsection with respect to any of the foregoing persons.**

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.

See “Note 10 – Legal Proceedings” of the Consolidated Financial Statements for the Period Ended March 31, 2025 which is attached to the end of this Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines Quarterly Report.

8) 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. Confirm that the information in this table matches your public company profile on www.OTCMarkets.com. If any updates are needed to your public company profile, update your company profile.

Securities Counsel

Firm:	Smith Eilers, PLLC
Address 1:	149 S. Lexington Avenue, Asheville, NC 28801
Phone:	(561) 484-7172
Email:	selvia@smitheilers.com

Investor Relations

Firm:	Fortran Corporation
Address 1:	324 US Hwy 70 SW, Hickory, NC 28602
Address 2:	P.O. Box 1450, Hickory, NC 28603
Phone:	(828) 324-4611
Email:	info@fortrancorp.com

All other means of Investor Communication:

Facebook: BLTEL1983; FortranCommunicationsSC; Fortran-Corporation-Inc
Instagram: bltelephone; fortrancommunications; FortranCorpNC
Linkedin: b&l-telephone-sales-&-service; fortran-communications-inc
Twitter: BLTelephoneNC; FortranComm; CorpFortran

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.

NONE

9) Disclosure and Financial Information

A. This Disclosure Statement was prepared by (name of individual):

Name: DAYNE L. MILLER
Title: CHIEF FINANCIAL OFFICER
Relationship to Issuer: OFFICER/DIRECTOR/SHAREHOLDER

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):

Name: DAYNE L. MILLER
Title: CHIEF FINANCIAL OFFICER
Relationship to Issuer: OFFICER/DIRECTOR/SHAREHOLDER

Describe the qualifications of the person or persons who prepared the financial statements:⁵ **Served as Chief Financial Officer of Fortran Corporation since 2019.**

Provide the following qualifying financial statements:

- 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

⁵ 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.

Financial Statement Requirements:

- Financial statements must be published together with this disclosure statement as one document.
- Financial statements must be “machine readable”. Do not publish images/scans of financial statements.
- Financial statements must be presented with comparative financials against the prior FYE or period, as applicable.
- Financial statements must be prepared in accordance with U.S. GAAP or International Financial Reporting Standards (IFRS) but are not required to be audited.

10) 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, **F. KENT GREER**, certify that:

1. I have reviewed this Disclosure Statement for **FORTTRAN CORPORATION**;
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.

May 15, 2025

/s/F. KENT GREER

Principal Financial Officer:

I, **DAYNE L. MILLER**, certify that:

1. I have reviewed this Disclosure Statement for **FORTTRAN CORPORATION**;
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.

May 31, 2025

/s/DAYNE L. MILLER

FORTTRAN CORPORATION AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024

FORTTRAN CORPORATION AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024
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FORTTRAN CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(UNADUDITED)

	March 31, 2025	December 31, 2024
ASSETS		
Current Assets		
Cash	\$ 154,000	\$ 73,000
Accounts receivable, net	35,000	33,000
Inventories	129,000	108,000
Total Current Assets	318,000	214,000
Property and equipment, net	80,000	61,000
Other assets	-	-
Notes Receivable	13,000	19,000
Investment in subsidiaries	568,000	18,000
Total Assets	\$ 979,000	\$ 312,000
LIABILITIES AND SHAREHOLDERS' DEFICIT		
Current Liabilities		
Accounts payable and accrued expenses	\$ 119,000	\$ 113,000
Customer deposits	65,000	-
Deferred revenue	42,000	84,000
Loans payable, current portion	246,000	173,000
Total Current Liabilities	472,000	370,000
Convertible notes payable, net of discount of \$0 and \$29,000, respectively	257,000	412,000
Loans payable, net of current portion	501,000	44,000
Government assistance loans payable	2,104,000	2,104,000
Total Liabilities	3,334,000	2,930,000
Commitments and Contingencies		
Shareholders' Deficit		
Preferred stock, \$0.0001 par value, 5,000,000 shares authorized; no shares issued and outstanding at March 31, 2025 and December 31, 2024, respectively	-	-
Common stock, \$0.0001 par value, 50,000,000 shares authorized; 23,859,465 and 23,459,465 shares issued and outstanding at March 31, 2025 and December 31, 2024, respectively	2,000	2,000
Additional paid in capital	3,924,000	3,924,000
Accumulated deficit	(6,281,000)	(6,544,000)
Total Shareholders' Deficit	(2,355,000)	(2,618,000)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT	\$ 979,000	\$ 312,000







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

FORTTRAN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended March 31,	
	2025	2024
Revenues	\$ 411,000	\$ 220,000
Cost of revenues	<u>284,000</u>	<u>102,000</u>
Gross profit	127,000	118,000
Selling, general and administrative expenses	<u>133,000</u>	<u>138,000</u>
Profit (Loss) from operations	<u>(6,000)</u>	<u>(20,000)</u>
Other income (expense)		
Other Income	170,000	-
Gain (Loss) on disposal of fixed assets	26,000	(2,000)
Loss on disposal of subsidiary	-	-
Interest expense	<u>(24,000)</u>	<u>(63,000)</u>
Total other income (expense), net	<u>172,000</u>	<u>(65,000)</u>
Net Loss	<u>\$ 166,000</u>	<u>\$ (85,000)</u>
LOSS PER SHARE - BASIC AND DILUTED	<u>\$ 0.007</u>	<u>\$ (0.004)</u>
WEIGHTED AVERAGE SHARES OUTSTANDING – BASIC AND DILUTED	<u>23,859,465</u>	<u>23,459,465</u>

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

FORTTRAN CORPORATION
Consolidated Statement of Changes in Stockholders' Deficit
For the Three Months Ended March 31, 2025

	Preferred stock		Common stock		\$ 0.0001 Additional paid-in capital	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount			
Balance, December 31, 2022	-	\$ -	21,359,465	\$ 2,000	\$ 3,361,000	\$ (5,950,000)	\$ (2,587,000)
Net loss	-	-	-	-	-	(1,176,000) 	(1,176,000)
Disposition of subsidiary			-	-	-	379,000 	379,000
Conversion of debt, net of discount			2,100,000	-	463,000	- 	463,000
Balance, December 31, 2023	-	\$ -	23,459,465	\$ 2,000	\$ 3,824,000	\$ (6,747,000)	\$ (2,921,000)
Net profit	-	-	-	-	-	203,000 	203,000
Conversion of debt, net of discount			-	-	100,000	- 	100,000
Balance, December 31, 2024	-	\$ -	23,459,465	\$ 2,000	\$ 3,924,000	\$ (6,544,000)	\$ (2,618,000)
Net profit	-	-	-	-	-	166,000	166,000
Acquisition of Subsidiary						97,000	97,000
Conversion of debt, net of discount			-	-	-	- 	-
Balance, March 31, 2025	-	\$ -	23,459,465	\$ 2,000	\$ 3,924,000	\$ (6,281,000)	\$ (2,355,000)

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

FORTTRAN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Three Months Ended Mar. 31,	
	2025	2024
<u>Cash Flows from Operating Activities</u>		
Net Loss	\$ 166,000	\$ (85,000)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation	6,000	8,000
Amortization of debt discount	-	19,000
Loss (Gain) on disposal of fixed assets	(26,000)	2,000
Changes in operating assets and liabilities		
Accounts receivable	(2,000)	(21,000)
Inventories	(21,000)	(40,000)
Deposits and other assets	-	-
Accounts payable and accrued expenses	6,000	82,000
Customer deposits	65,000	14,000
Deferred revenues	(42,000)	(51,000)
Net cash provided by (used in) operating activities	152,000	(72,000)
<u>Cash Flows from Investing Activities</u>		
Purchase of property and equipment	(38,000)	-
Receipts of notes receivable	6,000	6,000
Proceeds from sale of fixed assets	39,000	-
Issuance of notes receivable	-	-
Issuance of common stock due to conversion of notes payable	-	-
Stock issuances, investment in subsidiaries and equity deficits due to acquisitions, net	97,000	-
Net cash provided by (used in) investing activities	104,000	6,000
<u>Cash Flows from Financing Activities</u>		
Proceeds from short term borrowings	-	99,000
Proceeds from financing of fixed asset purchases	-	-
Payment of loans payable	(20,000)	(28,000)
Issuance of debt for subsidiary purchase	550,000	-
Purchase of subsidiary	(550,000)	-
Write off of Note Payable, net of Debt Discount	(155,000)	-
Conversion of debt to common stock, net of remaining discount	-	-
Net cash provided by financing activities	(175,000)	71,000
Net increase (decrease) in cash	81,000	5,000
Cash beginning of period	73,000	13,000
Cash end of period	\$ 154,000	\$ 18,000

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

FORTTRAN CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024

NOTE 1 – ORGANIZATION AND BASIS OF PRESENTATION

History and Organization

Fortran Corporation (“the Company”) formerly known as Burkyarns, Inc. and Burke Mills, Inc. was incorporated under the laws of the State of North Carolina on March 17, 1948. Burkyarns, Inc. changed its name to Burke Mills, Inc. on May 7, 1979, and Burke Mills, Inc. changed its name to Fortran Corporation on February 12, 2013.

On January 21, 2020, the Company amended its Articles of Incorporation and reincorporated from North Carolina to the State of Delaware and changed the par value on its preferred and common stock to \$0.0001.

Overview of Business

Fortran Corporation (the “Company”) is primarily engaged in the sales, installation, and service of telecommunication systems in North Carolina and South Carolina.

Going Concern

The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. As reflected in the accompanying consolidated financial statements, during the three months ended March 31, 2025, the Company incurred a net profit of \$166,000, net cash provided by operations of \$152,000, and had a shareholders’ deficit of \$2,355,000 as of March 31, 2025. These factors raise substantial doubt about the Company’s ability to continue as a going concern within one year after the date of the financial statements being issued. The ability of the Company to continue as a going concern is dependent upon the Company’s ability to raise additional funds and implement its business plan. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

At March 31, 2025, the Company had cash on hand in the amount of \$154,000. No assurance can be given that any future financing will be available or, if available, that it will be on terms that are satisfactory to the Company. Even if the Company can obtain additional financing, it may contain undue restrictions on our operations in the case of debt financing, or cause substantial dilution for our stockholders, in the case of equity financing.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation

As of March 31, 2025, the consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries: B&L Telephone, LLC, Fortran Communications, Inc and Intech Systems of South Carolina, Inc. M&B Communications, Inc. and The New Telephone Company are considered inactive companies and have no financial effect on the financial statements contained herein. Intercompany transactions and balances have been eliminated in consolidation. Intech Systems of South Carolina, Inc. was purchased by the Company on January 1, 2025 (see below).

Loss per Share Calculations

Basic earnings (loss) per share are computed by dividing net income (loss) available to common shareholders by the weighted-average number of common shares available. Diluted earnings per share is computed by dividing the net income applicable to common shareholders by the weighted average number of common shares outstanding plus the number of additional common shares that would

have been outstanding if all dilutive potential common shares had been issued using the treasury stock method. Potential common shares are excluded from the computation when their effect is antidilutive. The dilutive effect of potentially dilutive securities is reflected in diluted net income per share if the exercise prices were lower than the average fair market value of common shares during the reporting period.

Common shares issuable under convertible note agreements of 1,030,000 and 2,058,050 for the periods ended March 31, 2025 and December 31, 2024, respectively, have been excluded from the calculation of weighted average common shares outstanding for the periods then ended, as their effect would have been anti-dilutive. The estate James M. Templeton exercised his option to convert \$525,000 of convertible debt to 2,100,000 shares of common stock on February 28, 2023. Donna T. Sharman exercised her option to convert \$100,000 of convertible debt to 400,000 shares of common stock on December 31, 2025, and the shares were issued on March 28, 2025. On March 28, 2025, Doug Miller and Sherry Miller elected to forgive convertible notes of \$60,000 and \$95,000, respectively. This forgiveness has been reflected in "Other Income" on the Consolidated Statement of Operations.

Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the U.S requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the financial statement date and reported amounts of revenue and expenses during the reporting period. Significant estimates are used in valuing our allowances for doubtful accounts, reserves for inventory obsolescence, valuing derivative liabilities, valuing equity instruments issued for services, and valuation allowance for deferred tax assets, among others. Actual results could differ from these estimates.

Revenue Recognition

The Company recognizes revenue in accordance with ASC No. 606 — Revenue from Contracts with Customers. Under ASC No. 606, the Company recognizes revenue from the commercial sales of products, licensing agreements and contracts by applying the following steps: (1) identify the contract with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to each performance obligation in the contract; and (5) recognize revenue when each performance obligation is satisfied.

The Company primarily generates its revenues through designing, sourcing, implementing, and maintaining complex telecommunications solutions primarily in North Carolina and South Carolina. Our subsidiaries focus on business and governmental clients throughout the Southeast. Our subsidiary companies have direct distribution contracts. These suppliers are our prime source for equipment and services that we sell directly to end users.

For the three months ended March 31, 2025 and 2024, the Company recognized \$411,000 and \$220,000, respectively, in revenue.

In addition to our core products, we also offer our clients a wide array of complimentary products including cabling, fiber connectivity, SIP trunks, paging, access and control systems and security (including facial recognition technology). New system sales ("Box Sales") often generate a post-implementation maintenance agreement ("MSA") to support the system, which generally ranges from 1-3 years for commercial clients and 3-5 years for government clients. Historically, such an agreement results in a fixed fee earned over the term of the contract. Deferred revenue relating to MSAs, which represents cash received in advance for services to be realized as revenue over the remaining contract term, was \$42,000 and \$84,000 for the periods ended March 31, 2025 and December 31, 2024, respectively.

Accounts Receivable

The Company evaluates the collectability of its trade accounts receivable based on several factors. In circumstances where the Company becomes aware of a specific customer's inability to meet its financial obligations to the Company, a specific reserve for bad debts is estimated and recorded, which reduces the recognized receivable to the estimated amount the Company believes will ultimately be collected. In addition to specific customer identification of potential bad debts, bad debt charges are recorded based on the Company's historical losses and an overall assessment of past due trade accounts receivable outstanding.

The allowance for doubtful accounts and returns is established through a provision reducing the carrying value of receivables. For the periods ended March 31, 2025 and December 31, 2024, the Company determined that no allowance for doubtful accounts was necessary.

Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is computed on a first-in, first-out basis. The Company's inventories consist almost entirely of finished goods as of the periods ended March 31, 2025 and December 31, 2024.

The Company provides inventory reserves based on excess and obsolete inventories determined primarily by future demand forecasts. The reserve, if any, is measured as the difference between the cost of the inventory and market based upon assumptions about future demand and charged to the provision for inventory, which is a component of cost of sales. At the point of the loss recognition, a new, lower cost basis for that inventory is established, and subsequent changes in facts and circumstances do not result in the restoration or increase in that newly established cost basis. As the periods ended March 31, 2025 and December 31, 2024, the Company determined that no reserve for excess and obsolete inventory was necessary.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and amortization. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. The Company has determined the estimated useful lives of its property and equipment, as follows:

Office equipment	5 years
Vehicles	5 years
Equipment and tools	10 years
Property and improvements	40 years

Maintenance and repairs are charged to expense as incurred. The cost and accumulated depreciation of assets sold or otherwise disposed of are removed from the related accounts and the resulting gain or loss is reflected in the statements of operations.

Management assesses the carrying value of property and equipment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. If there is an indication of impairment, management prepares an estimate of future cash flows expected to result from the use of the asset and its eventual disposition. If these cash flows are less than the carrying amount of the asset, an impairment loss is recognized to write down the asset to its estimated fair value.

Beneficial Conversion Feature of Convertible Notes Payable

The Company accounts for convertible notes payable in accordance with the guidelines established by the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") Topic 470-20, *Debt with Conversion and Other Options*. The Beneficial Conversion Feature ("BCF") of a convertible note is normally characterized as the convertible portion or feature of certain notes payable that provide a rate of conversion that is below market value or in-the-money when issued. The Company records a BCF related to the issuance of a convertible note when issued and recorded the estimated fair value of any warrants issued with those convertible notes. Beneficial conversion features that are contingent upon the occurrence of a future event are recorded when the contingency is resolved.

The BCF of a convertible note is measured by allocating a portion of the note's proceeds to the warrants, if applicable, and as a reduction of the carrying amount of the convertible note equal to the intrinsic value of the conversion feature, both of which are credited to additional paid-in-capital. The value of the proceeds received from a convertible note is then allocated between the conversion features and warrants on an allocated fair value basis. The allocated fair value is recorded in the financial statements as a debt discount (premium) from the face amount of the note and such discount is amortized over the expected term of the convertible note (or to the conversion date of the note, if sooner) and is charged to interest expense.

Income Taxes

Income tax expense is based on pretax financial accounting income. Deferred tax assets and liabilities are recognized for the expected tax consequences of temporary differences between the tax basis of assets and liabilities and their reported amounts. Valuation allowances are recorded to reduce deferred tax assets to the amount that will more likely than not be realized.

The Company accounts for uncertainty in income taxes using a two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50 percent likely of being realized upon settlement. The Company classifies the liability for unrecognized tax benefits as current to the extent that the Company anticipates payment (or receipt) of cash within one year. Interest and penalties related to uncertain tax positions are recognized in the provision for income taxes.

Stock-Based Compensation

The Company periodically issues stock-based compensation to employees and consultants for services rendered. Such issuances vest and expire according to terms established at the issuance date.

Stock-based payments to employees and consultants for acquiring services, which include grants of shares of the Company's stock, are recognized in the financial statements based on their grant date fair values in accordance with ASC 718, Compensation-Stock Compensation. Stock-based payments are measured at the grant date fair value and depending on the conditions associated with the vesting of the award, compensation cost is recognized on a straight-line or graded basis over the vesting period. Recognition of compensation expense for nonemployees is in the same period and manner as if the Company had paid cash for the services.

Advertising Costs

Advertising costs are expensed as incurred and are included in selling, general and administrative expenses. Advertising costs were \$9,000 and \$4,000 for the three months ended March 31, 2025 and 2024, respectively.

Fair Value Measurements

The Company determines the fair value of its assets and liabilities based on the exchange price in U.S. dollars that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value maximize the use of observable inputs and minimize the use of unobservable inputs. The Company uses a fair value hierarchy with three levels of inputs, of which the first two are considered observable and the last unobservable, to measure fair value:

- Level 1 — Quoted prices in active markets for identical assets or liabilities.
- Level 2 — Inputs, other than Level 1, that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The carrying amounts of financial instruments such as cash, accounts receivable, inventories, accounts payable, accrued expenses, and deferred revenue, approximate the related fair values due to the short-term maturities of these instruments. The carrying values of notes payable approximate their fair values since the interest rates on these obligations are based on prevailing market interest rates.

Derivative Financial Instruments

The Company evaluates its financial instruments to determine if such instruments are derivatives or contain features that qualify as embedded derivatives. For derivative financial instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair value and is then re-valued at each reporting date, with changes in the fair value reported in the consolidated statements of operations. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is evaluated at the end of each reporting period. Derivative instrument liabilities are classified in the balance sheet as current or non-current based on whether net-cash settlement of the derivative instrument could be required within 12 months of the balance sheet date.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at March 31, 2025 and December 31, 2024:

	March 31, 2025	December 31, 2024
Office equipment	\$ 26,000	\$ 16,000
Vehicles	162,000	105,000
Equipment and tools	-	-
Property and improvements	-	-
	<u>188,000</u>	<u>121,000</u>
Less: accumulated depreciation and amortization	<u>(108,000)</u>	<u>(60,000)</u>
Property and equipment, net	<u>\$ 80,000</u>	<u>\$ 61,000</u>

Depreciation expense for the three months ended March 31, 2025 and 2024 was \$6,000 and \$8,000, respectively.

NOTE 4 – INVESTMENT AND ADVANCES

On January 1, 2022, Fortran Corporation purchased the entirety of the ownership interest in M & B Communications, LLC based in Conover, North Carolina. At Closing, the Company issued 120,000 shares of the Company's common stock to Walter H. Barrymore and 80,000 shares of the Company's common stock to Steven M. Barrymore. This issuance of 200,000 shares of the Company's common stock represents the purchase price consideration in its entirety. The Company recorded an \$18,000 investment cost due to the closing price of the common stock on January 3, 2022 was \$.09 per share.

On February 28, 2022, Fortran Corporation purchased the entirety of the ownership interest in Comconexx, LLC based in Fort Myers, Florida. At Closing, the Company paid \$50,000 in certified funds each to Robert A. Radcliff, Jr., and Chase A. Radcliff and issued 750,000 shares of the Company's common stock each to Robert A. Radcliff, Jr., and Chase A. Radcliff. The Company was potentially obligated to pay an additional \$50,000 each to Robert A. Radcliff, Jr., and Chase A. Radcliff on March 1, 2023. The Agreement to Purchase Ownership Interests allowed for additional future payments is contingent on certain operational thresholds. The Sellers could have earned a maximum of an additional \$550,000 over the next four years. Any future payments to the Sellers as a result of the operational thresholds would have been accounted for as additional purchase price. The Company recorded a \$265,000 investment cost due to the closing price of the common stock on January 3, 2022 was \$.11 per share and the two \$50,000 payments to the sellers. Unfortunately, the Company was unsuccessful with its business relationship with Comconexx, LLC and the Company sold 100% of its ownership of Comconexx, LLC to Glades Contracting, LLC effective March 31, 2023. The agreement required Glades to pay the Company \$2,463.82 at the final execution of the agreements and required Glades to pay the Company \$2,100 per month, for 28 consecutive months, beginning June 1, 2023, with a final payment of \$370.05 on the 29th month. This is a total purchase price of \$61,633.87 resulting in a investment loss of \$1,064,204. The Company does not anticipate having to pay the previous owners of Comconexx any payments potentially due under the original purchase agreement. The Company received the \$2,463.82 payment on April 24, 2023. The required monthly payments of \$2,100 have been received on time each month as of December 31, 2024.

On January 1, 2025, Fortran Corporation purchased the entirety of the ownership interest in Intech Systems of South Carolina, Inc. based in Columbia, SC. At Closing, the Company issued a check in the amount of \$100,000.00 and executed a Promissory Note in the amount of \$450,000.00 to Mr. Don Connell of Columbia, SC. Intech Systems of South Carolina, Inc. specializes in providing quality telecommunication services to the hospitality industry. Intech has been in business since 1993 and our technicians have over 80 years combined experience providing service to hundreds of hotels throughout the United States. The Company feels that this acquisition will be a great opportunity and fit to our existing business model.

NOTE 5 – LOANS PAYABLE

Loans payable (non-Governmental loans) consists of the following at March 31, 2025 and December 31, 2024:

	March 31, 2025	December 31, 2024
Bank loans assigned to private investor (a)	\$ 122,000	\$ 122,000
Various vehicle loans (c)	59,000	64,000
Short term advance from shareholder (b)	31,000	31,000
Shareholder note for purchase of subsidiary (d)	96,000	-
Subsidiary purchase (Note to previous owner) (e)	439,000	-
Total loans payable	747,000	217,000
Less: Loans payable, current portion	(246,000)	(173,000)
Loans payable, net of current portion	<u>\$ 501,000</u>	<u>\$ 44,000</u>

- a. In 2019, the Company issued a secured note payable to a private investor for the principal amount of \$139,000 (“loan”) with interest rate of 6% per annum, maturity date of April 11, 2021, and secured by the assets of the Company subsidiaries B & L Telephone, LLC, and Fortran Communications, Inc. The balance outstanding on the loan as of December 31, 2022, was \$124,000. During the twelve months ended December 31, 2023, the Company made principal payments of \$2,000 which reduced the principal balance of the loan to \$122,000 at December 31, 2023. No payments have been made during the period ended March 31, 2025. This note payable is past due and is considered as a “Demand Note”.
- b. At various times beginning June 28, 2023 through March 19, 2024, shareholders Donna T. Sharman, Peggy R. Templeton and Sherry T. Miller, advanced various amounts of short term working capital funds to the Company. These short term advances carry an interest rate of 6% per annum. On December 31, 2024, Donna T. Sharman forgave \$137,000 of short term debt along with the applicable accrued interest. On December 31, 2024, Peggy R. Templeton forgave \$96,000 of short term debt along with the applicable accrued interest. Both of these debt forgiveness’ were accounted for in Other Income in the Company’s Consolidated Statements of Operations.
- c. The Company routinely engages in replacing company vehicles through trading vehicles, acquiring new or used vehicles and selling vehicles. The Company either pays for the vehicles or uses a debt instrument to purchase the vehicles.
- d. The Company purchased 100% equity in Intech Systems of South Carolina, Inc. on January 1, 2025. Company shareholders, Peter A.R. Sharman and Donna T. Sharman, provided \$100,000 for the initial payment to the Seller of Intech. This note to the Sharmans consists of payments of \$1,657.29 per month for 72 months and has an interest rate of 6%.
- e. The Company purchased 100% equity in Intech Systems of South Carolina, Inc. on January 1, 2025. The Company paid \$100,000 as an initial payment to Don Connell. The Company issued Mr. Connell a promissory note in the amount of \$450,000. This note consists of payments of \$5,000 per month for 60 months and a 61st payment of \$218,680.09. This note has an interest rate of 4%.

Maturities of the Company's loans payable are as follows:

As of March 31 of each listed year	Amount
2025	\$ 246,000
2026	97,000
2027	100,000
2028	86,000
2029 and beyond	218,000
Total notes payments	747,000
Less: Unamortized discount	-
Total notes payable	<u>\$ 747,000</u>

NOTE 6 – GOVERNMENT ASSISTANCE LOANS PAYABLE

Government assistance loans payable consists of the following at March 31, 2025 and December 31, 2024:

	December 31, 2024	Dec. 31, 2023
North Carolina Rapid Recovery loan (a)	15,000	15,000
SBA EIDL Loans (c)	2,089,000	2,089,000
Government assistance loans payable	<u>\$ 2,104,000</u>	<u>\$ 2,104,000</u>

- a. On October 8, 2020, the Company's subsidiary, B&L Telephone, LLC, obtained a North Carolina Rapid Recovery Loan in the amount of \$21,000. Interest on the loan is at the rate of 0.25% per year for the first 18 months of the loan, and then 5.5% per year thereafter, and all loan payments are deferred for eighteen months, at which time monthly installment payments of \$252 is payable over 8.5 years from the date of the promissory note. The promissory note is secured by all the assets of the Company. The Company made payments of \$2,000 during the twelve months ended December 31, 2024 leaving a balance of \$15,000. The Company made payments of \$0 during the three months ended March 31, 2025 leaving a balance of \$15,000.
- b. Pursuant to the Paycheck Protection Program (the "PPP") under the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), the Company's subsidiaries, Fortran Communications, Inc. ("FCI") and B&L Telephone, LLC ("B&L") received loans from Bank of America during the years ended December 31, 2021 and 2020, for aggregate principal amounts of \$113,000 and \$114,000, respectively, or total of \$227,000 (collectively, "PPP loans").

The PPP loans were to mature 60 months from the date of funding, bore interest at a rate of 1% per annum, were unsecured and guaranteed by the U.S. Small Business Administration (SBA). The Company applied ASC 470, Debt, to account for the PPP loans. The PPP loan and related accrued interest were forgivable after December 31, 2020, as long as the borrower used the loan proceeds for qualifying expenses, including payroll, benefits, rent and utilities, and maintains its payroll levels. Management believes the entire loan amount has been used for qualifying expenses.

The Company filed its application for full loan forgiveness to Bank of America. During the year ended December 31, 2021, the Company received notice from Bank of America that SBA approved the full forgiveness of the Company's total PPP loans of \$227,000. Accordingly, the Company recorded the forgiveness of the total PPP loans of \$227,000 as gain on forgiveness of government assistance loans during the year ended December 31, 2021.

- c. During 2020 and 2021, the Company and its subsidiaries obtained Economic Injury Disaster Loans ("EIDL Loans") pursuant to the SBA authorized (under Section 7(b)) of the Small Business Act. Interest on the loan is at the rate of 3.75% per year, and all loan payments are deferred for two years, at which time monthly installment payments will be payable over 30 years from the date of the EIDL Loans. The EIDL Loans are secured by all the assets of the Company.

During 2020, the Company and its subsidiaries, FCI and B&L, received EIDL Loans for principal amounts of \$150,000, \$143,000, and \$150,000, respectively. These EIDL Loans will require monthly installment payments of \$731, \$697, and \$731, respectively, after the two-year deferral on loan payments. As of December 31, 2020, aggregate outstanding balance of the EIDL Loans was \$443,000,

On November 28, 2021, the Company obtained a loan increase to its original EIDL Loan in the amount of \$350,000. All contractual terms of the original Loan remained in place except that the monthly payment amount increased to \$2,530. As such, total outstanding balance of the EIDL Loans was \$500,000 as of March 31, 2025 and December 31, 2024.

On February 5, 2022, one of the Company's subsidiaries, B&L Telephone, LLC, obtained a loan increase to its original EIDL Loan in the amount of \$891,200. All contractual terms of the original Loan remained in place except that the monthly payment amount increased to \$5,112. As such, total outstanding balance of the EIDL Loans was \$1,041,200 as of March 31, 2025 and December 31, 2024.

On February 5, 2022, one of the Company's subsidiaries, Fortran Communications, Inc., obtained a loan increase to its original EIDL Loan in the amount of \$405,100. All contractual terms of the original Loan remained in place except that the monthly payment amount increased to \$2,672. As such, total outstanding balance of the EIDL Loans was \$548,100 as of March 31, 2025 and December 31, 2024.

NOTE 7 – CONVERTIBLE NOTES PAYABLE

Convertible unsecured notes payable consisted of the following as of March 31, 2025 and December 31, 2024:

	December 31, 2024	Dec. 31, 2023
Convertible secured notes payable	\$ 257,000	\$ 412,000
Beneficial conversion feature recorded as a debt discount	-	
Convertible notes payable	<u>\$ 257,000</u>	<u>\$ 483,000</u>

During the twelve months ended December 31, 2018, the Company issued convertible unsecured debentures ("Convertible Notes") to investors in the aggregate principal amount of \$248,000. During the twelve months ended December 31, 2019, the Company issued Convertible Notes in the aggregate principal amount of \$617,000. The Convertible notes include interest ranging from 5% to 6% per annum, and maturity dates ranging from May 2019 to November 2024. The convertible notes provide a conversion right, in which the principal amount of the Convertible Notes, together with any accrued but unpaid interest, could be converted into the Company's common stock at a conversion price ranging from \$0.10 to \$0.25 per share.

During the twelve months ended December 31, 2019, the Company also issued a Convertible Note of \$250,000 in exchange of a \$250,000 outstanding notes payable. The convertible note provides a conversion right, in which the principal amount of the Convertible Notes, together with any accrued unpaid interest, could be converted into the Company's common stock at a conversion price of \$0.25 per share. As the presence of the conversion feature resulted in a change in present value in excess of 10% of the original note, the fair value of the conversion feature of the note of \$250,000 was recognized as a debt extinguishment cost, and the new note was recorded at its fair value.

At December 31, 2024 and December 31, 2023, the principal balance outstanding on the Convertible Notes was \$412,000 and \$512,000, respectively. The outstanding balance of the Convertible Notes is convertible into 2,058,050 shares of the Company's stock based on its conversion price of \$0.25 per share.

For conventional convertible debt where the rate of conversion is below market value, the Company records a "beneficial conversion feature" ("BCF") and related debt discount. During the twelve months ended December 31, 2023, \$101,000 of the debt discount has

been amortized into interest expense, leaving a debt discount balance of \$29,000 as of December 31, 2023. During the twelve months ended December 31, 2024, \$29,000 of the debt discount has been amortized into interest expense, leaving a debt discount balance of \$0 as of December 31, 2024.

James M. Templeton was the owner of \$525,000 of convertible notes. Mr. Templeton's convertible notes offered him the ability to convert his debt into 2,100,000 shares of common stock of the Company. Unfortunately, Mr. Templeton passed away on January 31, 2023. Mr. Templeton had left specific instructions for his estate to convert his debt into shares of common stock. On February 28, 2023, his estate executed proper documentation to convert his \$525,000 worth of convertible debt into 2,100,000 shares of common stock with the stock to be split evenly to his daughters, Donna T. Sharman and Sherry T. Miller. The Company accounted for this conversion as of February 28, 2023, but the shares were not officially issued until April 5, 2023.

Donna T. Sharman was the owner of \$100,000 of convertible notes. Ms. Sharman's convertible notes offered her the ability to convert her debt into 400,000 shares of common stock of the Company. On December 31, 2024, Ms. Sharman gave notice that she intended to exercise her right to convert her convertible note into 400,000 shares of common stock. These shares were officially granted on March 28, 2025.

Doug Miller and Sherry Miller were to owners of \$60,000 and \$95,000 of convertible notes, respectively. The Millers gave notice on March 28, 2025 that these notes are forgiven. This transaction is accounted for in "Other Income" on the Consolidated Statement of Operations.

Maturities of the Company's convertible notes payable are as follows:

As of March 31 of each year listed	Amount
2025	\$ 257,000
2026	-
2027	-
Convertible notes payments	412,000
Less: Unamortized debt discount	-
Total convertible notes payable	<u>\$ 412,000</u>

NOTE 8 – SHAREHOLDERS' DEFICIT

Common and Preferred Stock

The Company is authorized to issue two classes of stock, to be designated, respectively, "Common Stock" and "Preferred Stock."

Each share of Common Stock shall entitle the holder thereof of one vote. Each share of Common Stock shall be equal in all respects to every other share of Common Stock. Each holder of record of issued and outstanding Common Stock shall be entitled to one vote on all matters for each share so held. Subject to the rights and preferences, if any, of the holders of Preferred Stock, each issued and outstanding share of Common Stock shall entitle the record holder thereof to receive dividends and distributions out of funds legally available therefor, when, as and if declared by the Board of Directors, in such amounts and at such times, if any, as the Board of Directors shall determine, ratably in proportion to the number of shares of Common Stock held by each such record holder. Upon any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, after there shall have been paid to or set aside for the holders of any class of capital stock having preference over the Common Stock in such circumstances the full preferential amounts to which they are respectively entitled, the holder of Common Stock, and of any class or series of capital stock entitled to participate in whole or in part therewith as to the distribution of assets, shall be entitled, after payment or provision for the payment of all debts and liabilities of the Corporation, to receive the remaining assets of the Corporation available for distribution, in cash or in kind, ratably in proportion to the number of shares of Common Stock held by each such holder.

The Preferred Stock may be issued from time to time in one or more series pursuant to a resolution or resolutions providing for such issue duly adopted by the Board of Directors. The Board of Directors is further authorized, subject to limitations prescribed by law, to

fix by resolution or resolutions the designations, powers, preferences and rights, and the qualifications, limitations or restrictions thereof, of any wholly unissued series of Preferred Stock, including, without limitation, authority to fix by resolution or resolutions the dividend rights, dividend rate, conversion rights, voting rights, rights and terms of redemption (including sinking fund provisions), redemption price or prices, and liquidation preferences of any such series, and the number of shares constituting any such series and the designation thereof, of any of the foregoing. The Board of Directors is further authorized to increase (but not above the total number of authorized shares of the class) or decrease (but not below the number of shares of any such series of outstanding) the number of shares of any series, the number of which was fixed by it, subject to the powers, preferences and rights, and the qualifications, limitations and restrictions thereof stated in the Certificate of Incorporation or the resolution of the Board of Directors originally fixing the number of shares of such series.

NOTE 9 – INCOME TAXES

At December 31, 2024, the Company had available Federal and state net operating loss carryforwards to reduce future taxable income. The amounts available were approximately \$3,300,000 for Federal and state purposes. The carryforwards expire in various amounts through indefinite terms. Given the Company’s history of net operating losses, management has determined that it is more likely than not that the Company will not be able to realize the tax benefit of the carryforwards. Accordingly, the Company has not recognized a deferred tax asset for this benefit. Section 382 generally limits the use of NOLs and credits following an ownership change, which occurs when one or more 5 percent shareholders increase their ownership, in aggregate, by more than 50 percentage points over the lowest percentage of stock owned by such shareholders at any time during the “testing period” (generally three years).

No federal tax provision has been provided for the years ended December 31, 2024 and 2023 due to the losses incurred during such periods. The reconciliation below presents the difference between the income tax rate computed by applying the U.S. federal statutory rate and the effective tax rate for the years ended December 31, 2024 and 2023.

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
U. S. federal statutory tax rate	(21.0)%	(21.0)%
State income taxes, net of federal tax benefit (blended average)	(3.0)%	(3.0)%
Change in valuation allowance	<u>24.0%</u>	<u>24.0%</u>
Effective tax rate	<u>0.0%</u>	<u>0.0%</u>

NOTE 10 – LEGAL PROCEEDINGS

NONE

NOTE 11 – SUBSEQUENT EVENTS

NONE