

Data443 Reports Second Quarter and First Half 2023 Results and Provides Corporate Update

RESEARCH TRIANGLE PARK, N.C., Aug. 17, 2023 (GLOBE NEWSWIRE) -- via IBN -- [Data443 Risk Mitigation, Inc.](#) (OTCPK: ATDS) ("Data443" or the "Company"), a data security and privacy software company for "All Things Data Security," today announces operating results for the second quarter and first half of 2023.

Business Accomplishments and Highlights in the First Half of 2023:

- Identified as a sample vendor in the "Data Discovery" category in the 2023 Data Security, Privacy, and Storage and Data Protection Technologies Gartner® Hype Cycle™ Reports.
- Data443's Ransomware Recovery Manager named "Best of Inexpensive Protection" and "Best for Kiosks" in "The Best Ransomware Protection for 2023."
- Data443® Antivirus Protection Manager™ received VB100 certification.
- Achieved a 98% customer renewal rate.

Acquisitions

- Entered into a definitive agreement to acquire select assets from Cyren Ltd. ("Cyren"), specifically, Cyren's proprietary technology and intellectual property related to threat intelligence, URL categorization and email security services. The Company believes the transaction, which is expected to close in the third quarter of 2023, will enable Data443 to enhance its existing product portfolio and accelerate the development of next-generation solutions.

Contracts

- Secured an additional contract win from one of its largest fintech clients, which processes over 75 billion transactions amounting to more than \$9 trillion annually.
- Secured an additional contract win with a long-time, multinational fintech client that provides payment technology and services to merchants, issuers and consumers, annually transferring over 10 million sensitive files for thousands of partners.
- Secured an additional contract win worth \$484,000 from one of the 'Big Four' U.S.-based banks.

Product Updates

- Released the latest update to its award-winning **Ransomware Recovery Manager** product offering, which includes advanced features designed to help businesses and individuals quickly and easily recover from ransomware attacks.
- Added antivirus and ransomware protection to its Enhanced File Transfer/Managed File Transfer (EFT/MFT) solution, **Data Placement Manager (DPM)**. Data443's DPM securely processes thousands of sensitive data files on an hourly basis for its clients around the globe, with clients experiencing as much as 99.999% uptime.

Management Commentary:

Data443's CEO & Founder Jason Remillard commented, "Our relentless focus on customer satisfaction and robust security solutions is driving a new era of growth for Data443. With our recent successes, including industry recognition from Gartner as a Sample Vendor for Data Discovery, being named the 'Best of Inexpensive Protection' and 'Best for Kiosks' for our Ransomware Recovery Manager, our prestigious VB100 certification for our Antivirus Protection Manager™, and a 98% customer renewal rate, we have shown our unwavering commitment to innovation and client service. We believe that our upcoming acquisition of certain assets from Cyren Ltd. will further enhance our product portfolio and give us a definitive edge in the fast-evolving security landscape. We believe that these assets, including proprietary technology in threat intelligence, URL categorization, and email security, will enable us to deliver even more innovative and comprehensive solutions."

Mr. Remillard continued, "We continue to win new contracts and deepen our relationships with existing clients, including

those within the fintech sector who entrust us with trillions of dollars' worth of transactions and tens of millions of sensitive files annually. We believe these partnerships indicate the market's confidence in our ability to safeguard the most critical digital assets. Moreover, we believe our constant push to improve our products keeps us at the forefront of cybersecurity. We recently added antivirus and ransomware protection to our Data Placement Manager and launched an updated Ransomware Recovery Manager, reinforcing our reputation as a provider of premium security solutions."

Second Quarter 2023 Financial Highlights:

- Total revenues were \$619,040 for the quarter ended June 30, 2023, a decrease of 18% from \$750,989 for the quarter ended June 30, 2022.
 - The Company attributes its decrease in revenue, in part, due to its ongoing shift for some products from one-time sales perpetual licenses with annual maintenance contracts (also referred to as perpetual license "renewals") to time-based subscriptions with multiyear upfront payments; this shift resulted in fewer customers paying for subscriptions or renewals in the quarter.
 - However, Data443 continues to see organic growth in increased consumption of its services that contain storage or volume components, matching its expectations and as reflected in its continuing ARR growth.
- General and administrative expenses for the quarter ended June 30, 2023, were \$1,635,499, compared to \$2,116,220 for the quarter ended June 30, 2022, a decrease of 23%. The decrease in general and administrative expenses was primarily due to an increase in cost-cutting measures.
- Net loss decreased 93% from \$2,446,212 for the three months ended June 30, 2022, to net income of \$89,540 for the three months ended June 30, 2023. The decrease in net loss was primarily due to the forgiveness of debt.
 - The net income was mainly derived from an operating loss of \$1,325,719, and interest expense of \$3,488,822 and settlement of debt of \$4,904,081. The net loss for the three months ended June 30, 2022, was mainly derived from an operating loss of \$1,503,459, interest expense of \$671,862 and loss on change in fair value of derivative liability of \$178,398.

First Half 2023 Financial Highlights:

- Total revenues increased 47% to \$1,998,846 for the six months ended June 30, 2023, from \$1,363,505, for the six months ended June 30, 2022. The increase in revenues was driven by existing customer organic growth customers, new customer acquisitions and Data443's high renewal rate.
- General and administrative expenses for the six months ended June 30, 2023, were \$3,036,308, compared to \$3,089,782 for the six months ended June 30, 2022, a decrease of 2%. The decrease in general and administrative expenses primarily consisted of management costs, costs to integrate assets the Company acquired and to expand sales, product enhancements, audit and review fees, filing fees, professional fees, and other expenses related to SEC reporting, including the re-classification of sales-related management expenses, in connection with the projected growth of its business. Additionally, Data443 continues to incur costs in relation to its planned uplist to the Nasdaq Capital Markets, additional financing activities and related functions.
- The net loss for the six months ended June 30, 2023, was \$648,353, a decrease of 85% from \$4,279,531 for the six months ended June 30, 2022.
 - The net loss was mainly derived from an operating loss of \$1,587,878, and interest expense of \$3,964,556 and settlement of debt of \$4,904,081. The net loss for the six months ended June 30, 2022, was mainly derived from an operating loss of \$2,184,579, and interest expense of \$2,037,069.

Liquidity:

As of June 30, 2023, we had a cash balance of \$15,904, trade accounts receivable of \$3,147 and prepaid expenses and other current assets of \$273,169, as compared to cash of \$1,712, trade accounts receivable of \$31,978, and prepaid expenses and other current assets of \$91,204 as of December 31, 2022.

About Data443 Risk Mitigation, Inc.

Data443 Risk Mitigation, Inc. (OTCPK: ATDS) provides software and services to enable secure data across devices

and databases, at rest and in flight/in transit, locally, on a network or in the cloud. We are All Things Data Security™. With over 10,000 customers in over 100 countries, Data443 provides a modern approach to data governance and security by identifying and protecting all sensitive data regardless of location, platform or format. Data443's framework helps customers prioritize risk, identify security gaps and implement effective data protection and privacy management strategies.

Forward-Looking Statements

This press release contains forward-looking statements. These statements are made under the "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by use of terms such as "expect," "believe," "anticipate," "may," "could," "will," "should," "plan," "project," "intend," "estimate," "predict," "potential," "pursuant," "target," "continue" or the negative of these words or other comparable terminology. Statements in this press release that are not historical statements, including statements regarding Data443's plans, objectives, future opportunities for Data443's services, future financial performance and operating results, and any other statements regarding Data443's future expectations, beliefs, plans, objectives, financial conditions, assumptions or future events or performance, or regarding the anticipated consummation of any transaction, are forward-looking statements. These statements are not guarantees of future performance and are subject to numerous risks, uncertainties and assumptions, many of which are difficult to predict or are beyond Data443's control. These risks, uncertainties and assumptions could cause actual results to differ materially from the results expressed or implied by the statements. They may relate to the outcome of litigation, settlements and investigations; actions by third parties, including governmental agencies; volatility in customer spending; global economic conditions; inability to hire and retain personnel; loss of, or reduction in business with, key customers; difficulty with growth and integration of acquisitions; product liability; cybersecurity risk; anti-takeover measures in the Company's charter documents; and the uncertainties created by global health issues, such as the ongoing outbreak of COVID, and political unrest and conflict, such as the invasion of Ukraine by Russia. These and other important risk factors are described more fully in the Company's reports and other documents filed with the Securities and Exchange Commission ("the SEC"), including in Part I, Item 1A of the Company's Annual Report on Form 10-K filed with the SEC on February 24, 2023, and subsequent filings with the SEC. Undue reliance should not be placed on the forward-looking statements in this press release, which are based on information available to the Company on the date hereof. Except as otherwise required by applicable law, Data443 undertakes no obligation to publicly update or revise any forward-looking statements, whether because of new information, future events or otherwise.

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For further information:

Follow us on LinkedIn: <https://www.linkedin.com/company/data443-risk-mitigation-inc/>

Follow us on YouTube: <https://www.youtube.com/channel/UCZXDhJcx-XgMBhvE9aFHRdA>

Sign up for our Investor Newsletter: <https://data443.com/investor-email-alerts/>

To learn more about Data443, please watch the Company's video introduction on its YouTube channel:

<https://youtu.be/1Fp93jOxFsQ>

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