

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

**Castellum, Inc.**

**A Nevada Corporation**

3 Bethesda Metro Center, Suite 700  
Bethesda, MD 20814

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(301) 961-4895

Website: <http://castellumus.com>  
[info@castellumus.com](mailto:info@castellumus.com)

SIC Code: 2879

## **Quarterly Report**

**For the Period Ending:** September 30, 2021  
(the "Reporting Period")

As of November 12, 2021, the number of shares outstanding of our Common Stock was:

389,287,646

As of September 30, 2021, the number of shares outstanding of our Common Stock was:

388,545,754

As of June 30, 2021, the number of shares outstanding of our Common Stock was:

325,505,754

As of December 31, 2020, the number of shares outstanding of our Common Stock was:

308,225,285

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933 and Rule 12b-2 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: ☒

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

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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

Yes: ☐ No: ☒

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

In answering this item, please also provide any names used by predecessor entities and the dates of the name changes.

Castellum, Inc. since January 24, 2020;  
BioNovelus, Inc. until January 23, 2020;  
Firstin Wireless Technology, Inc. until March 15, 2015;  
Passionate Pet, Inc. until January 31, 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):

September 30, 2010 in the State of Nevada. The Corporation is active and in good standing.

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

None

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

The Company entered into a definitive merger agreement with Mainnerv Federal Services, Inc. dba MFSI Government Group, a Delaware corporation ("MFSI"), effective as of January 1, 2021. This acquisition closed on February 11, 2021.

The Company entered into a definitive merger agreement with Merrison Technologies, LLC, a Virginia limited liability company on August 5, 2021.

The Company on August 12, 2021 acquired Specialty Systems, Inc. ("SSI") a New Jersey based government contractor.

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

3 Bethesda Metro Center, Suite 700  
Bethesda, MD 20814

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:* ☒

3 Bethesda Metro Center, Suite 700  
Bethesda, MD 20814

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

Yes: ☐ No: ☒

If this issuer or any of its predecessors have been the subject of such proceedings, please provide additional details in the space below:

N/A

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(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.

## 2) Security Information

Trading symbol: ONOV  
Exact title and class of securities outstanding: Common  
CUSIP: 14838T105  
Par or stated value: \$0.0001

Total shares authorized: 3,000,000,000 as of date: September 30, 2021  
Total shares outstanding: 388,545,754 as of date: September 30, 2021  
Number of shares in the Public Float<sup>2</sup>: 95,956,095 as of date: September 30, 2021  
Total number of shareholders of record: 227 as of date: September 30, 2021  
*All additional class(es) of publicly traded securities (if any):*

Trading symbol: N/A  
Exact title and class of securities outstanding: Series A Preferred  
CUSIP: N/A  
Par or stated value: \$0.0001  
Total shares authorized: 10,000,000 as of date: September 30, 2021  
Total shares outstanding: 5,875,000 as of date: September 30, 2021

Trading symbol: N/A  
Exact title and class of securities outstanding: Series B Preferred  
CUSIP: N/A  
Par or stated value: \$0.0001  
Total shares authorized: 10,000,000 as of date: September 30, 2021  
Total shares outstanding: 3,610,000 as of date: September 30, 2021

Trading symbol: N/A  
Exact title and class of securities outstanding: Series C Preferred  
CUSIP: N/A  
Par or stated value: \$0.0001  
Total shares authorized: 10,000,000 as of date: September 30, 2021  
Total shares outstanding: 520,000 as of date: September 30, 2021

### Transfer Agent

Name: Nevada Agency and Transfer Company  
Phone: 775-322-0626  
Email: [tiffany@natco.org](mailto:tiffany@natco.org)  
Address: 50 West Liberty Street, Suite 880, Reno NV 89501

Is the Transfer Agent registered under the Exchange Act?<sup>3</sup> Yes: ☒ No: ☐

## 3) Issuance History

The goal of this section is to provide disclosure with respect to each event that resulted in any direct 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**.

<sup>2</sup> "Public Float" shall mean the total number of unrestricted shares not held directly or indirectly by an officer, director, any person who is the beneficial owner of more than 10 percent of the total shares outstanding (a "control person"), or any affiliates thereof, or any immediate family members of officers, directors and control persons.

<sup>3</sup> To be included in the Pink Current Information tier, the transfer agent must be registered under the Exchange Act.

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

Check this box to indicate there were no changes to the number of outstanding shares within the past two completed fiscal years and any subsequent periods: ☐

Shares Outstanding as of January 1, 2019		Opening Balance: Common: 120,072,959 Preferred A: 10,000,000 Preferred B: 0							
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.
<u>1/31/2019</u>	<u>New Issuance</u>	<u>310,555</u>	<u>Common</u>	<u>\$0.045</u>	<u>No</u>	<u>Frederick Taylor</u>	<u>Stock for Services</u>	<u>Restricted</u>	<u>N/A</u>
<u>4/19/2019</u>	<u>New Issuance</u>	<u>300,000</u>	<u>Common</u>	<u>\$0.012</u>	<u>No</u>	<u>Michael Goodman</u>	<u>Stock for Services</u>	<u>Restricted</u>	<u>N/A</u>
<u>6/12/2019</u>	<u>Cancellation</u>	<u>10,000,000</u>	<u>Preferred Series A</u>	<u>\$0.001</u>	<u>N/A</u>	<u>Jean Ekobo</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
<u>6/12/2019</u>	<u>New Issuance</u>	<u>177,154</u>	<u>Common</u>	<u>\$0.001</u>	<u>No</u>	<u>Mark Chappelle Fuller Revocable Trust, Mark Fuller TTEE</u>	<u>Acquisition</u>	<u>Restricted</u>	<u>N/A</u>
<u>6/12/2019</u>	<u>New Issuance</u>	<u>177,154</u>	<u>Common</u>	<u>\$0.001</u>	<u>No</u>	<u>Jay Wright</u>	<u>Acquisition</u>	<u>Restricted</u>	<u>N/A</u>
<u>6/12/2019</u>	<u>New Issuance</u>	<u>88,578</u>	<u>Common</u>	<u>\$0.001</u>	<u>No</u>	<u>Bill Forkner</u>	<u>Acquisition</u>	<u>Restricted</u>	<u>N/A</u>
<u>6/12/2019</u>	<u>New Issuance</u>	<u>117,500,000</u>	<u>Common</u>	<u>\$0.01</u>	<u>No</u>	<u>Jean Ekobo</u>	<u>Debt/Liability Conversion</u>	<u>Restricted</u>	<u>N/A</u>
<u>6/12/2019</u>	<u>New Issuance</u>	<u>5,000,000</u>	<u>Common</u>	<u>\$0.01</u>	<u>Yes</u>	<u>Marvin Clark</u>	<u>Debt/Liability Conversion</u>	<u>Restricted</u>	<u>N/A</u>

<u>6/12/2019</u>	<u>New Issuance</u>	<u>500,000</u>	<u>Common</u>	<u>\$0.01</u>	<u>Yes</u>	<u>Anthony Pignatello</u>	<u>Debt/Liability Conversion</u>	<u>Restricted</u>	<u>N/A</u>
<u>6/12/2019</u>	<u>New Issuance</u>	<u>900,000</u>	<u>Common</u>	<u>\$0.01</u>	<u>Yes</u>	<u>Mathias Oule</u>	<u>Debt/Liability Conversion</u>	<u>Restricted</u>	<u>N/A</u>
<u>6/12/2019</u>	<u>New Issuance</u>	<u>500,000</u>	<u>Common</u>	<u>\$0.01</u>	<u>Yes</u>	<u>Therese Skelly</u>	<u>Debt/Liability Conversion</u>	<u>Restricted</u>	<u>N/A</u>
<u>6/12/2019</u>	<u>New Issuance</u>	<u>4,400,000</u>	<u>Common</u>	<u>\$0.01</u>	<u>Yes</u>	<u>Ralph and Rita Godoy</u>	<u>Debt/Liability Conversion</u>	<u>Restricted</u>	<u>N/A</u>
<u>6/12/2019</u>	<u>New Issuance</u>	<u>1,444,000</u>	<u>Preferred Series B</u>	<u>\$0.001</u>	<u>No</u>	<u>Mark Chappelle Fuller Revocable Trust, Mark Fuller TTEE</u>	<u>Acquisition</u>	<u>Restricted</u>	<u>N/A</u>
<u>6/12/2019</u>	<u>New Issuance</u>	<u>1,444,000</u>	<u>Preferred Series B</u>	<u>\$0.001</u>	<u>No</u>	<u>Jay Wright</u>	<u>Acquisition</u>	<u>Restricted</u>	<u>N/A</u>
<u>6/12/2019</u>	<u>New Issuance</u>	<u>722,000</u>	<u>Preferred Series B</u>	<u>\$0.001</u>	<u>No</u>	<u>Bill Forkner</u>	<u>Acquisition</u>	<u>Restricted</u>	<u>N/A</u>
<u>6/12/2019</u>	<u>New Issuance</u>	<u>5,875,000</u>	<u>Preferred Series A</u>	<u>\$0.001</u>	<u>No</u>	<u>Jean Ekobo</u>	<u>Debt/Liability Conversion</u>	<u>Restricted</u>	<u>N/A</u>
<u>7/22/2019</u>	<u>New Issuance</u>	<u>13,964,286</u>	<u>Common</u>	<u>\$0.001</u>	<u>No</u>	<u>Jay Wright</u>	<u>Cashless Warrant Exercise</u>	<u>Restricted</u>	<u>N/A</u>
<u>8/27/2019</u>	<u>New Issuance</u>	<u>2,500,000</u>	<u>Common</u>	<u>\$0.005</u>	<u>No</u>	<u>Jericho Investment Fund (Josh Resnick – Managing Partner)</u>	<u>Cash</u>	<u>Restricted</u>	<u>N/A</u>
<u>8/27/2019</u>	<u>New Issuance</u>	<u>1,000,000</u>	<u>Common</u>	<u>\$0.005</u>	<u>No</u>	<u>Gerrard Consulting Services LLC (Ian Gerrard - Principal)</u>	<u>Debt/Liability Conversion</u>	<u>Restricted</u>	<u>N/A</u>
<u>8/27/2019</u>	<u>New Issuance</u>	<u>1,000,000</u>	<u>Common</u>	<u>\$0.005</u>	<u>No</u>	<u>Evan McDaniel Bailey</u>	<u>Cash</u>	<u>Restricted</u>	<u>N/A</u>
<u>8/27/2019</u>	<u>New Issuance</u>	<u>2,500,000</u>	<u>Common</u>	<u>\$0.005</u>	<u>No</u>	<u>MainNerve Federal Services (George M. Tronsrue - CEO)</u>	<u>Cash</u>	<u>Restricted</u>	<u>N/A</u>
<u>10/15/2019</u>	<u>New Issuance</u>	<u>2,500,000</u>	<u>Common</u>	<u>\$0.005</u>	<u>No</u>	<u>MainNerve Federal Services (George M.</u>	<u>Cash</u>	<u>Restricted</u>	<u>N/A</u>

						<u>Tronsrue - CEO)</u>			
<u>10/15/2019</u>	<u>New Issuance</u>	<u>1,000,000</u>	<u>Common</u>	<u>\$0.005</u>	<u>No</u>	<u>Evan McDaniel Bailey</u>	<u>Cash</u>	<u>Restricted</u>	<u>N/A</u>
<u>10/15/2019</u>	<u>New Issuance</u>	<u>1,000,000</u>	<u>Common</u>	<u>\$0.0325</u>	<u>No</u>	<u>Charles Zingler</u>	<u>Stock for Services</u>	<u>Restricted</u>	<u>N/A</u>
<u>10/15/2019</u>	<u>New Issuance</u>	<u>1,000,000</u>	<u>Common</u>	<u>\$0.0325</u>	<u>No</u>	<u>Robert Eisiminger</u>	<u>Stock for Services</u>	<u>Restricted</u>	<u>N/A</u>
<u>10/15/2019</u>	<u>New Issuance</u>	<u>500,000</u>	<u>Common</u>	<u>\$0.005</u>	<u>No</u>	<u>John Campbell</u>	<u>Cash</u>	<u>Restricted</u>	<u>N/A</u>
<u>10/15/2019</u>	<u>New Issuance</u>	<u>500,000</u>	<u>Common</u>	<u>\$0.005</u>	<u>No</u>	<u>Bernard Champoux</u>	<u>Cash</u>	<u>Restricted</u>	<u>N/A</u>
<u>10/15/2019</u>	<u>New Issuance</u>	<u>1,000,000</u>	<u>Common</u>	<u>\$0.005</u>	<u>No</u>	<u>Janice Lynn Dudley Revocable Trust, Janice Lynn Dudley TTEE</u>	<u>Debt/Liability Conversion</u>	<u>Restricted</u>	<u>N/A</u>
<u>10/15/2019</u>	<u>New Issuance</u>	<u>500,000</u>	<u>Common</u>	<u>\$0.005</u>	<u>No</u>	<u>Katherine Fuller</u>	<u>Debt/Liability Conversion</u>	<u>Restricted</u>	<u>N/A</u>
<u>10/15/2019</u>	<u>New Issuance</u>	<u>3,000,000</u>	<u>Common</u>	<u>\$0.005</u>	<u>No</u>	<u>Daniel Fuller</u>	<u>Cash</u>	<u>Restricted</u>	<u>N/A</u>
<u>10/15/2019</u>	<u>New Issuance</u>	<u>500,000</u>	<u>Common</u>	<u>\$0.005</u>	<u>No</u>	<u>Michael Fuller</u>	<u>Debt/Liability Conversion</u>	<u>Restricted</u>	<u>N/A</u>
<u>10/15/2019</u>	<u>New Issuance</u>	<u>400,000</u>	<u>Common</u>	<u>\$0.005</u>	<u>No</u>	<u>James Nixon</u>	<u>Cash</u>	<u>Restricted</u>	<u>N/A</u>
<u>10/15/2019</u>	<u>New Issuance</u>	<u>2,500,000</u>	<u>Common</u>	<u>\$0.005</u>	<u>No</u>	<u>Jericho Investment Fund (Josh Resnick – Managing Partner)</u>	<u>Cash</u>	<u>Restricted</u>	<u>N/A</u>
<u>12/2/2019</u>	<u>New Issuance</u>	<u>1,750,000</u>	<u>Common</u>	<u>\$0.02</u>	<u>No</u>	<u>Daniel Stowell</u>	<u>Cash</u>	<u>Restricted</u>	<u>N/A</u>
<u>12/2/2019</u>	<u>New Issuance</u>	<u>1,000,000</u>	<u>Common</u>	<u>\$0.02</u>	<u>No</u>	<u>Louise Benz</u>	<u>Cash</u>	<u>Restricted</u>	<u>N/A</u>
<u>12/2/2019</u>	<u>New Issuance</u>	<u>5,000,000</u>	<u>Common</u>	<u>\$0.0125</u>	<u>Yes</u>	<u>Gerrard Consulting Services LLC (Ian Gerrard - Principal)</u>	<u>Stock for Services</u>	<u>Restricted</u>	<u>N/A</u>
<u>12/2/2019</u>	<u>New Issuance</u>	<u>500,000</u>	<u>Common</u>	<u>\$0.005</u>	<u>No</u>	<u>John Campbell</u>	<u>Cash</u>	<u>Restricted</u>	<u>N/A</u>

<u>12/2/2019</u>	<u>New Issuance</u>	<u>150,000</u>	<u>Common</u>	<u>\$0.01</u>	<u>No</u>	<u>Judith Dudley</u>	<u>Cash</u>	<u>Restricted</u>	<u>N/A</u>
<u>12/30/2019</u>	<u>New Issuance</u>	<u>200,000</u>	<u>Common</u>	<u>\$0.04</u>	<u>No</u>	<u>Irving Rice</u>	<u>Cash</u>	<u>Restricted</u>	<u>N/A</u>
<u>12/30/2019</u>	<u>New Issuance</u>	<u>1,000,000</u>	<u>Common</u>	<u>\$0.0107</u>	<u>No</u>	<u>Ian Gerrard</u>	<u>Services</u>	<u>Restricted</u>	<u>N/A</u>
<u>12/31/2019</u>	<u>Adjustment</u>	<u>(27)</u>	<u>Common</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
<u>5/2/2020</u>	<u>New Issuance</u>	<u>11,000,000</u>	<u>Common</u>	<u>\$0.005-\$0.01</u>	<u>Yes</u>	<u>Jay Wright</u>	<u>Debt/Liability Conversion</u>	<u>Restricted</u>	<u>N/A</u>
<u>6/12/2020</u>	<u>New Issuance</u>	<u>200,000</u>	<u>Common</u>	<u>\$0.05</u>	<u>Yes</u>	<u>Bernard Champoux</u>	<u>Cash</u>	<u>Restricted</u>	<u>N/A</u>
<u>6/12/2020</u>	<u>New Issuance</u>	<u>2,000,000</u>	<u>Common</u>	<u>\$0.05</u>	<u>Yes</u>	<u>Daniel Fuller</u>	<u>Cash</u>	<u>Restricted</u>	<u>N/A</u>
<u>8/10/2020</u>	<u>New Issuance</u>	<u>134,626</u>	<u>Common</u>	<u>\$0.07428</u>	<u>Yes</u>	<u>James Enicks</u>	<u>Cash</u>	<u>Restricted</u>	<u>N/A</u>
<u>4/29/2021</u>	<u>New Issuance</u>	<u>1,687,213</u>	<u>Common</u>	<u>\$0.08</u>	<u>No</u>	<u>Evan Bailey</u>	<u>Acquisition</u>	<u>Restricted</u>	<u>N/A</u>
<u>4/29/2021</u>	<u>New Issuance</u>	<u>553,904</u>	<u>Common</u>	<u>\$0.08</u>	<u>No</u>	<u>Brian Binash</u>	<u>Acquisition</u>	<u>Restricted</u>	<u>N/A</u>
<u>4/29/2021</u>	<u>New Issuance</u>	<u>81,674</u>	<u>Common</u>	<u>\$0.08</u>	<u>No</u>	<u>John F Campbell</u>	<u>Acquisition</u>	<u>Restricted</u>	<u>N/A</u>
<u>4/29/2021</u>	<u>New Issuance</u>	<u>81,674</u>	<u>Common</u>	<u>\$0.08</u>	<u>No</u>	<u>Bernard Champoux</u>	<u>Acquisition</u>	<u>Restricted</u>	<u>N/A</u>
<u>4/29/2021</u>	<u>New Issuance</u>	<u>235,035</u>	<u>Common</u>	<u>\$0.08</u>	<u>No</u>	<u>Mark Chappelle Fuller Revocable Trust (Mark Fuller, Trustee)</u>	<u>Acquisition</u>	<u>Restricted</u>	<u>N/A</u>
<u>4/29/2021</u>	<u>New Issuance</u>	<u>277,407</u>	<u>Common</u>	<u>\$0.08</u>	<u>No</u>	<u>Glen Ives</u>	<u>Acquisition</u>	<u>Restricted</u>	<u>N/A</u>
<u>4/29/2021</u>	<u>New Issuance</u>	<u>243,674</u>	<u>Common</u>	<u>\$0.08</u>	<u>No</u>	<u>Larry Reback</u>	<u>Acquisition</u>	<u>Restricted</u>	<u>N/A</u>
<u>4/29/2021</u>	<u>New Issuance</u>	<u>203,062</u>	<u>Common</u>	<u>\$0.08</u>	<u>No</u>	<u>Jeffrey Logsdon</u>	<u>Acquisition</u>	<u>Restricted</u>	<u>N/A</u>
<u>4/29/2021</u>	<u>New Issuance</u>	<u>71,975</u>	<u>Common</u>	<u>\$0.08</u>	<u>No</u>	<u>Expansion Services LLC (Michael McHale)</u>	<u>Acquisition</u>	<u>Restricted</u>	<u>N/A</u>
<u>4/29/2021</u>	<u>New Issuance</u>	<u>36,665</u>	<u>Common</u>	<u>\$0.08</u>	<u>No</u>	<u>Derrick Millett</u>	<u>Acquisition</u>	<u>Restricted</u>	<u>N/A</u>
<u>4/29/2021</u>	<u>New Issuance</u>	<u>553,904</u>	<u>Common</u>	<u>\$0.08</u>	<u>No</u>	<u>Torrance Moran</u>	<u>Acquisition</u>	<u>Restricted</u>	<u>N/A</u>

<u>4/29/2021</u>	<u>New Issuance</u>	<u>81,674</u>	<u>Common</u>	<u>\$0.08</u>	<u>No</u>	<u>Nixon Six Solutions LLC (James Craig Nixon)</u>	<u>Acquisition</u>	<u>Restricted</u>	<u>N/A</u>
<u>4/29/2021</u>	<u>New Issuance</u>	<u>23,359</u>	<u>Common</u>	<u>\$0.08</u>	<u>No</u>	<u>Sungjoo Park</u>	<u>Acquisition</u>	<u>Restricted</u>	<u>N/A</u>
<u>4/29/2021</u>	<u>New Issuance</u>	<u>101,531</u>	<u>Common</u>	<u>\$0.08</u>	<u>No</u>	<u>Michael Phillips</u>	<u>Acquisition</u>	<u>Restricted</u>	<u>N/A</u>
<u>4/29/2021</u>	<u>New Issuance</u>	<u>14,843,311</u>	<u>Common</u>	<u>\$0.08</u>	<u>No</u>	<u>George Tronsrue</u>	<u>Acquisition</u>	<u>Restricted</u>	<u>N/A</u>
<u>4/29/2021</u>	<u>New Issuance</u>	<u>553,904</u>	<u>Common</u>	<u>\$0.08</u>	<u>No</u>	<u>James Voelker</u>	<u>Acquisition</u>	<u>Restricted</u>	<u>N/A</u>
<u>5/12/2021</u>	<u>Cancellation</u>	<u>5,000,000</u>	<u>Common</u>	<u>\$0.005</u>	<u>No</u>	<u>MainNerve Federal Services (George M. Tronsrue CEO)</u>	<u>Part of Acquisition of MFSI</u>	<u>N/A</u>	<u>N/A</u>
<u>6/15/2021</u>	<u>New Issuance</u>	<u>253,133</u>	<u>Common</u>	<u>\$0.08</u>	<u>No</u>	<u>Evan Bailey</u>	<u>Acquisition</u>	<u>Restricted</u>	<u>N/A</u>
<u>6/15/2021</u>	<u>New Issuance</u>	<u>69,653</u>	<u>Common</u>	<u>\$0.08</u>	<u>No</u>	<u>Brian Binash</u>	<u>Acquisition</u>	<u>Restricted</u>	<u>N/A</u>
<u>6/15/2021</u>	<u>New Issuance</u>	<u>30,642</u>	<u>Common</u>	<u>\$0.08</u>	<u>No</u>	<u>John F Campbell</u>	<u>Acquisition</u>	<u>Restricted</u>	<u>N/A</u>
<u>6/15/2021</u>	<u>New Issuance</u>	<u>30,642</u>	<u>Common</u>	<u>\$0.08</u>	<u>No</u>	<u>Bernard Champoux</u>	<u>Acquisition</u>	<u>Restricted</u>	<u>N/A</u>
<u>6/15/2021</u>	<u>New Issuance</u>	<u>88,178</u>	<u>Common</u>	<u>\$0.08</u>	<u>No</u>	<u>Mark Chappelle Fuller Revocable Trust (Mark Fuller, Trustee)</u>	<u>Acquisition</u>	<u>Restricted</u>	<u>N/A</u>
<u>6/15/2021</u>	<u>New Issuance</u>	<u>34,884</u>	<u>Common</u>	<u>\$0.08</u>	<u>No</u>	<u>Glen Ives</u>	<u>Acquisition</u>	<u>Restricted</u>	<u>N/A</u>
<u>6/15/2021</u>	<u>New Issuance</u>	<u>30,642</u>	<u>Common</u>	<u>\$0.08</u>	<u>No</u>	<u>Larry Reback</u>	<u>Acquisition</u>	<u>Restricted</u>	<u>N/A</u>
<u>6/15/2021</u>	<u>New Issuance</u>	<u>25,535</u>	<u>Common</u>	<u>\$0.08</u>	<u>No</u>	<u>Jeffrey Logsdon</u>	<u>Acquisition</u>	<u>Restricted</u>	<u>N/A</u>
<u>6/15/2021</u>	<u>New Issuance</u>	<u>27,003</u>	<u>Common</u>	<u>\$0.08</u>	<u>No</u>	<u>Expansion Services LLC (Michael McHale)</u>	<u>Acquisition</u>	<u>Restricted</u>	<u>N/A</u>
<u>6/15/2021</u>	<u>New Issuance</u>	<u>4,611</u>	<u>Common</u>	<u>\$0.08</u>	<u>No</u>	<u>Derrick Millett</u>	<u>Acquisition</u>	<u>Restricted</u>	<u>N/A</u>



<u>6/15/2021</u>	<u>New Issuance</u>	<u>69,653</u>	<u>Common</u>	<u>\$0.08</u>	<u>No</u>	<u>Torrance Moran</u>	<u>Acquisition</u>	<u>Restricted</u>	<u>N/A</u>
<u>6/15/2021</u>	<u>New Issuance</u>	<u>30,642</u>	<u>Common</u>	<u>\$0.08</u>	<u>No</u>	<u>Nixon Six Solutions LLC (James Craig Nixon)</u>	<u>Acquisition</u>	<u>Restricted</u>	<u>N/A</u>
<u>6/15/2021</u>	<u>New Issuance</u>	<u>6,333</u>	<u>Common</u>	<u>\$0.08</u>	<u>No</u>	<u>Sungjoo Park</u>	<u>Acquisition</u>	<u>Restricted</u>	<u>N/A</u>
<u>6/15/2021</u>	<u>New Issuance</u>	<u>12,767</u>	<u>Common</u>	<u>\$0.08</u>	<u>No</u>	<u>Michael Phillips</u>	<u>Acquisition</u>	<u>Restricted</u>	<u>N/A</u>
<u>6/15/2021</u>	<u>New Issuance</u>	<u>1,866,532</u>	<u>Common</u>	<u>\$0.08</u>	<u>No</u>	<u>George Tronsrue</u>	<u>Acquisition</u>	<u>Restricted</u>	<u>N/A</u>
<u>6/15/2021</u>	<u>New Issuance</u>	<u>69,653</u>	<u>Common</u>	<u>\$0.08</u>	<u>No</u>	<u>James Voelker</u>	<u>Acquisition</u>	<u>Restricted</u>	<u>N/A</u>
<u>8/6/2021</u>	<u>New Issuance</u>	<u>10,000,000</u>	<u>Common</u>	<u>\$0.17</u>	<u>No</u>	<u>Andrew Merriman</u>	<u>Acquisition</u>	<u>Restricted</u>	<u>N/A</u>
<u>8/25/2021</u>	<u>New Issuance</u>	<u>39,000,000</u>	<u>Common</u>	<u>\$0.10</u>	<u>No</u>	<u>Emil Kaunitz</u>	<u>Acquisition</u>	<u>Restricted</u>	<u>N/A</u>
<u>8/25/2021</u>	<u>New Issuance</u>	<u>13,000,000</u>	<u>Common</u>	<u>\$0.10</u>	<u>No</u>	<u>William Casey</u>	<u>Acquisition</u>	<u>Restricted</u>	<u>N/A</u>
<u>9/16/2021</u>	<u>New Issuance</u>	<u>220,000</u>	<u>Preferred C</u>	<u>\$1.00</u>	<u>N/A</u>	<u>Glen Ives</u>	<u>Cash</u>	<u>N/A</u>	<u>N/A</u>
<u>9/16/2021</u>	<u>New Issuance</u>	<u>440,000</u>	<u>Common</u>	<u>N/A – part of subscription agreement for Preferred C</u>	<u>N/A</u>	<u>Glen Ives</u>	<u>Cash</u>	<u>N/A</u>	<u>N/A</u>
<u>9/16/2021</u>	<u>New Issuance</u>	<u>100,000</u>	<u>Preferred C</u>	<u>\$1.00</u>	<u>N/A</u>	<u>Cindy Trunsue</u>	<u>Cash</u>	<u>N/A</u>	<u>N/A</u>
<u>9/16/2021</u>	<u>New Issuance</u>	<u>200,000</u>	<u>Common</u>	<u>N/A – part of subscription agreement for Preferred C</u>	<u>N/A</u>	<u>Cindy Trunsue</u>	<u>Cash</u>	<u>N/A</u>	<u>N/A</u>
<u>9/16/2021</u>	<u>New Issuance</u>	<u>100,000</u>	<u>Preferred C</u>	<u>\$1.00</u>	<u>N/A</u>	<u>Binash Investment LP (Brian Binash)</u>	<u>Cash</u>	<u>N/A</u>	<u>N/A</u>
<u>9/16/2021</u>	<u>New Issuance</u>	<u>200,000</u>	<u>Common</u>	<u>N/A – part of subscription agreement for Preferred C</u>	<u>N/A</u>	<u>Binash Investment LP (Brian Binash)</u>	<u>Cash</u>	<u>N/A</u>	<u>N/A</u>
<u>9/23/2021</u>	<u>New Issuance</u>	<u>100,000</u>	<u>Preferred C</u>	<u>\$1.00</u>	<u>N/A</u>	<u>Eric Handa</u>	<u>Cash</u>	<u>N/A</u>	<u>N/A</u>

<u>9/23/2021</u>	<u>New Issuance</u>	<u>200,000</u>	<u>Common</u>	<u>N/A – part of subscription agreement for Preferred C</u>	<u>N/A</u>	<u>Eric Handa</u>	<u>Cash</u>	<u>N/A</u>	<u>N/A</u>
<u>10/20/2021</u>	<u>New Issuance</u>	<u>50,000</u>	<u>Preferred C</u>	<u>\$1.00</u>	<u>N/A</u>	<u>George Conwill</u>	<u>Cash</u>	<u>N/A</u>	<u>N/A</u>
<u>10/20/2021</u>	<u>New Issuance</u>	<u>100,000</u>	<u>Common</u>	<u>N/A – part of subscription agreement for Preferred C</u>	<u>N/A</u>	<u>George Conwill</u>	<u>Cash</u>	<u>N/A</u>	<u>N/A</u>
<u>10/26/2021</u>	<u>New Issuance</u>	<u>481,419</u>	<u>Common</u>	<u>\$0.10</u>	<u>No</u>	<u>Emil Kaunitz</u>	<u>Acquisition</u>	<u>Restricted</u>	<u>N/A</u>
<u>10/26/2021</u>	<u>New Issuance</u>	<u>160,473</u>	<u>Common</u>	<u>\$0.10</u>	<u>No</u>	<u>William Casey</u>	<u>Acquisition</u>	<u>Restricted</u>	<u>N/A</u>
Shares Outstanding on September 30, 2021		Ending Balance:							
		Common <u>388,545,754</u> Preferred A <u>5,875,000</u> Preferred B <u>3,610,000</u> Preferred C_ <u>520,000</u>							
November 12, 2021		Common <u>389,287,646</u> Preferred A <u>5,875,000</u> Preferred B <u>3,610,000</u> Preferred C <u>570,000</u>							

**Example:** A company with a fiscal year end of December 31<sup>st</sup>, in addressing this item for its quarter ended September 30, 2019, would include any events that resulted in changes to any class of its outstanding shares from the period beginning on January 1, 2017 through September 30, 2019 pursuant to the tabular format above.

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

The Company filed a Certificate of Amendment on July 19, 2021. All series of common stock and preferred stock now have a par value of \$0.0001.

## B. Debt Securities, Including Promissory and Convertible Notes

Use the chart and additional space below to list and describe all outstanding promissory notes, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer's equity securities.

Check this box if there are no outstanding promissory, convertible notes or debt arrangements: ☐

<u>Date of Note Issuance</u>	<u>Outstanding Balance (\$)</u>	<u>Principal Amount at Issuance (\$)</u>	<u>Interest Accrued (\$)</u>	<u>Maturity Date</u>	<u>Conversion Terms (e.g. pricing mechanism for determining conversion of instrument to shares)</u>	<u>Name of Noteholder (entities must have individual with voting / investment control disclosed).</u>	<u>Reason for Issuance (e.g. Loan, Services, etc.)</u>
<u>11/21/2019</u>	<u>5,600,000</u>	<u>5,600,000</u>	<u>0</u>	<u>9/30/2024 (a)</u>	<u>N/A</u>	<u>Robert Eisiminger</u>	<u>Financing for Acquisition</u>

<u>2/1/2021</u>	<u>4,209,617</u>	<u>4,279,617</u>	<u>0</u>	<u>9/30/2024 (a)</u>	<u>Convertible at \$0.013 per share</u>	<u>The Buckhout Charitable Remainder Trust (Laurie Buckhout – Trustee)</u>	<u>Acquisition</u>
<u>8/12/2021</u>	<u>3,895,756</u>	<u>4,000,000</u>	<u>17,621</u>	<u>8/11/2024</u>	<u>N/A</u>	<u>Live Oak Bank Company</u>	<u>Acquisition</u>
<u>8/12/2021</u>	<u>400,000</u>	<u>400,000</u>		<u>12/31/2024</u>	<u>N/A</u>	<u>Emil Kaunitz</u>	<u>Acquisition</u>

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

- (a) The Company amended certain debt instruments as a condition of closing the Live Oak Bank note, to extend the maturity dates to September 30, 2024 and remove the monthly principal payments on The Buckhout Charitable Remainder Trust note. These amendments constitute a modification of the debt agreement and did not require accounting extinguishment.

#### 4) Financial Statements

A. The following financial statements were prepared in accordance with:

- ☒ U.S. GAAP  
☐ IFRS

B. The financial statements for this reporting period were prepared by (name of individual)<sup>4</sup>:

Name: Michael Pollack, CPA  
Company Name: KBL, LLP  
Title: Partner-in-Charge, Public Company Practice Group  
Relationship to Issuer: Accountant

Provide the financial statements described below 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.

- C. Balance sheet;  
D. Statement of income;  
E. Statement of cash flows;  
F. Statement of Changes in Shareholders' Equity; and  
G. Financial notes

You may either (i) attach/append the financial statements to this disclosure statement or (ii) file the financial statements through OTCIQ as a separate report using the appropriate report name for the applicable period end. ("Annual Report," "Quarterly Report" or "Interim Report").

If you choose to publish the financial statements in a separate report as described above, you must state in the accompanying disclosure statement that such financial statements are incorporated by reference. You may reference the document(s) containing the required financial statements by indicating the document name, period end date, and the date that it was posted to OTCIQ in the field below. Financial Statements must be compiled in one document.

<sup>4</sup> The financial statements requested pursuant to this item must be prepared in accordance with US GAAP or IFRS by persons with sufficient financial skills.

**The following financial statements are included in this Quarterly Report below:**

Consolidated Balance Sheets as of September 30, 2021 (Unaudited) and December 31, 2020  
Consolidated Statements of Operations for the nine months ended September 30, 2021 and 2020 (Unaudited)  
Consolidated Statements of Operations for the three months ended September 30, 2021 and 2020 (Unaudited)  
Consolidated Statements of Cash Flows for the nine months ended September 30, 2021 and 2020 (Unaudited)  
Consolidated Statement of Changes in Stockholders' Equity for the nine months ended September 30, 2021 and 2020 (Unaudited)  
Notes to Consolidated Financial Statements

Financial statement information is considered current until the due date for the subsequent report (as set forth in the qualifications section above). To remain qualified for Current Information, a company must post its Annual Report within 90 days from its fiscal year-end date and Quarterly Reports within 45 days of each fiscal quarter-end date.

**5) Issuer's Business, Products and Services**

The purpose of this section is to provide a clear description of the issuer's current operations. In answering this item, please include the following:

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

Castellum, Inc. (formerly BioNovelus, Inc.) is focused on acquiring and growing technology companies in the areas of information technology, electronic warfare, information warfare and cybersecurity with businesses in the governmental and commercial markets. Services will include intelligence analysis, software development, software engineering, program management, strategic planning, information assurance and cybersecurity and policy along with analysis support. These services which largely focus on securing data and establishing related policies are applicable to customers in the federal government, financial services, healthcare and other users of large data applications. The services can be delivered to legacy, customer owned networks or customers who rely upon cloud-based infrastructures. The Company has worked with multiple business brokers and contacts within their business network to identify potential acquisitions such as Corvus Consulting, LLC. Management has also reached out to their network of funding sources to ensure capital is available to execute on Letters of Intent provided to companies as part of the acquisition process.

Corvus Consulting LLC is a wholly owned subsidiary of Castellum, Inc. Jim Enicks, Lieutenant Colonel, U.S. Army (Retired) is the current CEO of Corvus Consulting LLC., which provides scientific, engineering, technical, operational support, and training services to federal government and commercial clients. Corvus Consulting LLC focuses on Cyberspace Operations, Electronic Warfare, Information Operations, Intelligence and Joint/Electromagnetic Spectrum Operations. The specialties of Corvus Consulting LLC range from high-level policy development and Congressional liaison to requirements analysis, DOTMLPF-p development assistance and design services for hardware and software systems fulfilling the mission needs of the Department of Defense and Intelligence Communities.

MFSI is a wholly owned subsidiary of Castellum, Inc. George Tronsrue is the current CEO. MFSI is a government contractor that has built strong relationships with numerous customers, in the software engineering and IT arena. MFSI provides services in data security and operations for Army, Navy and Intelligence Community clients, and currently works as a software engineering/development, database administration and data analytics subcontractor.

Merrison Technologies, LLC, ("Merrison") was acquired August 5, 2021. Merrison is a government contractor with expertise in software engineering and IT in the classified arena.

Specialty Systems, Inc. ("SSI") was acquired August 12, 2021. SSI is a New Jersey based government contractor that provides critical mission support to the Navy at Joint Base McGuire-Dix-Lakehurst in the areas of software engineering, cyber security, systems engineering, program support and network engineering.

- B. Describe any subsidiaries, parents, or affiliated companies, if applicable, and a description of such entity's business, contact information for the business, officers, directors, managers or control persons. Subsidiary information may be included by reference

Corvus Consulting LLC – 100% owned subsidiary - See description in 5.A.  
Mainnerv Federal Services Inc – 100% owned subsidiary- See description in 5.A.  
Merrison Technologies, LLC – 100% owned subsidiary– See description in 5.A.  
Specialty Systems, Inc. – 100% owned subsidiary – See description in 5.A.

C. Describe the issuers' principal products or services, and their markets

See description in 5.A.

## **6) 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.

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.

The Company's headquarters is at 3 Bethesda Metro Center, Suite 700, Bethesda, MD 20814. This is a shared space (Regus is the lessor) that is leased on a month-to-month basis at the rate of approximately \$200 per month.

Corvus Consulting LLC maintains office space for its headquarters at First Central Tower, Suite 811, 360 Central Avenue, St. Petersburg, FL 33701. This office space is a shared space arrangement with Regus at a rate of \$845 per month which includes parking. Corvus also maintains an office adjacent to a customer at 100 Grace Hopper Lane, Suite 3701, Augusta, GA 30901. This office space is a shared space arrangement with the Clubhouse Group at a rate of \$999 per month which includes parking. Generally, all other employees work "on site" at customers' locations.

MFSI maintains office space for its headquarters in Ponte Verde Beach, FL. This office space is a shared space arrangement with Regus at a rate of \$1,239 per month. The lease term is from February 1, 2021 through January 31, 2022.

MFSI also leases a vehicle with the lease term expiring January 2023.

Merrison maintains office space for its headquarters in Vienna, VA. This office space is a shared space arrangement at a rate of \$225 per month. The lease term is month-to-month.

SSI leases approximately 8,000 square feet of office space in Toms River, NJ at a rate of \$8,349 per month. The lease runs through January 31, 2023. In addition, SSI currently leases two automobiles for their executive officers that run through February 2022 and May 2024, respectively.

## **7) Officers, Directors, and Control Persons**

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.

Using the tabular format below, please provide information, as of the period end date of this report, regarding any person or entity owning 5% or more of any class of the issuer's securities, as well as any officer, and any director of the company, regardless of the number of shares they own. **If any 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 of an individual representing the corporation or entity in the note section.**

Name of Officer/Director or Control Person	Affiliation with Company (e.g. Officer/Director/Owner of more than 5%)	Residential Address (City / State Only)	Number of shares owned (as converted)	Share type/class	Ownership Percentage of Class Outstanding (as converted)	Note
<u>Jean and Nathalie Ekobo</u>	<u>Owners of more than 5%</u>	<u>c/o Castellum, Inc. 3 Bethesda Metro Center, Suite 700, Bethesda, MD 20814</u>	<u>301,544,806</u>	<u>Common and Series A Preferred</u>  <u>Series A Preferred</u>	<u>22.28%</u>  <u>100%</u>	<u>A</u>
<u>Jay Wright</u>	<u>Officer, Director and Owner of more than 5%</u>	<u>c/o Castellum, Inc. 3 Bethesda Metro Center, Suite 700, Bethesda, MD 20814</u>	<u>199,549,949</u>	<u>Common and Series B Preferred</u>  <u>Series B Preferred</u>	<u>14.74%</u>  <u>43.21%</u>	<u>B</u>
<u>Mark Fuller</u>	<u>Officer, Director and Owner of more than 5%</u>	<u>c/o Castellum, Inc. 3 Bethesda Metro Center, Suite 700, Bethesda, MD 20814</u>	<u>170,908,876</u>	<u>Common and Series B Preferred</u>  <u>Series B Preferred</u>	<u>12.63%</u>  <u>41.39%</u>	<u>C</u>
<u>Laurie Buckhout</u>	<u>Officer, Director and Owner of more than 5%</u>	<u>c/o Castellum, Inc. 3 Bethesda Metro Center, Suite 700, Bethesda, MD 20814</u>	<u>323,816,667</u>	<u>Common</u>	<u>23.92%</u>	<u>D</u>
<u>William Andrew Forkner</u>	<u>Owner of more than 5%</u>	<u>c/o Castellum, Inc. 3 Bethesda Metro Center, Suite 700, Bethesda, MD 20814</u>	<u>47,600,000</u>	<u>Series B Preferred</u>	<u>13.19%</u>	
<u>Glen Ives</u>	<u>Officer and Owner of more than 5%</u>	<u>c/o Castellum, Inc. 3 Bethesda Metro Center, Suite 700, Bethesda, MD 20814</u>	<u>2,750,000</u>	<u>Series C Preferred</u>	<u>42.31%</u>	
<u>Binash Investment LP</u>	<u>Owner of more than 5%</u>	<u>c/o Castellum, Inc. 3 Bethesda Metro Center, Suite 700, Bethesda, MD 20814</u>	<u>1,250,000</u>	<u>Series C Preferred</u>	<u>19.23%</u>	

<u>Pacific Premier Trust (Cindy Trunsrue)</u>	<u>Owner of more than 5%</u>	<u>c/o Castellum, Inc. 3 Bethesda Metro Center, Suite 700, Bethesda, MD 20814</u>	<u>1,250,000</u>	<u>Series C Preferred</u>	<u>19.23%</u>	
<u>Eric Handa</u>	<u>Owner of more than 5%</u>	<u>c/o Castellum, Inc. 3 Bethesda Metro Center, Suite 700, Bethesda, MD 20814</u>	<u>1,250,000</u>	<u>Series C Preferred</u>	<u>19.23%</u>	
<u>Emil Kaunitz</u>	<u>Director and Owner of more than 5%</u>	<u>c/o Castellum, Inc. 3 Bethesda Metro Center, Suite 700, Bethesda, MD 20814</u>	<u>39,000,000</u>	<u>Common stock</u>	<u>10.04%</u>	

#### Explanatory Notes:

##### (A) Jean and Nathalie Ekobo

Jean Ekobo includes a combination of family-related shareholdings made up of the following shares:

Jean Machetel Ekobo Embessee:	39,219,038
Jean Machetel Ekobo Embesse & Nathalie Fournier Ekobo Ttee:	235,165,202
Nathalie Fournier Ekobo:	24,733,333
LePrince Pierre Ekobo:	1,377,233
Rachel Ekobo:	1,050,000

##### (B) Jay Wright

Includes 1,560,000 of Series B Preferred Shares that convert into 156,000,000 common shares, and 19,008,509 warrants that are exercisable into 19,008,509 shares of common stock.

##### (C) Mark Fuller

Mark Fuller may be deemed to be the beneficial owner of 170,908,876 common shares, which total includes (i) 500,367 common shares held by The Mark Chappelle Fuller Revocable Trust, Mark Fuller, TTEE, of which Mr. Fuller is the trustee, (ii) 1,000,000 common shares held by Janice Lynn Dudley Revocable Trust, Janice Lynn Dudley TTEE, of which Ms. Dudley is the trustee, (iii) 500,000 common shares held by Katherine Fuller, and (iv) 500,000 common shares held by Michael Fuller and (y) 1,494,000 of Series B Preferred Shares that convert into 149,400,000 common shares held by The Mark Chappelle Fuller Revocable Trust, Mark Fuller, TTEE of which Mr. Fuller is the trustee. Mark Fuller also has 19,008,509 warrants that are exercisable into 19,008,509 shares of common stock.

##### (D) Laurie Buckhout

Represents shares issuable upon conversion of a convertible note from The Buckhout Charitable Remainder Trust in which Laurie Buckhout is the sole trustee. Laurie Buckhout, Colonel, U.S. Army (Retired) and the founder and previous CEO of Corvus Consulting LLC., became Director of Castellum, Inc. subsequent to the acquisition of Corvus by Castellum and is also the Chief Revenue Officer of Castellum.

## 8) Legal/Disciplinary History

A. Please identify whether any of the persons listed above have, in the past 10 years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

NO

2. 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, or banking activities;

NO

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

NO

4. The entry 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.

NO

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.

NONE

## 9) Third Party Providers

Please provide the name, address, telephone number and email address of each of the following outside providers:

### Securities Counsel

Name: Nicole Islinger  
Firm: Pillsbury Winthrop Shaw Pittman LLP  
Address 1: 1200 Seventeenth Street NW  
Address 2: Washington, DC 20036-3006  
Phone: 202-663-8207  
Email: Nicole.islinger@pillsburylaw.com

### Accountant

Name: Michael Pollack, CPA  
Firm: KBL, LLP  
Address 1: 1350 Broadway, Suite 1510  
Address 2: New York, NY 10018  
Phone: 212-785-9700  
Email: mpollack@kbl.com



#### Auditor

Name: Steve Corns, CPA  
Firm: RSM US LLP  
Address 1: 919 East Main Street, Suite 1800  
Address 2: Richmond, VA 23219  
Phone: 804-281-6828  
Email: steve.corns@rsmus.com

#### Investor Relations

Name: N/A  
Firm: N/A  
Address 1: N/A  
Address 2: N/A  
Phone: N/A  
Email: N/A

#### 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, advisor(s) or consultant(s) or provided assistance or services to the issuer during the reporting period.

Name: N/A  
Firm: N/A  
Nature of Services: N/A  
Address 1: N/A  
Address 2: N/A  
Phone: N/A  
Email: N/A

## 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).

The certifications shall follow the format below:

I, Mark C. Fuller certify that:

1. I have reviewed this Quarterly Report of Castellum, Inc. for the period ended September 30, 2021;
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.

11/12/2021 [Date]

/s/ Mark C. Fuller [CEO's Signature]

(Digital Signatures should appear as "/s/ [OFFICER NAME]")

*Principal Financial Officer:*

I, Mark C. Fuller certify that:

1. I have reviewed this Quarterly Report of Castellum, Inc. for the period ended September 30, 2021;
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.

11/12/2021 [Date]

/s/ Mark C. Fuller [CFO's Signature]

(Digital Signatures should appear as "/s/ [OFFICER NAME]")

**CASTELLUM, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**

	<b>September 30, 2021</b>	<b>December 31, 2020</b>
ASSETS	(Unaudited)	
<b>CURRENT ASSETS</b>		
Cash	\$ 3,654,959	\$ 2,412,382
Accounts receivable	4,052,474	1,505,166
Contract asset	343,019	-
Prepaid expenses and other current assets	195,957	36,805
Total current assets	<u>8,246,409</u>	<u>3,954,353</u>
Fixed assets, net	<u>157,583</u>	<u>5,763</u>
<b>NON-CURRENT ASSETS</b>		
Right of use asset – operating lease	161,068	-
Intangible assets, net	1,747,117	2,518,707
Goodwill	14,384,023	4,136,011
Total non-current assets	<u>16,292,208</u>	<u>6,654,718</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 24,696,200</u></u>	<u><u>\$ 10,614,834</u></u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 1,588,394	\$ 234,219
Accrued payroll and payroll related expenses	1,363,611	835,073
Line of credit	8,789	-
Current portion of notes payable, net of discount	1,259,606	-
Current portion of lease liability – operating lease	111,762	-
Total current liabilities	<u>4,332,162</u>	<u>1,069,292</u>
<b>LONG-TERM LIABILITIES</b>		
Deferred tax liability	150,413	1,065,245
Lease liability – operating lease, net of current portion	47,052	-
Note payable – related party, net of current portion	400,000	-
Convertible promissory notes – related parties, net of discount, net of current portion	2,439,000	1,449,067
Notes payable, net of discount, net of current portion	7,341,102	4,422,704
Total non-current liabilities	<u>10,377,567</u>	<u>6,937,016</u>
<b>TOTAL LIABILITIES</b>	<u>14,709,729</u>	<u>8,006,308</u>
<b>STOCKHOLDERS' EQUITY</b>		
Preferred stock, 50,000,000 shares authorized		
Series A Preferred stock, par value \$0.0001; 10,000,000 shares authorized; 5,875,000 issued and outstanding as of September 30, 2021 and December 31, 2020, respectively	588	588
Series B Preferred stock, par value \$0.0001; 10,000,000 shares authorized; 3,610,000 issued and outstanding as of September 30, 2021 and December 31, 2020, respectively	361	361
Series C Preferred stock, par value \$0.0001; 10,000,000 shares authorized; 520,000 and 0 issued and outstanding as of September 30, 2021 and December 31, 2020, respectively	52	-
Common stock, par value \$0.0001; 3,000,000,000 shares authorized, 388,545,754 and 308,225,285 shares issued and outstanding as of September 30, 2021 and December 31, 2020, respectively	38,854	30,822

Subscription receivable	(100,000)	-
Additional paid in capital	20,153,604	6,104,051
Accumulated deficit	(10,106,988)	(3,527,296)
Total stockholders' equity	<u>9,986,471</u>	<u>2,608,526</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 24,696,200</u>	<u>\$ 10,614,834</u>

See notes to consolidated financial statements.

**CASTELLUM, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)**  
**NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
REVENUES	\$ 15,587,246	\$ 10,169,729
COST OF REVENUES	<u>8,921,153</u>	<u>5,315,252</u>
GROSS PROFIT	6,666,093	4,854,477
OPERATING EXPENSES:		
Indirect costs	1,512,370	1,219,012
Overhead	431,987	197,356
General and administrative	10,389,922	3,849,493
Total operating expenses	<u>12,334,279</u>	<u>5,265,861</u>
LOSS FROM OPERATIONS BEFORE OTHER INCOME (EXPENSE)	(5,668,186)	(411,384)
OTHER INCOME (EXPENSE):		
Realized gain on investment	38,851	-
Interest expense, net of interest income	(1,838,032)	(1,704,225)
Total other income (expense)	<u>(1,799,181)</u>	<u>(1,704,225)</u>
LOSS FROM OPERATIONS BEFORE BENEFIT FOR INCOME TAXES	(7,467,367)	(2,115,609)
BENEFIT FOR INCOME TAXES	<u>890,995</u>	<u>537,430</u>
NET LOSS	(6,576,372)	(1,578,179)
Less: Preferred Stock Dividends	3,320	-
NET LOSS TO COMMON SHAREHOLDERS	<u>\$ (6,579,692)</u>	<u>\$(1,578,179)</u>
NET LOSS PER SHARE		
Basic and diluted	\$ (0.020)	\$ (0.005)
SHARES USED IN CALCULATION OF NET LOSS PER SHARE		
Basic and diluted	326,675,023	301,740,535

See notes to consolidated financial statements.

**CASTELLUM, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)**  
**THREE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
REVENUES	\$ 7,378,094	\$ 3,340,789
COST OF REVENUES	<u>4,309,439</u>	<u>1,737,409</u>
GROSS PROFIT	3,068,655	1,603,380
OPERATING EXPENSES:		
Indirect costs	738,239	418,723
Overhead	248,540	66,687
General and administrative	<u>6,682,034</u>	<u>1,366,821</u>
Total operating expenses	<u>7,668,813</u>	<u>1,852,231</u>
LOSS FROM OPERATIONS BEFORE OTHER INCOME (EXPENSE)	(4,600,158)	(248,851)
OTHER INCOME (EXPENSE):		
Interest expense, net of interest income	<u>(648,175)</u>	<u>(585,562)</u>
Total other income (expense)	<u>(648,175)</u>	<u>(585,562)</u>
LOSS FROM OPERATIONS BEFORE BENEFIT FOR INCOME TAXES	(5,248,333)	(834,413)
BENEFIT FOR INCOME TAXES	<u>328,735</u>	<u>217,430</u>
NET LOSS	(4,919,598)	(616,983)
Less: Preferred Stock Dividends	3,320	-
NET LOSS TO COMMON SHAREHOLDERS	<u>\$ (4,922,918)</u>	<u>\$ (616,983)</u>
NET LOSS PER SHARE		
Basic and diluted	\$ (0.014)	\$ (0.002)
SHARES USED IN CALCULATION OF NET LOSS PER SHARE		
Basic and diluted	351,974,884	308,165,289

See notes to consolidated financial statements.

**CASTELLUM, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**  
**NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Net loss	\$ (6,576,372)	\$(1,578,179)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	1,126,047	1,372,760
Amortization of discount and premium	1,342,181	1,254,850
Stock-based compensation	5,305,700	794,707
Deferred tax provision	(1,025,852)	(765,760)
Realized gain on investment	(38,851)	-
Lease cost	476	-
Preferred stock dividend	(3,320)	-
Changes in assets and liabilities		
Accounts receivable	144,601	(532,114)
Prepaid expenses and other current assets	(2,014)	(32,934)
Contract asset (liability)	(569,610)	-
Payment of transaction costs in acquisition of SSI	(50,500)	-
Accounts payable and accrued expenses	511,806	138,313
Net cash provided by operating activities	<u>164,292</u>	<u>651,743</u>
Cash flows from investing activities:		
Cash received in acquisition of MFSI	93,240	-
Cash received in acquisition of Merrison	183,588	-
Acquisition of SSI, net of cash acquired	198,935	-
Sale of investment	365,572	-
Purchases of intangible assets	-	(2,864)
Purchases of fixed assets	<u>(5,346)</u>	<u>(2,587)</u>
Net cash provided by (used in) investing activities	<u>835,989</u>	<u>(5,451)</u>
Cash flows from financing activities:		
Proceeds from issuance of common stock	-	120,000
Proceeds from preferred and common stock	420,000	-
Repayment of convertible note payable – related party	(70,000)	-
Repayment of line of credit, net	(3,460)	-
Repayment of notes payable	<u>(104,224)</u>	<u>(11,000)</u>
Net cash provided by financing activities	<u>242,296</u>	<u>109,000</u>
NET INCREASE IN CASH	<u>1,242,577</u>	<u>755,292</u>
Cash - beginning of period	<u>2,412,382</u>	<u>1,302,741</u>
Cash - end of period	<u>\$ 3,654,969</u>	<u>\$ 2,058,033</u>

**SUPPLEMENTAL DISCLOSURES:**

Cash paid for interest	\$ 474,414	\$ 458,384
Cash paid for income taxes	\$ 16,400	\$ 15,000

**SUMMARY OF NONCASH ACTIVITIES:**

Conversion of purchase consideration payable to convertible note	\$ -	\$ 579,617
BCF discount on convertible note applied to additional paid in capital, net of tax	\$ -	\$ 430,423
Reclassification of contingent consideration to convertible note payable (with premium)	\$ -	\$ 634,734
Conversion of convertible notes – related parties and accrued interest to common stock	\$ -	\$ 63,800
Cancellation of shares offsetting acquisition of MFSI	\$ 400,000	\$ -

The Company entered into a definitive merger agreement with MFSI, effective as of January 1, 2021. This acquisition closed on February 11, 2021. This acquisition was accounted for as a business combination whereby MFSI became a 100% owned subsidiary of the Company. The following represents the assets and liabilities acquired in this acquisition:

Cash	\$ 93,240
Accounts receivable	33,540
Unbilled receivable	45,316
Other assets	326,721
Security deposit	2,788
Right of use asset – operating lease	14,862
Customer relationships	348,000
Non-compete agreements	4,000
Goodwill	698,674
Deferred tax liability	(111,020)
Line of credit	(12,249)
Lease liability – operating lease	(13,862)
Accounts payable and accrued expenses	(47,573)
Net assets acquired	<u>\$ 1,382,437</u>

The consideration paid for the acquisition of MFSI was as follows:

Common stock	\$ 1,382,437
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The Company entered into a definitive merger agreement with Merrison, effective as of August 5, 2021. This acquisition was accounted for as a business combination whereby Merrison became a 100% owned subsidiary of the Company. The following represents the assets and liabilities acquired in this acquisition:

Cash	\$ 183,588
Accounts receivable and unbilled receivables	391,049
Goodwill	1,250,000
Accounts payable and accrued expenses	(102,354)
Net assets acquired	<u>\$ 1,722,283</u>

The consideration paid for the acquisition of Merrison was as follows:

Common stock	\$ 1,700,000
Cash (in accrued expenses as of September 30, 2021)	22,283
	<u>\$ 1,722,283</u>

The Company entered into a definitive merger agreement with SSI, effective as of August 12, 2021. This acquisition was accounted for as a business combination whereby SSI became a 100% owned subsidiary of the Company. The following represents the assets and liabilities acquired in this acquisition:

Cash	\$ 998,935
Accounts receivable and unbilled receivables	2,222,004
Prepaid expenses	147,600
Other asset	6,750
Furniture and equipment	148,931
Right of use asset – operating lease	169,063
Goodwill	8,299,339
Lease liability – operating lease	(167,333)
Contract liability	(226,591)
Accounts payable and accrued expenses	(1,134,509)
Net assets acquired	<u>\$ 10,464,189</u>

The consideration paid for the acquisition of SSI was as follows:

Common stock (including \$64,189 in accrued expenses as of September 30, 2021 to be paid in shares)	\$ 5,264,189
Seller note	400,000
Cash	800,000
Lender financing	<u>4,000,000</u>
	\$ 10,464,189

See notes to consolidated financial statements.



**CASTELLUM, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT) (UNAUDITED)**  
**NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020**

	<b>Series A/B Preferred*</b>		<b>Series C Preferred</b>		<b>Common</b>		<b>Additional Paid-In Capital</b>	<b>Subscription Receivable</b>	<b>Accumulated Deficit</b>	<b>Total</b>
	<b>Shares</b>	<b>Amount</b>	<b>Shares</b>	<b>Amount</b>	<b>Shares</b>	<b>Amount</b>				
Balances at December 31, 2019	9,485,000	\$949	-	\$-	294,890,659	\$ 29,489	\$4,554,112	\$ -	\$(819,803)	\$ 3,764,747
Stock-based compensation - options	-	-	-	-	-	-	438,268	-	-	438,268
BCF discount, net of tax	-	-	-	-	-	-	430,423	-	-	430,423
Net loss for the period	-	-	-	-	-	-	-	-	(527,367)	(527,367)
Balances at March 31, 2020	9,485,000	949	-	-	294,890,659	29,489	5,422,803	-	(1,347,170)	4,106,071
Shares issued for cash	-	-	-	-	2,200,000	220	109,780	-	-	110,000
Shares issued in conversion of notes payable and accrued interest	-	-	-	-	11,000,000	1,100	62,700	-	-	63,800
Stock-based compensation - options	-	-	-	-	-	-	103,344	-	-	103,344
Net loss for the period	-	-	-	-	-	-	-	-	(433,829)	(433,829)
Balances at June 30, 2020	9,485,000	949	-	-	308,090,659	30,809	5,698,627	-	(1,780,999)	3,949,386
Shares issued for cash	-	-	-	-	134,626	13	9,987	-	-	10,000
Stock-based compensations - options	-	-	-	-	-	-	253,095	-	-	253,095
Net loss for the period	-	-	-	-	-	-	-	-	(616,983)	(616,983)
Balances at September 30, 2020	9,485,000	\$ 949	-	\$-	308,090,659	\$ 30,822	\$5,961,709	\$ -	\$(2,397,982)	\$ 3,595,498
Balances at December 31, 2020	9,485,000	\$949	-	\$-	308,225,285	\$30,822	\$6,104,051	\$ -	\$(3,527,296)	\$2,608,526
Stock-based compensation – options	-	-	-	-	-	-	263,610	-	-	263,610

Stock-based compensation - warrants	-	-	-	-	-	-	188,186	-	-	188,186
Net loss for the period	-	-	-	-	-	-	-	-	(829,532)	(829,532)
Balances at March 31, 2021	9,485,000	949	-	-	308,225,285	30,822	6,555,847	-	(4,356,828)	2,230,790
Shares issued in acquisition of MFSI	-	-	-	-	22,280,469	2,228	1,780,209	-	-	1,782,437
Cancellation of shares in acquisition of MFSI	-	-	-	-	(5,000,000)	(500)	(399,500)	-	-	(400,000)
Stock-based compensation - options	-	-	-	-	-	-	407,271	-	-	407,271
Net loss for the period	-	-	-	-	-	-	-	-	(827,242)	(827,242)
Balances at June 30, 2021	9,485,000	949	-	-	325,505,754	32,550	8,343,827	-	(5,184,070)	3,193,256
Shares issued in acquisition of Merrison	-	-	-	-	10,000,000	1,000	1,699,000	-	-	1,700,000
Shares issued in acquisition of SSI, net of transaction costs	-	-	-	-	52,000,000	5,200	5,144,300	-	-	5,149,500
Shares issued for cash in Series C Preferred Subscription Agreements	-	-	520,000	52	1,040,000	104	519,844	(100,000)	-	420,000
Stock-based compensation - options	-	-	-	-	-	-	1,600,217	-	-	1,600,217
Stock-based compensation - warrants	-	-	-	-	-	-	2,846,416	-	-	2,846,416
Net loss for the period	-	-	-	-	-	-	-	-	(4,922,918)	(4,922,918)
Balances at September 30, 2021	9,485,000	\$ 949	520,000	\$52	388,545,754	\$ 38,854	\$20,153,604	\$(100,000)	\$(10,106,988)	\$ 9,986,471

\*There was no activity in Series A Preferred or Series B Preferred for the nine months ended September 30, 2021 and 2020, so these classes of Preferred Stock have been grouped together.

\*\*On July 19, 2021, the Company filed a Certificate of Amendment with the State of Nevada to change the par value of all common and preferred stock to all be \$0.0001. All changes to the par value dollar amount for these classes of stock and adjustment to additional paid in capital have been made retroactively.

See notes to consolidated financial statements.

**CASTELLUM, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**NOTE 1: NATURE OF OPERATIONS**

Castellum, Inc. (formerly BioNovelus, Inc.) (the “Company”) is focused on acquiring and growing technology companies in the areas of information technology, electronic warfare, information warfare and cybersecurity with businesses in the governmental and commercial markets. Services include intelligence analysis, software development, software engineering, program management, strategic planning, information assurance and cybersecurity and policy along with analysis support. These services, which largely focus on securing data and establishing related policies, are applicable to customers in the federal government, financial services, healthcare and other users of large data applications. The services can be delivered to legacy, customer owned networks or customers who rely upon cloud-based infrastructures. The Company has worked with multiple business brokers and contacts within their business network to identify potential acquisitions.

Bayberry Acquisition Corporation (“Bayberry”) is a wholly owned subsidiary of the Company. Jay Wright and Mark Fuller controlled and managed Bayberry and were named officers and directors of the Company upon the acquisition of Bayberry. The transaction was accounted for as a reverse merger. As a result, Bayberry is considered the accounting acquirer. On February 23, 2021, Bayberry was dissolved with the Nevada Secretary of State as there was no activity, and this company was non-operational post-merger with Castellum.

Corvus Consulting, LLC (“Corvus”), acquired in November 2019, is a wholly owned subsidiary of the Company. Corvus provides scientific, engineering, technical, operational support, and training services to federal government and commercial clients. Corvus focuses on Cyberspace Operations, Electronic Warfare, Information Operations, Intelligence and Joint/Electromagnetic Spectrum Operations. The specialties of Corvus range from high-level policy development and Congressional liaison to requirements analysis, DOTMLPF-p development assistance and design services for hardware and software systems fulfilling the mission needs of the Department of Defense and Intelligence Communities.

The Company entered into a definitive merger agreement with Mainnerve Federal Services, Inc. dba MFSI Government Group, a Delaware corporation (“MFSI”), effective as of January 1, 2021. This acquisition closed on February 11, 2021.

MFSI, a government contractor, has built strong relationships with numerous customers, in the software engineering and IT arena. MFSI provides services in data security and operations for Army, Navy and Intelligence Community clients, and currently works as a software engineering/development, database administration and data analytics subcontractor.

The Company entered into a definitive merger agreement with Merrison Technologies, LLC, a Virginia limited liability company (“Merrison”), on August 5, 2021.

Merrison, is a government contractor with expertise in software engineering and IT in the classified arena.

Specialty Systems, Inc. (“SSI”) was acquired August 12, 2021. SSI is a New Jersey based government contractor that provides critical mission support to the Navy at Joint Base McGuire-Dix-Lakehurst in the areas of software engineering, cyber security, systems engineering, program support and network engineering.

On July 19, 2021, the Company filed a Certificate of Amendment with the State of Nevada to change the par value of all common and preferred stock to all be \$0.0001. All changes to the par value dollar amount for these classes of stock and adjustment to additional paid in capital have been made retroactively.

The recent unprecedented events related to COVID-19, the disease caused by the novel coronavirus (SARS-CoV-2), have had significant health, economic, and market impacts and may have short-term and long-term adverse effects on our business that we cannot predict as the global pandemic continues to evolve. The extent and effectiveness of responses by governments and other organizations also cannot be predicted.

Our ability to access the capital markets and maintain existing operations has been little affected during the COVID-19 pandemic. Going forward any possible adverse effects on the business are uncertain given any possible limitations on available financing and how we conduct business with our customers and vendors.

## **NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### ***Basis of Presentation***

The accompanying consolidated financial statements have been prepared in conformity with U.S. generally accepted accounting principles (“GAAP”) and the rules and regulations of the United States Securities and Exchange Commission (the “Commission” or the “SEC”). It is management’s opinion that all material adjustments (consisting of normal recurring adjustments) have been made which are necessary for a fair financial statement presentation.

### ***Principles of Consolidation***

The consolidated financial statements include the accounts of Castellum, Inc. and its subsidiaries, collectively referred to as “the Company”. All significant intercompany accounts and transactions have been eliminated in consolidation. Castellum, Inc. is a holding company that holds 100% of Corvus, MFSI, Merrison and SSI.

The Company applies the guidance of Topic 805 *Business Combinations* of the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”).

The Company accounted for these acquisitions as business combinations and the difference between the consideration paid and the net assets acquired was first attributed to identified intangible assets and the remainder of the difference was applied to goodwill.

### ***Reclassification***

The Company has reclassified certain amounts in the 2020 financial statements to comply with the 2021 presentation. These principally relate to classification of certain expenses and liabilities. The reclassifications had no impact on total net loss or net cash flows for the nine months ended September 30, 2020.

### ***Use of Estimates***

The preparation of 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 and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. These estimates include, but are not limited to, management’s estimate of provisions required for uncollectible accounts receivable, the acquired value of the intangible assets, impaired value of intangible assets, liabilities to accrue, cost incurred in the satisfaction of performance obligations, permanent and temporary differences related to income taxes and determination of the fair value of stock awards. Actual results could differ from those estimates.

### ***Cash***

Cash consists of cash and demand deposits with an original maturity of three months or less. The Company holds no cash equivalents as of September 30, 2021 and December 31, 2020, respectively. The Company maintains cash balances in excess of the FDIC insured limit at a single bank. The Company does not consider this risk to be material.

### ***Fixed Assets and Long-Lived Assets***

Fixed assets are stated at cost. Depreciation on fixed assets is computed using the straight-line method over the estimated useful lives of the assets, which range from three to fifteen years for all classes of fixed assets.

ASC 360 requires that long-lived assets and certain identifiable intangibles held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Company has adopted Accounting Standard Update (“ASU”) 2017-04 *Intangibles – Goodwill and Other (Topic 350), Simplifying the Test for Goodwill Impairment* effective April 1, 2017.

The Company reviews recoverability of long-lived assets on a periodic basis whenever events and changes in circumstances have occurred which may indicate a possible impairment. The assessment for potential impairment is based primarily on the Company's ability to recover the carrying value of its long-lived assets from expected future cash flows from its operations on an undiscounted basis. If such assets are determined to be impaired, the impairment recognized is the amount by which the carrying value of the assets exceeds the fair value of the assets.

Intangible assets with finite useful lives are stated at cost less accumulated amortization and impairment. Intangible assets capitalized as of September 30, 2021 represent the valuation of the Company's customer relationships, trade names, backlog and non-compete agreements which were acquired in the acquisitions. These intangible assets are being amortized on a straight-line basis over their estimated average useful lives of two to four and a half years with the exception of the customer lists that are being amortized based on the future cash flows of those relationships through December 2029.

The Company assesses the impairment of identifiable intangibles whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors the Company considers to be important which could trigger an impairment review include the following:

1. Significant underperformance relative to expected historical or projected future operating results;
2. Significant changes in the manner of use of the acquired assets or the strategy for the overall business; and
3. Significant negative industry or economic trends.

When the Company determines that the carrying value of intangibles may not be recoverable based upon the existence of one or more of the above indicators of impairment and the carrying value of the asset cannot be recovered from projected undiscounted cash flows, the Company records an impairment charge. The Company measures any impairment based on undiscounted cash flows. Significant management judgment is required in determining whether an indicator of impairment exists and in projecting cash flows. There were no indicators of impairment noted during the nine months ended September 30, 2021.

#### ***Subsequent Events***

Subsequent events were evaluated through the date the consolidated financial statements were filed.

#### ***Revenue Recognition***

The Company accounts for revenue in accordance with ASC Topic 606, *Revenue from Contracts with Customers*.

The Company accounts for a contract with a customer that is within the scope of this Topic only when the five steps of revenue recognition under ASC 606 are met.

The five core principles will be evaluated for each service provided by the Company and is further supported by applicable guidance in ASC 606 to support the Company's recognition of revenue.

Revenue is derived primarily from services provided to the U.S. federal government. The Company enters into agreements with customers that create enforceable rights and obligations and for which it is probable that the Company will collect the consideration to which it will be entitled as services and solutions are transferred to the customer. The Company also evaluates whether two or more agreements should be accounted for as one single contract.

When determining the total transaction price, the Company identifies both fixed and variable consideration elements within the contract. The Company estimates variable consideration as the most likely amount to which the Company expects to be entitled limited to the extent that it is probable that a significant reversal will not occur in a subsequent period.

At contract inception, the Company determines whether the goods or services to be provided are to be accounted for as a single performance obligation or as multiple performance obligations. For most contracts, the customers require the Company to perform several tasks in providing an integrated output and, hence, each of these contracts are deemed as having only one performance obligation. When contracts are separated into multiple performance obligations, the Company allocates the total transaction price to each performance obligation based on the estimated relative standalone selling prices of the promised services underlying each performance obligation.

This evaluation requires professional judgment, and it may impact the timing and pattern of revenue recognition. If multiple performance obligations are identified, the Company generally uses the cost plus a margin approach to determine the relative standalone selling price of each performance obligation. The Company does not assess whether a contract contains a significant financing component if the Company expects, at contract inception, that the period between when payment by the client and the transfer of promised services to the client occur will be less than one year.

The Company currently generates its revenue from two different types of contractual arrangements: fixed-price contracts and time-and-materials (T&M) contracts. The Company generally recognizes revenue over time as control is transferred to the customer, based on the extent of progress towards satisfaction of the performance obligation. The selection of the method used to measure progress requires judgment and is dependent on the contract type and the nature of the goods or services to be provided.

Revenue from fixed-price type contracts is recognized ratably over the contract term, using a time-based measure of progress. For T&M contracts, the Company uses input progress measures to estimate revenue earned based on hours worked on contract performance at negotiated billing rates, plus direct costs and indirect cost burdens associated with materials and the direct expenses incurred in performance of the contract. These arrangements generally qualify for the “right-to-invoice” practical expedient where revenue is recognized in proportion to billable consideration. Fixed-price level-of-effort contracts are substantially similar to T&M contracts except that the Company is required to deliver a specified level of effort over a stated period. For these contracts, the Company estimates revenue earned using contract hours worked at negotiated bill rates as the Company delivers the contractually required workforce.

Contract accounting requires judgment relative to assessing risks and estimating contract revenue and costs and assumptions for schedule and technical issues. Due to the size and nature of contracts, estimates of revenue and costs are subject to a number of variables. For contract change orders, claims or similar items, judgment is required for estimating the amounts, assessing the potential for realization and determining whether realization is probable. Estimates of total contract revenue and costs are continuously monitored during the term of the contract and are subject to revision as the contract progresses. From time to time, facts develop that require revisions of revenue recognized or cost estimates. To the extent that a revised estimate affects the current or an earlier period, the cumulative effect of the revision is recognized in the period in which the facts requiring the revision become known.

Most of SSI’s revenue is generated by Contract Support Service contracts and is recognized over time as services are provided, based on the transfer of control. A smaller portion of SSI’s revenue is generated by firm-fixed-price contracts. Revenue from these contracts is recognized over time as performance obligations are satisfied. Most contracts do not contain variable consideration and contract modifications are generally minimal. For these reasons, there is not a significant impact of electing these transition practical expedients.

Substantially all of SSI’s revenue is generated from contracts with federal, state, and local governments, and revenue from these contracts is recorded over time, rather than at a point in time. Under the Contract Support Services contracts, the Company performs software design work as it is assigned by the customer, and bills the customer, generally semi-monthly, on either a cost-plus-fixed-fee (CPFF) or time- and-materials (T&M) basis, as labor hours are expended. Certain other government contracts for software development have specific deliverables and are structured as firm-fixed-price contracts, which are generally billed as the performance obligations under the contract are met. Revenue recognition under firm-fixed-price contracts require judgment to allocate the transaction price to the performance obligations. Contracts may have terms up to five years.

The Company accounts for contract costs in accordance with ASC Topic 340-40, *Contracts with Customers*. The Company recognizes the cost of sales of a contract as expense when incurred or at the time a performance obligation is satisfied. The Company recognizes an asset from the costs to fulfill a contract only if the costs relate directly to a contract, the costs generate or enhance resources that will be used in satisfying a performance obligation in the future and the costs are expected to be recovered. The incremental costs of obtaining a contract are capitalized unless the costs would have been incurred regardless of whether the contract was obtained.

The following table disaggregates the Company’s revenue by major source for the nine months ended September 30:

	<b>2021</b>	<b>2020</b>
Revenue:		
Cost plus fixed fee	\$ 1,837,869	\$ -
Firm fixed price	2,820,041	473,141
Time and material	10,860,224	9,696,588
Other	69,112	-
Total	\$ 15,587,246	\$ 10,169,729

### ***Contract Balances***

Contract assets include unbilled amounts typically resulting from firm-fixed-price contracts when the revenue recognized exceeds the amounts billed to the customer on uncompleted contracts. Contract liabilities consist of billings in excess of costs and estimated earnings on uncompleted contracts, which arise when revenues are recorded based on the satisfaction of performance obligations but are invoiced upon completion of contractual milestones or other criteria.

In accordance with industry practice, contract assets and liabilities related to costs and estimated earnings in excess of billings on uncompleted contracts, and billings in excess of costs and estimated earnings on uncompleted contracts, have been classified as current. The contract cycle for certain long-term contracts may extend beyond one year; thus, collection of the amounts related to these contracts may extend beyond one year.

### ***Accounts Receivable and Concentration of Credit Risk***

An allowance is based on management's estimate of the overall collectability of accounts receivable, considering historical losses. Based on these same factors, individual accounts are charged off against the allowance when management determines those individual accounts are uncollectible. Credit extended to customers is generally uncollateralized. Past-due status is based on contractual terms. The Company does not charge interest on accounts receivable; however, US government agencies may pay interest on invoices outstanding more than 30 days. Interest income is recorded when received. As of September 30, 2021 and December 31, 2020, management did not consider an allowance necessary.

### ***Income Taxes***

Income taxes are accounted under the asset and liability method. The current charge for income tax expense is calculated in accordance with the relevant tax regulations applicable to the entity. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and for operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Differences between statutory tax rates and effective tax rates relate to permanent tax differences.

### ***Uncertain Tax Positions***

The Company follows ASC 740-10 *Accounting for Uncertainty in Income Taxes*. This requires recognition and measurement of uncertain income tax positions using a "more-likely-than-not" approach. Management evaluates their tax positions on a quarterly basis.

The Company files income tax returns in the U.S. federal tax jurisdiction and various state tax jurisdictions. The federal and state income tax returns of the Company are subject to examination by the IRS and state taxing authorities, generally for three years after they were filed.

### ***Vacation and Paid-Time-Off***

The Company follows ASC 710-10 *Compensation – General*. The Company records liabilities and expense when obligations are attributable to services already rendered, will be paid even if an employee is terminated, payment is probable, and the amount can be estimated.

### ***Share-Based Compensation***

The Company follows ASC 718 *Compensation – Stock Compensation* and has adopted ASU 2017-09 *Compensation – Stock Compensation (Topic 718) Scope of Modification Accounting*. The Company calculates compensation expense for all awards granted, but not yet vested, based on the grant-date fair values. The Company recognizes these compensation costs, on a pro rata basis over the requisite service period of each vesting tranche of each award for service-based grants, and as the criteria is achieved for performance-based grants.

The Company adopted ASU 2016-09 *Improvements to Employee Share-Based Payment Accounting*. Cash paid when shares are directly withheld for tax withholding purposes is classified as a financing activity in the statement of cash flows.

### ***Fair Value of Financial Instruments***

ASC 825 *Financial Instruments* requires the Company to disclose estimated fair values for its financial instruments. Fair value estimates, methods, and assumptions are set forth below for the Company's financial instruments: The carrying amount of cash, accounts receivable, prepaid and other current assets, accounts payable and accrued liabilities, approximate fair value because of the short-term maturity of those instruments. The Company does not utilize derivative instruments.

### ***Leases***

The Company follows ASC 842 *Leases* in accounting for its operating leases.

### ***Earnings (Loss) Per Share of Common Stock***

Basic net income (loss) per common share is computed using the weighted average number of common shares outstanding. Diluted earnings per share ("EPS") include additional dilution from common stock equivalents, such as convertible notes, preferred stock, stock issuable pursuant to the exercise of stock options and warrants. Common stock equivalents are not included in the computation of diluted earnings per share when the Company reports a loss because to do so would be anti-dilutive for periods presented, so only the basic weighted average number of common shares are used in the computations.

### ***Fair Value Measurements***

ASC 820 *Fair Value Measurements* defines fair value, establishes a framework for measuring fair value in accordance with GAAP, and expands disclosure about fair value measurements. ASC 820 classifies these inputs into the following hierarchy:

Level 1 inputs: Quoted prices for identical instruments in active markets.

Level 2 inputs: Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.

Level 3 inputs: Instruments with primarily unobservable value drivers.

### ***Investments***

The Company measures their investments at fair value as a Level 3 with changes in fair value recognized in net income (loss) pursuant to ASU 2016-01, "Financial Instruments-Overall".

### ***Related-Party Transactions***

Parties are considered to be related to the Company if the parties directly or indirectly, through one or more intermediaries, control, are controlled by, or are under common control with the Company. Related parties also include principal stockholders of the Company, its management, members of the immediate families of principal stockholders of the Company and its management and other parties with which the Company may deal where one-party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests. The Company discloses all material related-party transactions. All transactions shall be recorded at fair value of the goods or services exchanged.

## **NOTE 3: ACQUISITIONS**

### ***Mainnerve Federal Services, Inc.***

The Company entered into a definitive merger agreement with MFSI, effective as of January 1, 2021. This acquisition closed on February 11, 2021. This acquisition was accounted for as a business combination whereby MFSI became a 100% owned subsidiary of the Company. The following represents the assets and liabilities acquired in this acquisition:



Cash	\$ 93,240
Accounts receivable	33,540
Unbilled receivable	45,316
Other assets	326,721
Security deposit	2,788
Right of use asset – operating lease	14,862
Customer relationships	348,000
Non-compete agreement	4,000
Goodwill	698,674
Deferred tax liability	(111,020)
Line of credit	(12,249)
Lease liability – operating lease	(13,862)
Accounts payable and accrued expenses	(47,573)
Net assets acquired	<u>\$ 1,382,437</u>

The consideration paid for the acquisition of MFSI was as follows:

Common stock	\$ 1,382,437
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The MFSI acquisition has been accounted for under the acquisition method of accounting. Under the acquisition method of accounting, the total acquisition consideration price was allocated to the assets acquired and liabilities assumed based on their preliminary estimated fair values. The fair value measurements utilize estimates based on key assumptions of the MFSI acquisition, and historical and current market data. The excess of the purchase price over the total of the estimated fair values assigned to tangible and identifiable intangible assets acquired and liabilities assumed is recognized as goodwill. In order to determine the fair values of tangible and intangible assets acquired and liabilities assumed for MFSI, we have engaged a third-party independent valuation specialist. The Company had estimated the preliminary purchase price allocations based on historical inputs and data as of January 1, 2021. The preliminary allocation of the purchase price is based on the best information available and is pending, amongst other things: (i) the finalization of the valuations and useful lives for the intangible assets acquired; (ii) finalization of the valuation of accounts payable and accrued expenses; and (iii) finalization of the fair value of non-cash consideration. Upon the finalization of the valuation on MFSI, the Company reclassified \$352,000 from goodwill into other intangible assets.

During the measurement period (which is the period required to obtain all necessary information that existed at the acquisition date, or to conclude that such information is unavailable, not to exceed one year), additional assets or liabilities may be recognized, or there could be changes to the amounts of assets or liabilities previously recognized on a preliminary basis, if new information is obtained about facts and circumstances that existed as of the acquisition date that, if known, would have resulted in the recognition of these assets or liabilities as of that date.

The Company entered into a definitive merger agreement with Merrison, effective as of August 5, 2021. This acquisition was accounted for as a business combination whereby Merrison became a 100% owned subsidiary of the Company. The following represents the assets and liabilities acquired in this acquisition:

Cash	\$ 183,588
Accounts receivable and unbilled receivables	391,049
Goodwill	1,250,000
Accounts payable and accrued expenses	(102,354)
Net assets acquired	<u>\$ 1,722,283</u>

The consideration paid for the acquisition of Merrison was as follows:

Common stock	\$ 1,700,000
Cash (in accrued expenses at September 30, 2021)	22,283
	<u>\$ 1,722,283</u>

The Merrison acquisition has been accounted for under the acquisition method of accounting. Under the acquisition method of accounting, the total acquisition consideration price was allocated to the assets acquired and liabilities assumed based on their preliminary estimated fair values. The fair value measurements utilize estimates based on key assumptions of the Merrison acquisition, and historical and current market data.

The excess of the purchase price over the total of the estimated fair values assigned to tangible and identifiable intangible assets acquired and liabilities assumed is recognized as goodwill. In order to determine the fair values of tangible and intangible assets acquired and liabilities assumed for Merrison, we have engaged a third-party independent valuation specialist. The Company had estimated the preliminary purchase price allocations based on historical inputs and data as of August 5, 2021. The preliminary allocation of the purchase price is based on the best information available and is pending, amongst other things: (i) the finalization of the valuations and useful lives for the intangible assets acquired; (ii) finalization of the valuation of accounts payable and accrued expenses; and (iii) finalization of the fair value of non-cash consideration.

During the measurement period (which is the period required to obtain all necessary information that existed at the acquisition date, or to conclude that such information is unavailable, not to exceed one year), additional assets or liabilities may be recognized, or there could be changes to the amounts of assets or liabilities previously recognized on a preliminary basis, if new information is obtained about facts and circumstances that existed as of the acquisition date that, if known, would have resulted in the recognition of these assets or liabilities as of that date.

The Company entered into a definitive merger agreement with SSI, effective as of August 12, 2021. This acquisition was accounted for as a business combination whereby SSI became a 100% owned subsidiary of the Company. The following represents the assets and liabilities acquired in this acquisition:

Cash	\$ 998,935
Accounts receivable and unbilled receivables	2,222,004
Prepaid expenses	147,600
Other asset	6,750
Furniture and equipment	148,931
Right of use asset – operating lease	169,063
Goodwill	8,299,339
Lease liability – operating lease	(167,333)
Contract liability	(226,591)
Accounts payable and accrued expenses	(1,134,509)
Net assets acquired	<u>\$ 10,464,189</u>

The consideration paid for the acquisition of SSI was as follows:

Common stock (including \$64,189 in accrued expenses as of September 30, 2021 to be paid in shares)	\$ 5,264,189
Seller note	400,000
Cash	800,000
Lender financing	4,000,000
	<u>\$ 10,464,189</u>

The SSI acquisition has been accounted for under the acquisition method of accounting. Under the acquisition method of accounting, the total acquisition consideration price was allocated to the assets acquired and liabilities assumed based on their preliminary estimated fair values. The fair value measurements utilize estimates based on key assumptions of the SSI acquisition, and historical and current market data. The excess of the purchase price over the total of the estimated fair values assigned to tangible and identifiable intangible assets acquired and liabilities assumed is recognized as goodwill. In order to determine the fair values of tangible and intangible assets acquired and liabilities assumed for SSI, we have engaged a third-party independent valuation specialist.

The Company had estimated the preliminary purchase price allocations based on historical inputs and data as of August 12, 2021. The preliminary allocation of the purchase price is based on the best information available and is pending, amongst other things: (i) the finalization of the valuations and useful lives for the intangible assets acquired; (ii) finalization of the valuation of accounts payable and accrued expenses; and (iii) finalization of the fair value of non-cash consideration as well as any earnout to be paid out in cash if achieved by the Company per the merger agreement.

During the measurement period (which is the period required to obtain all necessary information that existed at the acquisition date, or to conclude that such information is unavailable, not to exceed one year), additional assets or liabilities may be recognized, or there could be changes to the amounts of assets or liabilities previously recognized on a preliminary basis, if new information is obtained about facts and circumstances that existed as of the acquisition date that, if known, would have resulted in the recognition of these assets or liabilities as of that date.

The following table shows unaudited pro-forma results for the nine months ended September 30, 2020, as if the acquisitions of MFSL, Merrison and SSI had occurred on January 1, 2020, and for the nine months ended September 30, 2021, as if the acquisitions for Merrison and SSI occurred on January 1, 2021. These unaudited pro forma results of operations are based on the historical financial statements of each of the Company.

**For the nine months ended September 30, 2020**

Revenues	\$ 27,255,617
Net loss	\$ (438,431)
Net loss per share - basic	\$ (0.001)

**For the nine months ended September 30, 2021**

Revenues	\$ 27,645,133
Net loss	\$ (5,159,223)
Net loss per share - basic	\$ (0.016)

**NOTE 4: FIXED ASSETS**

Fixed assets consisted of the following as of September 30, 2021 and December 31, 2020:

	<b>September 30, 2021</b>	<b>December 31, 2020</b>
Equipment	\$ 60,148	\$ 3,977
Furniture	32,574	4,861
Leasehold improvements	75,265	-
Total fixed assets	167,987	8,838
Accumulated depreciation	(10,404)	(3,075)
Fixed assets, net	<u>\$ 157,583</u>	<u>\$ 5,763</u>

Depreciation expense for the nine months ended September 30, 2021 and 2020 was \$7,329 and \$908, respectively.

**NOTE 5: INTANGIBLE ASSETS**

Intangible assets consisted of the following as of September 30, 2021 and December 31, 2020:

		<b>September 30, 2021</b>	<b>December 31, 2020</b>
Customer lists	4.5– 9 years	\$ 3,201,000	\$ 2,853,000
Trade name	4.5 years	266,000	266,000
Trademark	15 years	2,863	2,863
Backlog	2 years	782,000	782,000
Non-compete agreement	3-4 years	602,000	598,000
		<u>4,853,863</u>	<u>4,501,863</u>
Accumulated amortization		(3,106,746)	(1,983,156)
Intangible assets, net		<u>\$ 1,747,117</u>	<u>\$ 2,518,707</u>

The intangible assets with the exception of the trademarks were recorded as part of the acquisition of Corvus and MFSL. Amortization expense for the nine months ended September 30, 2021 and 2020 was \$1,123,590 and \$914,220, respectively, and the intangible assets are being amortized based on the estimated future lives as noted above.

Future amortization of the intangible assets for the next five years as of September 30 are as follows:

September 30, 2022	\$ 846,598
September 30, 2023	582,372
September 30, 2024	203,489
September 30, 2025	33,510
September 30, 2026	26,414
Thereafter	54,734
Total	<u>\$ 1,747,117</u>

## NOTE 6: LINE OF CREDIT

MFSI has a business line of credit through a bank for an amount of \$41,500. As of September 30, 2021, there is \$8,789 outstanding under this line of credit. The line of credit bears interest at 9.25% annually.

## NOTE 7: CONVERTIBLE PROMISSORY NOTES – RELATED PARTIES

The Company entered into convertible promissory notes – related parties as follows as of September 30, 2021 and December 31, 2020:

	September 30, 2021	December 31, 2020
Convertible note payable with a trust related to one of the Company's directors, convertible at \$0.013 per share, at 5% interest, maturing originally February 1, 2024 (a)	\$ 4,209,617	\$ -
Convertible note payable with a trust related to one of the Company's directors, convertible at \$0.013 per share, at 5% interest, originally maturing March 31, 2023 (a)	-	579,617
Convertible note payable with a trust related to one of the Company's directors, convertible at \$0.013 per share, at 5% interest, originally maturing November 22, 2022 (a)	-	3,700,000
Total Convertible Notes Payable – Related Parties	\$ 4,209,617	\$ 4,279,617
Add: Premium recorded on convertible note due to fair value adjustment at date of acquisition of Corvus, net of amortization of premium of \$3,939 and \$2,294 as of September 30, 2021 and December 31, 2020, respectively (original November 22, 2022 note)	2,685	4,330
Add: Premium recorded on convertible note due to fair value adjustment at date of acquisition of Corvus, net of amortization of premium of \$492 and \$240 as of September 30, 2021 and December 31, 2020, respectively (original March 31, 2023 note)	546	798
Less: BCF Discount	(1,773,848)	(2,835,678)
	<u>\$ 2,439,000</u>	<u>\$ 1,449,067</u>

Interest expense which includes amortization of discount and premium for the nine months ended September 30, 2021 and 2020 was \$1,218,979 and \$1,145,632, respectively. The amount of the debt discount recorded related to the warrants granted to the note holder was evaluated for characteristics of liability or equity and was determined to be equity under ASC 470 and ASC 480. The Company recognized this as additional paid in capital, and the discount is being amortized over the life of the note.

- (a) On February 1, 2021, the two promissory notes with The Buckhout Charitable Remainder Trust (Laurie Buckhout – Trustee), were combined into one new note in the principal balance of \$4,279,617, that has a new maturity date of February 1, 2024. The interest rate remains at 5% per annum, and the note now includes monthly principal payments of \$10,000. The conversion terms have remained at \$0.013 per share. It was determined that under ASC 470, the debt amendment was considered a modification. Then again on August 12, 2021, the convertible note was amended to remove the principal payments and extend the debt further to September 30, 2024. It was determined that under ASC 470, the debt amendment was considered a modification.

The entire convertible promissory note – related parties balance is reflected in long-term liabilities.

## NOTE 8: NOTES PAYABLE

The Company entered into notes payable as follows as of September 30, 2021 and December 31, 2020:

	September 30, 2021	December 31, 2020
Note payable at 7% originally due November 2023, now maturing September 30, 2024 (a)	\$ 5,600,000	\$ 5,600,000
Note payable with bank, at prime plus 3% interest (6.25% at September 30, 2021) maturing August 12, 2024	3,895,756	-
Total Notes Payable	9,495,756	5,600,000
Less: Debt Discount	(895,048)	(1,177,296)
	<u>\$ 8,600,708</u>	<u>\$4,422,704</u>

- (a) on August 12, 2021, the note payable was amended to extend the debt to September 30, 2024. It was determined that under ASC 470, the debt amendment was considered a modification.

Interest expense which includes amortization of discount for the nine months ended September 30, 2021 and 2020 was \$608,706 and \$558,248, respectively. The amount of the debt discount recorded related to the warrants granted to the note holder was evaluated for characteristics of liability or equity and was determined to be equity under ASC 470 and ASC 480. The Company recognized this as additional paid in capital, and the discount is being amortized over the life of the note. Accrued interest on the notes payable at September 30, 2021 is \$17,621.

Future amortization of the notes payable for the next three years as of September 30 are as follows:

September 30, 2022	\$ 1,259,606
September 30, 2023	1,340,626
September 30, 2024	6,895,524
Total	<u>\$ 9,495,756</u>

## NOTE 9: NOTE PAYABLE – RELATED PARTY

The Company entered into a note payable – related party as follows as of September 30, 2021 and December 31, 2020:

	September 30, 2021	December 31, 2020
Note payable at 5% originally due December 31, 2024	<u>\$ 400,000</u>	<u>\$-</u>

Interest expense for the nine months ended September 30, 2021 and 2020 was \$2,685 and \$0, respectively.

The entire note payable – related party balance is reflected in long-term liabilities.

## NOTE 10: STOCKHOLDERS' EQUITY (DEFICIT)

On July 19, 2021, the Company filed a Certificate of Amendment with the State of Nevada to change the par value of all common and preferred stock to all be \$0.0001. All changes to the par value dollar amount for these classes of stock and adjustment to additional paid in capital have been made retroactively.

### Preferred Stock

The Company has 50,000,000 shares of preferred stock authorized. The Company has designated a Series A Preferred Stock, Series B Preferred Stock and recently as of July 16, 2021 designated a Series C Preferred Stock.

### ***Series A Preferred Stock***

The Company has designated 10,000,000 shares of Series A Preferred Stock, par value of \$0.0001. As of September 30, 2021 and December 31, 2020, the Company has 5,875,000 shares of Series A Preferred Stock issued and outstanding, respectively. The 5,875,000 shares were issued to the former officers of the Company in settlement of debt. Each share of Series A Preferred Stock converts into 20 shares of common stock.

### ***Series B Preferred Stock***

The Company has designated 10,000,000 shares of Series B Preferred Stock, par value of \$0.0001. As of September 30, 2021 and December 31, 2020, the Company has 3,610,000 shares of Series B Preferred Stock issued and outstanding, respectively. The 3,610,000 shares were issued to directors of the Company in June 2019. Each share of Series B Preferred Stock converts into 100 shares of common stock and has 10,000 votes per preferred share.

### ***Series C Preferred Stock***

The Company has designated 10,000,000 shares of Series C Preferred Stock, par value of \$0.0001 (effective July 19, 2021). In June 2021, the Company raised \$520,000 for 520,000 shares of the to be designated Series C Preferred Stock along with 1,040,000 common shares. Each share of the Series C Preferred Stock is convertible into 12.5 common shares, and the Series C Preferred Stock pays a \$0.06 dividend per year. The dividend will commence accruing when the Series C Preferred Shares are fully designated and issued. One of the purchasers of these shares is the newly hired Chief Growth Officer of the Company and Chief Executive Officer of the Navy Division, who paid for his shares in the quarter ended June 30, 2021 but did not receive his shares until the Certificate of Amendment was effective. In addition, the Company has raised \$300,000 from the sale of 300,000 Series C Preferred Shares during the quarter ended September 30, 2021, with \$100,000 received of this total in October 2021. The total of 520,000 Series C Preferred Shares are issued and outstanding as of September 30, 2021. As of September 30, 2021, the Company has accrued \$3,320 in dividends on these Series C Preferred Shares as per the Certificate of Designation. Of the total of 520,000 Series C Preferred Shares, 420,000 shares were issued with an effective date of August 12, 2021 and the fourth issuance of 100,000 shares was issued September 22, 2021. The Series C Preferred Stockholders under their subscription agreements were issued a 2:1 ratio of common stock for their investment. As a result, the Company issued 1,040,000 common shares for the 520,000 Series C Preferred shares purchased.

### **Common Stock**

The Company has 3,000,000,000 shares of common stock, par value \$0.001 authorized. The Company has 388,545,754 and 308,225,285 shares issued and outstanding as of September 30, 2021 and December 31, 2020, respectively.

The Company issued 22,280,469 common shares in the six months ended June 30, 2021 in the acquisition of MFSI which were issued April 29, 2021 and June 15, 2021. In addition, upon the issuance of these shares the Company has cancelled 5,000,000 shares on May 12, 2021 that were previously issued to MFSI and returned those shares to treasury, with a reduction to equity of \$400,000.

On August 6, 2021, the Company issued 10,000,000 shares in the acquisition of Merrison, and on August 25, 2021, the Company issued 52,000,000 shares in the acquisition of SSI. The Company issued 641,892 additional shares in October 2021 for payment of the working capital surplus delivered to the Company in the SSI acquisition.

In September 2021, the Company issued 1,040,000 shares of common stock in accordance with the Series C Preferred Stock subscription agreements.

The Company issued the following common shares in the year ended December 31, 2020:

On May 2, 2020, the Company and Jay Wright, a director/noteholder agreed to terms of a conversion/repayment of the directors' notes (total face amount of note was \$68,635). The director converted one of the notes plus accrued interest in its entirety and converted a portion of the other note and be paid cash of \$10,747 in interest on his second note. The transaction resulted in the issuance of 11,000,000 shares of common stock.

The Company issued 2,200,000 shares of common stock at \$0.05 per share for \$110,000 in June 2020 to two existing shareholders of the Company, and 134,636 shares of common stock at \$0.07428 per share for \$10,000 in August 2020 to the Chief Executive Officer of Corvus.

## Warrants

On June 12, 2019, the Company granted a current officer and director of the Company warrants in connection with the issuance of a convertible promissory note. The warrant was for the purchase of 17,000,000 shares at \$0.005 per share. This warrant was exercised under a cashless provision and amounted to the issuance of 13,964,286 shares of common stock.

On November 21, 2019, the Company granted a noteholder 21,814,349 warrants in connection with the note entered into. The warrants are exercisable at \$1. The warrants have a term of 7 years and expire November 21, 2026. This beneficial conversion feature resulted in the recording of a discount on the note in the amount of \$1,570,731.

On January 20, 2021, the Company granted 2,600,000 warrants to two of its officers at \$0.08 per share that expire January 20, 2028 valued at \$188,186. The warrants were issued as part of a bonus achieved under the respective employment agreements for two of the officers of the Company.

On August 20, 2021, the Company granted 3,200,000 warrants each to two of its officers at \$0.17 per share that expire August 20, 2028 valued at \$387,896 (each), and on August 20, 2021, the Company granted to the same two officers 14,508,509 warrants at \$0.10 per share that expire August 20, 2028 valued at \$1,035,312 (each). These were warrants granted pursuant to their employment agreements as a bonus for the acquisition of both Merrison and SSI.

The following represents a summary of warrants for the nine months ended September 30, 2021 and year ended December 31, 2020:

	<u>September 30, 2021</u>		<u>December 31, 2020</u>	
	<u>Number</u>	<u>Weighted Average Exercise Price</u>	<u>Number</u>	<u>Weighted Average Exercise Price</u>
Beginning balance	21,814,349	\$ 0.00	21,814,349	\$ 0.00
Granted	38,017,018	0.11	-	-
Exercised Cashless	-	-	-	-
Forfeited	-	-	-	-
Expired	-	-	-	-
Ending balance	<u>59,831,367</u>	<u>\$ 0.07</u>	<u>21,814,349</u>	<u>\$ 0.00</u>
Intrinsic value of warrants	\$ 10,760,139		\$ 1,646,982	
Weighted Average Remaining Contractual Life (Years)	6.22			

## Options

In January 2020, the Company granted 2,000,000 stock options to two advisors (1,000,000 to each) at a strike price of \$0.04 per share. The stock options expire February 28, 2027. In February 2020, the Company granted 1,000,000 stock options to an advisor at a strike price of \$0.04 per share. The stock options expire February 28, 2027.

In January 2020, the Company entered into an Employment Agreement with a newly appointed Chief Executive Officer of Corvus. The Employment Agreement runs from a period of February 15, 2020 through February 29, 2024. The agreement calls for a base salary of \$240,000 and a grant of 25,000,000 stock options that are half time based and half performance based options at a strike price of \$0.04 per share. The stock options expire February 28, 2027.

In February 2020, the Company entered into an Employment Agreement with a newly appointed Chief Administrative Officer of Corvus. The Employment Agreement runs from a period of February 7, 2020 through February 29, 2024. The agreement calls for a base salary of \$155,000 and a grant of 5,000,000 stock options that are half time based and half performance-based options at a strike price of \$0.04 per share. The stock options expire February 28, 2027.

In February 2020, the Company granted stock options to two current employees that are half time based and half performance-based options at a strike price of \$0.04 per share. One employee received 1,250,000 total options and one received 1,875,000 total options. These options expire February 28, 2027.

In February 2020, the Company granted 1,000,000 stock options to a former employee for past contributions to the Company at a strike price of \$0.04. These options expire February 28, 2027 and vested immediately.

In January 2021, the Company granted 3,000,000 stock options to advisors (2,500,000) and an employee (500,000), that are service-based options that vest over a one-year period. The options have a strike price of \$0.08 per share and expire seven years from the grant date (December 31, 2027).

In February 2021, the Company granted an advisor 1,000,000 stock options that are service-based options that vest immediately. The options have a strike price of \$0.05 per share and expire seven years from the grant date (February 20, 2028).

In March 2021, the Company granted an advisor 1,000,000 stock options that are service-based options that vest over a one-year period. The options have a strike price of \$0.09 per share and expire seven years from the grant date (March 11, 2028).

In April 2021, the Company granted an advisor 3,000,000 stock options that are half time based and half performance-based options at a strike price of \$0.09 per share. These options expire in seven years on March 31, 2028.

In July 2021, the Company granted the Chief Growth Officer 30,000,000 stock options that are half time based and half performance-based options at a strike price of \$0.08 per share under his Employment Agreement. These options expire in seven years on June 30, 2028. The breakout of the 30,000,000 stock options are as follows: 15,000,000 are considered time based grants over a vesting period of four years; and 15,000,000 are performance based grants as follows: (a) 5,000,000 upon the closing of an acquisition in the Navy division of a company with annualized revenue of \$12 million or greater; (b) 5,000,000 upon the Navy division achieving \$25 million in revenue and \$2.5 million in EBITDA in any 12 month period; and (c) 5,000,000 upon the overall Company achieving \$100 million in revenue run rate based on quarterly performance (i.e. \$25 million in any calendar quarter).

In August 2021, the Company granted 250,000 options at a strike price of \$0.17 per share to a consultant of MFSI for services performed. These options vested immediately, and mature August 31, 2028.

In September 2021, the Company granted to the former owner of Merrison, 3,000,000 stock options (effective August 6, 2021) that are half time based and half performance-based options at a strike price of \$0.17 per share under his Employment Agreement. These options expire in seven years on August 6, 2028. The breakout of the options are as follows: 1,500,000 are considered time-based grants over a three-year period, and 1,500,000 are performance-based grants as follows: (a) 500,000 upon the Company growing revenue and EBITDA at 15% per year; (b) 500,000 by maintaining net margin of at least 15%; and (c) 500,000 if he fills any open employee requisition within 45 calendar days of open position.

In September 2021, the Company granted 18,000,000 stock options (effective August 12, 2021) to three key employees of SSI that are half time based and half performance based. The time-based options vest over 48 months, and each of the three employees has specific criteria based on their positions. These options expire August 10, 2028.

Stock based compensation expense for the nine months ended September 30, 2021 and 2020 was \$2,271,097 and \$794,707, respectively, which is comprised of \$929,384 and \$794,707 in service-based grants and \$1,341,713 and \$0 in performance-based grants, for the nine months ended September 30, 2021 and 2020, respectively. As of September 30, 2021, there remains unrecognized stock-based compensation expense related to these grants of \$10,890,574 comprising of \$5,748,203 in service-based grants and \$5,142,371 in performance-based grants, respectively.



The following represents a summary of options for the nine months ended September 30, 2021 and year ended December 31, 2020:

	September 30, 2021		December 31, 2020	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Beginning balance	37,125,000	\$ 0.04	-	\$ -
Granted	59,250,000	0.11	37,125,000	0.04
Exercised Cashless	-	-	-	-
Forfeited	-	-	-	-
Expired	-	-	-	-
Ending balance	96,375,000	\$ 0.0824	37,125,000	\$ 0.04
Intrinsic value of options	\$ 16,156,250		\$ 1,317,938	
Weighted Average Remaining Contractual Life (Years)	6.23			

#### NOTE 11: CONCENTRATIONS

*Concentration of Credit Risk.* The Company's customer base for Corvus is concentrated with a small number of customers. The Company does not generally require collateral or other security to support accounts receivable. To reduce credit risk, the Company performs ongoing credit evaluations on its customers' financial condition. The Company establishes allowances for doubtful accounts based upon factors surrounding the credit risk of customers, historical trends and other information.

For the nine months ended September 30, 2021 and 2020, the Company had 3 customers represent 53% and 85% of revenue earned, respectively. Any customer that represents 10% or greater of total revenue represents a risk. The Company also has 2 and 3 customers that represent 44% and 84% of the total accounts receivable as of September 30, 2021 and December 31, 2020, respectively.

The Company maintains cash balances at a single bank in excess of the FDIC insured limit. The Company does not consider this risk to be material.

#### NOTE 12: RELATED-PARTY TRANSACTIONS

The Company had convertible notes with officers and directors as noted herein and issued 134,636 shares of common stock for \$10,000 to the Chief Executive Officer of Corvus in August 2020.

In June 2021, the Company raised \$220,000 for 220,000 shares of the to be designated Series C Preferred Stock along with 440,000 common shares from the newly hired Chief Growth Officer of the Company.

In January 2021 and August 2021, the Company granted warrants to two of their officers pursuant to the employment agreements with these officers as a bonus for closing the MFSI, Merrison and SSI transactions.

#### NOTE 13: COMMITMENTS

Upon the acquisition of Corvus, the Company entered into a four-year employment agreement with the then sole shareholder of Corvus. In January and February 2020, effective February 2020, the Company entered into two employment agreements for a term of four years with the CEO of Corvus and the Chief Administrative Officer (CAO) of Corvus. The employment agreement with the CEO provides for a base salary and was granted 25,000,000 stock options, and the CAO of Corvus provides for a base salary and was granted 5,000,000 stock options.

On April 1, 2020, the Company entered into Employment Agreements with both Mark Fuller and Jay Wright. The agreements have a term of three years. Pursuant to the agreements, each Employee has a base salary of \$240,000 per year and may be increased to \$25,000 per month upon reaching an annualized revenue run rate of \$25,000,000 or greater, \$30,000 per month upon reaching an annualized revenue of \$50,000,000 or greater, or \$40,000 per month upon reaching an annualized revenue run rate of \$75,000,000 or greater.

The Company shall pay to the two officers a cash bonus equal to the lesser of (i) one percent (1%) of the trailing twelve months revenues of each company acquired during the term of the employment agreement, or (ii) four percent (4%) of the trailing twelve month EBITDA of each business acquired during the term of the employment agreement, provided that, for a bonus to be due, such acquisition must be accretive to the Company on both a revenue per share and EBITDA per share basis. Additionally, the Company shall issue 1 warrant to each Employee for each \$1 of revenue acquired in any such acquisition with a 7-year term and a strike price equal to the price used in such acquisition or if no stock is used, the 30-day moving average closing price of the Company's stock.

An additional bonus of \$50,000 and 10 million warrants with a \$0.10 strike price shall be paid to each Employee upon the Company commencing trading on either tier of Nasdaq or the NYSE, and an additional bonus of \$125,000 and 25 million warrants with a \$0.12 strike price shall be paid to each Employee upon the Company joining the Russell 3000 and/or Russell 2000 stock index(ices).

On July 1, 2021, the Company entered into an Employment Agreement with their Chief Growth Officer for a period of four years, expiring June 30, 2025. Pursuant to the agreements, the Employee has a base salary of \$250,000 per year and may be increased to \$25,000 per month upon the Navy division reaching an annualized revenue run rate of \$25,000,000 or greater, \$30,000 per month upon the Navy division reaching an annualized revenue of \$60,000,000 or greater, or \$40,000 per month upon the Navy division reaching an annualized revenue run rate of \$100,000,000 or greater.

The Chief Growth Officer is entitled to a bonus at the discretion of the Board of Directors annually. In addition, the Chief Growth Officer was granted 30,000,000 stock options, which 15,000,000 are considered time based grants over a vesting period of four years; and 15,000,000 are performance based grants as follows: (a) 5,000,000 upon the closing of an acquisition in the Navy division of a company with annualized revenue of \$12 million or greater; (b) 5,000,000 upon the Navy division achieving \$25 million in revenue and \$2.5 million in EBITDA in any 12 month period; and (c) 5,000,000 upon the overall Company achieving \$100 million in revenue run rate based on quarterly performance (i.e. \$25 million in any calendar quarter).

On August 5, 2021, the Company and the former executive of Merrison entered into an Employment Agreement for a period of three years through August 5, 2024. Under the Employment Agreement, the executive shall be paid a base salary of \$220,000 annually and receive 3,000,000 stock options. In addition, the executive will be provided a bonus of \$80,000 payable annually on August 31 each year, starting August 31, 2022, if and only if Merrison maintains an annualized net income of \$500,000 for the one-year period ending on the applicable August 31.

On August 12, 2021, the Company entered into several Employment Agreements for three-year periods with the two executives of SSI as well as three management personnel. These agreements all contain base salaries and bonus criteria. In addition, the three key management personnel received 6,000,000 stock options each.

#### NOTE 14: LEASES

The Company has adopted ASU No. 2016-02, *Leases (Topic 842)*, and will account for their leases in terms of the right of use assets and offsetting lease liability obligations under this pronouncement. The Company had only short-term leases up through the acquisition of MFSI. The Company acquired a right of use asset and lease liability of \$14,862 and \$13,862, respectively on January 1, 2021 in the MFSI acquisition. In addition, with the SSI acquisition the Company acquired a right of use asset and lease liability of \$169,063 and \$167,333, respectively on August 12, 2021. The Company recorded these amounts at present value, in accordance with the standard, using discount rates ranging between 5% and 7%. The right of use asset is composed of the sum of all lease payments, at present value, and is amortized straight-line over the life of the lease term.

As of September 30, 2021, the value of the unamortized right of use asset is \$161,068 which is from an operating lease (through maturity in May 2024). As of September 30, 2021, the Company's lease liability was \$158,814, which is from an operating lease.

Maturity of lease liability for the operating lease for the period ended September 30,

2022	\$	111,762
2023	\$	42,066
2024	\$	4,986
<b>Total lease liability</b>	<b>\$</b>	<b>158,814</b>

Disclosed as:

<b>Current portion</b>	<b>\$</b>	<b>111,762</b>
<b>Non-current portion</b>	<b>\$</b>	<b>47,052</b>

Amortization of the right of use asset for the period ended September 30,

2022	\$ 112,873
2023	\$ 42,802
2024	\$ 5,393
<b>Total</b>	<b>\$ 161,068</b>

#### **Total Lease Cost**

Individual components of the total lease cost incurred by the Company is as follows:

	<b>Nine months ended September 30, 2021</b>	<b>Nine months ended September 30, 2020</b>
<b>Operating lease expense</b>		
Depreciation of lease assets	\$ 22,209	\$ -
Interest expense on liabilities	1,971	-
<b>Total lease cost</b>	<b>\$ 24,180</b>	<b>\$ -</b>

#### **NOTE 15: SUBSEQUENT EVENTS**

In October 2021, the Company collected a subscription receivable in the amount of \$100,000 related to their Series C Preferred Stock subscription agreement entered into in September 2021.

In October 2021, the Company raised \$100,000 from the sale of 100,000 Preferred Series C shares and 200,000 shares of common stock. As of the date of this report, 50,000 Series C Preferred Shares and 100,000 common shares remain obligated to be issued.

In October 2021, the Company issued 641,892 common shares to the former shareholders of SSI for payment of the working capital surplus delivered to the Company in the acquisition of SSI.