

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORMS-1**

**REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933**

**DARKPULSE, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or Other Jurisdiction  
of Incorporation)

**7372**  
(Primary Standard  
Classification Code)

**87-0472109**  
(IRS Employer  
Identification No.)

**1345 Ave of the Americas, 2nd Floor  
New York, NY 10105  
(800) 436-1436**

(Address, including zip code, and telephone number, including area code of registrant's principal executive offices)

**The Corporation Trust Company  
Corporation Trust Center  
1209 Orange St.  
Wilmington, DE 19801  
(302) 658-7581**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

**Brian Higley, Esq.  
Business Legal Advisors, LLC  
14888 Auburn Sky Drive  
Draper, UT 84020  
(801) 634-1984**

**Approximate date of commencement of proposed sale to the public:**  
As soon as practicable after the effective date of this Registration Statement.

Approximate date of commencement of proposed sale to the public: As soon as practicable and from time to time after this Registration Statement is declared effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933 check the following box X

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**CALCULATION OF REGISTRATION FEE**

<b>Title of Each Class of Securities to be Registered</b>	<b>Amount Registered (1)(2)</b>	<b>Proposed Maximum Offering Price Per Share (3)</b>	<b>Proposed Maximum Aggregate Offering Price</b>	<b>Amount of Registration Fee</b>
Common Stock, \$0.0001 par value per share, issuable upon purchase of Shares (as defined below)	300,000,000	\$ 0.08915	\$ 26,745,000	\$ 2,479.26
<b>Total</b>	<b>300,000,000</b>	<b>\$ 0.08915</b>	<b>\$ 26,745,000</b>	<b>\$ 2,479.26</b>

(1) All shares registered pursuant to this registration statement are to be offered by the Selling Security Holder (as defined below). Pursuant to Rule 416 under the Securities Act of 1933, as amended (the "Securities Act"), this registration statement also covers such indeterminate number of additional shares of the registrant's Common Stock, \$0.0001 par value per share, issued to prevent dilution resulting from stock splits, stock dividends or similar events.

(2) Represents shares of the registrant's Common Stock issuable pursuant to the EFA (as defined below). Such shares will be issued to the Selling Security Holder named in this registration statement upon purchase.

(3) Estimated solely for purposes of calculating the amount of the registration fee in accordance with Rule 457(c) under the Securities Act based on the average of the high and low sales prices of the registrant's Common Stock on the OTC Markets on November 26, 2021, which date is within five business days of the filing of this registration statement.

The registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(A) of the Securities Act or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(A), may determine.

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**The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting offers to buy these securities in any jurisdiction where the offer or sale is not permitted.**

**PRELIMINARY PROSPECTUS**

**SUBJECT TO COMPLETION**

**DATED DECEMBER 1, 2021**



This prospectus relates to the offer and resale of up to: 300,000,000 shares of our common stock, par value \$0.0001 per share (the "Shares"), that may be purchased by GHS Investments LLC, a Nevada limited liability company ("GHS"), pursuant to the Equity Financing Agreement dated November 9, 2021 between the Company and GHS (the "EFA"). GHS is also referred to herein as the "Selling Security Holder."

We will not receive any of the proceeds from the sales of the Shares by the Selling Security Holder.

The Selling Security Holder identified in this prospectus may offer the shares of Common Stock from time to time through public or private transactions at prevailing market prices or at privately negotiated prices. The Selling Security Holder can offer all, some or none of its shares of Common Stock, thus we have no way of determining the number of shares of Common Stock it will hold after this offering. See "[Plan of Distribution](#)."

The Selling Security Holder is an "underwriter" within the meaning of Section 2(a)(11) of the Securities Act.

Our Common Stock is currently quoted on the OTC Markets under the symbol "DPLS." On November 26, 2021, the last reported sale price of our Common Stock on the OTC Markets was \$0.0891.

**Investing in our Common Stock involves a high degree of risk. You should review carefully the risks and uncertainties described under the heading "[Risk Factors](#)" beginning on page 5 of this prospectus, and under similar headings in any amendments or supplements to this prospectus.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.**

The date of this prospectus is December 1, 2021

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You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with information different from that which is contained in this prospectus. This prospectus may be used only where it is legal to sell these securities. The information in this prospectus may only be accurate on the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of securities.

## ABOUT THIS PROSPECTUS

The registration statement of which this prospectus forms a part that we have filed with the U.S. Securities and Exchange Commission (the "SEC") and includes exhibits that provide more detail of the matters discussed in this prospectus. You should read this prospectus and the related exhibits filed with the SEC, together with the additional information described under the heading "[Where You Can Find More Information](#)" before making your investment decision.

You should rely only on the information provided in this prospectus or in any prospectus supplement or any free writing prospectuses or amendments thereto. Neither we, nor the Selling Security Holder, have authorized anyone else to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. You should assume that the information in this prospectus is accurate only as of the date hereof. Our business, financial condition, results of operations and prospects may have changed since that date.

Neither we, nor the Selling Security Holder, are offering to sell or seeking offers to purchase these securities in any jurisdiction where the offer or sale is not permitted. Neither we, nor the Selling Security Holder, have done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. Persons outside the United States who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the offering of the securities as to distribution of the prospectus outside of the United States.

Information contained in, and that can be accessed through, our web site, [www.darkpulse.com](http://www.darkpulse.com), does not constitute part of this prospectus.

This prospectus includes market and industry data that has been obtained from third party sources, including industry publications, as well as industry data prepared by our management on the basis of its knowledge of and experience in the industries in which we operate (including our management's estimates and assumptions relating to such industries based on that knowledge). Management's knowledge of such industries has been developed through its experience and participation in these industries. While our management believes the third-party sources referred to in this prospectus are reliable, neither we nor our management have independently verified any of the data from such sources referred to in this prospectus or ascertained the underlying economic assumptions relied upon by such sources. Internally prepared and third-party market forecasts in particular are estimates only and may be inaccurate, especially over long periods of time. In addition, the underwriters have not independently verified any of the industry data prepared by management or ascertained the underlying estimates and assumptions relied upon by management. Furthermore, references in this prospectus to any publications, reports, surveys or articles prepared by third parties should not be construed as depicting the complete findings of the entire publication, report, survey or article. The information in any such publication, report, survey or article is not incorporated by reference in this prospectus.

## PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus; it does not contain all the information you should consider before investing in our Common Stock. You should read the entire prospectus before making an investment decision. Throughout this prospectus, the terms the "Company", "DarkPulse", "we," "us," "our," and "our company" refer to DarkPulse, Inc., a Delaware corporation.

### *Company Overview*

DarkPulse is a technology-security company incorporated in 1989 as Klever Marketing, Inc ("Klever"). Its principal wholly-owned subsidiary, DarkPulse Technologies Inc. ("DPTI"), originally started as a technology spinout from the University of New Brunswick, Fredericton, Canada. DPTI is comprised of two security platforms: Fiber and Ultra-High Sensitivity Sensors ("UHSS").

On April 27, 2018, Klever entered into an Agreement and Plan of Merger (the "Merger Agreement" or the "Merger") involving Klever as the surviving parent corporation and acquiring DPTI as its wholly-owned subsidiary. On July 18, 2018, the parties closed the Merger Agreement, as amended on July 7, 2018, and the name of the Company was subsequently changed to "DarkPulse, Inc." With the change of control of the Company, the Merger was accounted for as a recapitalization in a manner similar to a reverse

acquisition.

On July 20, 2018, the Company filed a Certificate of Amendment to its Certificate of Incorporation with the State of Delaware, changing the name of the Company to "DarkPulse, Inc." The Company filed a corporate action notification with the Financial Industry Regulatory Authority ("FINRA"), and the Company's ticker symbol was changed to "DPLS."

The Company's security and monitoring systems will be delivered in applications for critical infrastructure/ key resources such as but not limited to border security, pipelines, the oil and gas industry and mine safety. Current uses of fiber optic distributed sensor technology have been limited to quasi-static, long-term structural health monitoring due to the time required to obtain the data and its poor precision. The Company's patented BOTDA dark-pulse sensor technology allows for the monitoring of highly dynamic environments due to its greater resolution and accuracy.

In December 2010 DPTI entered into an Assignment Agreement with the University of New Brunswick, Canada (the "University"), pursuant to which the University sold, transferred, and assigned to the Company certain patents related to the University's BOTDA dark-pulse technology (the "Patents") in exchange for the issuance of a debenture to the University in the amount of C\$1,500,000 (Canadian dollars). In April 2017, DPTI issued a replacement debenture to the University in the amount of US\$1,491,923 (the "Debenture"). The Patents and the Debenture were initially recorded in the Company's accounts at \$1,491,923, based upon the exchange rate between the U.S. dollar and the Canadian dollar on December 16, 2010, the date of the original debenture. In addition to the repayment of principal and interest, the Debenture requires DPTI to pay the University a two percent royalty on sales of any and all products or services which incorporate the Patents for a period of five years commencing on April 24, 2018, as well as to reimburse the University for its patent-related costs.

The Company has recently completed several acquisitions.

#### ***Our Business***

The Company offers a full suite of engineering, installation and security management solutions to industries and governments. Coupled with our patented BOTDA dark-pulse technology (the "DarkPulse Technology"), DarkPulse provides its customers a comprehensive data stream of critical metrics for assessing the health and security of their infrastructure. Our comprehensive system provides for rapid, precise analysis and responsive activities predetermined by the end-user customer.

Historically, distributed sensor systems have been too costly, slow and limited in their capabilities to attain widespread use. In addition, Brillouin-based sensors have been plagued with temperature and strain cross-sensitivity, i.e. the inability to distinguish between temperature and strain change along the same fiber. The loss of spatial resolution with an increase in fiber length has also limited the use of distributed sensor systems. Due to these shortcomings, existing technologies are unable to succeed within today's dynamic environments, and needs for more advanced sensor technologies have remained unsatisfied.

By contrast to existing technologies, the DarkPulse Technology is a distributed-fiber sensing system, based on dark-pulse *Brillouin* scattering, which reports in real-time on conditions such as temperature, stress, strain corrosion and structural health monitoring of Critical Infrastructure/Key Resources including Bridges, Buildings, Roadways pipelines and mining installations.

DarkPulse Technology's differentiators from and advantages over existing technologies:

- Real-time Reporting: Higher data acquisition speeds allowing for structural monitoring of dynamic systems
- Cost to Customer: Significantly lower acquisition and operating costs
- Precision: A greater magnitude of precision and spatial resolution than other systems currently available
- Applications: Wider range of capabilities than other systems currently available
- Power consumption: Lower power consumption than existing systems allowing for off-grid installations
- Integration: Capable of integrating with existing systems
- Central station monitoring/cloud-based GUI

We believe that these key advantages should allow the Company not only to enter existing markets, but more importantly, to open new market opportunities with new applications. The Company intends to leverage new applications to target clients that have been unable to make use of distributed fiber optic technology to date.

#### ***Available Information***

All reports of the Company filed with the SEC are available free of charge through the SEC's website at [www.sec.gov](http://www.sec.gov). In addition, the public may read and copy materials filed by the Company at the SEC's Public Reference Room located at 100 F Street, N.E., Washington, D.C. 20549. The public may also obtain additional information on the operation of the Public Reference Room by calling the Commission at 1-800-SEC-0330.

#### ***Where You Can Find Us***

The Company's executive offices are located at 1345 Ave of the Americas, 2<sup>nd</sup> Floor, New York, NY 10105, and our telephone number is (800) 436-1436. Our website address is [www.darkpulse.com](http://www.darkpulse.com). Information contained on our website does not form part of this prospectus and is intended for informational purposes only.

## THE OFFERING

<b>Common Stock outstanding before the offering</b>	5,154,044,407 shares of Common Stock.
<b>Common Stock to be outstanding after giving effect to the issuance of 300,000,000 shares of Common Stock</b>	5,454,044,407 shares of Common Stock.
<b>Use of Proceeds</b>	We will not receive any of the proceeds from any sale of the shares of Common Stock by the Selling Security Holder. We will receive proceeds from the purchase of the Common Stock under the EFA from the Selling Security Holder. See " <a href="#">Use of Proceeds</a> ."
<b>Risk Factors</b>	The Common Stock offered hereby involves a high degree of risk and should not be purchased by investors who cannot afford the loss of their entire investment. See " <a href="#">Risk Factors</a> " beginning on page 5.
<b>Trading Symbol</b>	The Company's Common Stock is quoted on the OTC Markets quotation service platform under the symbol "DPLS."

The number of shares of Common Stock outstanding is based on an aggregate of 5,154,044,407 shares outstanding as of November 22, 2021 and excludes the shares of Common Stock issuable upon purchase of the Shares under the EFA.

For a more detailed description of the Shares and the EFA, see "[Private Placement](#)".

## RISK FACTORS

Readers of this Prospectus should carefully consider the risks and uncertainties described below.

Our failure to successfully address the risks and uncertainties described below would have a material adverse effect on our business, financial condition and/or results of operations, and the trading price of our common stock may decline and investors may lose all or part of their investment. We cannot assure you that we will successfully address these risks or other unknown risks that may affect our business.

As an enterprise engaged in the development of new technology, our business is inherently risky. Our common shares are considered speculative during the development of our new business operations. Prospective investors should consider carefully the risk factors set out below.

### Risks Related to Our Business

***Business interruptions, including any interruptions resulting from COVID-19, could significantly disrupt our operations and could have a material adverse impact on us if the situation continues.***

Further, all employees, including our specialized technical staff, are working from home or in a virtual environment. The Company always maintains the ability for team members to work virtual and we will continue to stay virtual, until the applicable State and or the Federal government indicate the environment is safe to return to work.

The ongoing coronavirus outbreak which began in China at the beginning of 2020 has impacted various businesses throughout the world, including travel restrictions and the extended shutdown of certain businesses in impacted geographic regions. If the coronavirus outbreak situation should worsen, we may experience disruptions to our business including, but not limited to equipment, to our workforce, or to our business relationships with other third parties.

The extent to which the coronavirus impacts our operations or those of our third-party partners will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration of the outbreak, new information that may emerge concerning the severity of the coronavirus and the actions to contain the coronavirus or treat its impact, among others. Any such disruptions or losses we incur could have a material adverse effect on our financial results and our ability to conduct

business as expected.

***If we default on the Convertible Debenture, the secured holder could take possession of our assets, including our patents and other intellectual property.***

The Convertible Debenture (Secured) issued April 24, 2017, is secured by our assets, which includes our patents and other intellectual property. In the event that we default on the obligations in the Debenture, the secured holder could take possession of our assets, including our patents and other intellectual property. If this were to occur, investors would likely lose all of their investment.

***We need to continue as a going concern if our business is to succeed.***

Our independent registered public accounting firm reports on our audited financial statements for the years ended December 31, 2020 and 2019, indicate that there are a number of factors that raise substantial risks about our ability to continue as a going concern. Such factors identified in the report are our accumulated deficit since inception, no sales recorded to date, our failure to attain profitable operations, the excess of liabilities over assets, and our dependence upon obtaining adequate additional financing to pay our liabilities. If we are not able to continue as a going concern, investors could lose their investments.

***We have made and expect to continue to make acquisitions that could disrupt our operations and harm our operating results.***

Our growth depends upon market growth, our ability to enhance our existing products, and our ability to introduce new products on a timely basis. We intend to continue to address the need to develop new products and enhance existing products through acquisitions of other companies, product lines, technologies, and personnel. Acquisitions involve numerous risks, including the following:

- Difficulties in integrating the operations, systems, technologies, products, and personnel of the acquired companies, particularly companies with large and widespread operations and/or complex products;
- Diversion of management's attention from normal daily operations of the business and the challenges of managing larger and more widespread operations resulting from acquisitions;
- Potential difficulties in completing projects associated with in-process research and development intangibles;
- Difficulties in entering markets in which we have no or limited direct prior experience and where competitors in such markets have stronger market positions;
- Initial dependence on unfamiliar supply chains or relatively small supply partners;
- Insufficient revenue to offset increased expenses associated with acquisitions; and
- The potential loss of key employees, customers, distributors, vendors and other business partners of the companies we acquire following and continuing after announcement of acquisition plans.

Acquisitions may also cause us to:

- Issue common stock that would dilute our current shareholders' percentage ownership;
- Use a substantial portion of our cash resources or incur debt;
- Significantly increase our interest expense, leverage and debt service requirements if we incur additional debt to pay for an acquisition;
- Assume liabilities;
- Record goodwill and nonamortizable intangible assets that are subject to impairment testing on a regular basis and potential periodic impairment charges;
- Incur amortization expenses related to certain intangible assets;
- Incur tax expenses related to the effect of acquisitions on our intercompany research and development cost sharing arrangement and legal structure;
- Incur large and immediate write-offs and restructuring and other related expenses; and
- Become subject to intellectual property or other litigation.

Mergers and acquisitions are inherently risky and subject to many factors outside of our control, and no assurance can be given that our previous or future acquisitions will be successful and will not materially adversely affect our business, operating results, or financial condition. Failure to manage and successfully integrate acquisitions could materially harm our business and operating results. Prior acquisitions could result in a wide range of outcomes, from successful introduction of new products and technologies to a failure to do so. Even when an acquired company has already developed and marketed products, there can be no assurance that product enhancements will be made in a timely fashion or that pre-acquisition due diligence will have identified all possible issues that might arise with respect to such products.

From time to time, we have made acquisitions that resulted in charges in an individual quarter. These charges may occur in any particular quarter, resulting in variability in our quarterly earnings. In addition, our effective tax rate for future periods is uncertain and could be impacted by mergers and acquisitions. Risks related to new product development also apply to acquisitions.

***Because of the unique difficulties and uncertainties inherent in technology development, we face a risk of business failure.***

Potential investors should be aware of the difficulties normally encountered by companies developing new technology and the high rate of failure of such enterprises. The likelihood of success must be considered in light of the problems, expenses, difficulties, complications and delays encountered in connection with the development of new technology with limited personnel and financial means. These potential problems include, but are not limited to, unanticipated technical problems that extend the time and cost of product development, or unanticipated problems with the operation of our technology or that with which we are licensing that also extend the time and cost of product development.

***If we do not obtain additional financing or sufficient revenues, our business will fail.***

Our current operating funds are less than necessary to complete the full development and marketing of our DarkPulse Technology-based systems, and we will need to obtain additional financing in order to complete our business plan. We currently have minimal operations and we are not currently generating revenue or net income.

Our business plan calls for significant expenses in connection with developing our DarkPulse Technology-based systems and paying our current obligations. We will require additional financing to execute its business plan through raising additional capital and/or beginning to generate revenue.

Obtaining additional financing is subject to a number of factors, including investor acceptance of our DarkPulse Technology and current financial condition as well as general market conditions.

These factors affect the timing, amount, terms or conditions of additional financing unavailable to us. If additional financing is not arranged, we will face the risk of going out of business. Our management is currently engaged in actively pursuing multiple financing options in order to obtain the capital necessary to execute our business plan.

The most likely source of future funds presently available to us is through the additional sale of private equity capital or through a convertible debt instrument. Any sale of share capital or conversion of convertible debt will most likely result in dilution to existing shareholders.

There is no history upon which to base any assumption as to the likelihood we will prove successful, and we can provide investors with no assurance that we will generate any operating revenues or achieve profitable operations. If we are unsuccessful in addressing these risks, our business will most likely fail.

***Product development is a long, expensive and uncertain process.***

The development of our DarkPulse Technology-based systems is a costly, complex and time-consuming process, and the investment in product development often involves a long wait until a return, if any, is achieved on such investment. We continue to make significant investments in research and development relating to our DarkPulse Technology-based systems and our other businesses. Investments in new technology and processes are inherently speculative.

***Successful technical development of our products does not guarantee successful commercialization.***

We may successfully complete the technical development for one or all of our product development programs, but still fail to develop a commercially successful product for a number of reasons, including among others the following:

- competing products;
- ineffective distribution and marketing;
- lack of sufficient cooperation from our partners; and
- demonstrations of the products not aligning with or meeting customer needs.

Our success in the market for the products we develop will depend largely on our ability to prove our products' capabilities. Upon demonstration, our products and/or technology may not have the capabilities they were designed to have or that we believed they would have. Furthermore, even if we do successfully demonstrate our products' capabilities, potential customers may be more comfortable doing business with a larger, more established, more proven company than us. Moreover, competing products may prevent us from gaining wide market acceptance of our products. Significant revenue from new product investments may not be achieved for a number of years, if at all.

***If we fail to protect our intellectual property rights, we could lose our ability to compete in the marketplace.***

Our intellectual property and proprietary rights are important to our ability to remain competitive and for the success of our products and our business. We rely on a combination of patent, trademark and trade secret laws as well as confidentiality agreements and procedures, non-compete agreements and other contractual provisions to protect our intellectual property, other proprietary rights and our brand. We have confidentiality agreements in place with our consultants, customers and certain business suppliers and plan to require future employees to enter into confidentiality and non-compete agreements. We have little protection when we must rely on trade secrets and nondisclosure agreements. Our intellectual property rights may be challenged, invalidated or circumvented by third parties. We may not be able to prevent the unauthorized disclosure or use of our technical knowledge or other trade secrets by employees or competitors. Furthermore, our competitors may independently develop technologies and products that are substantially equivalent or superior to our technologies and/or products, which could result in decreased revenues. Moreover, the laws of foreign countries may not protect our intellectual property rights to the same extent as the laws of the U.S. Litigation may be necessary to enforce our intellectual property rights which could result in substantial costs to us and substantial diversion of management attention. If we do not adequately protect our intellectual property, our competitors could use it to enhance their products. Our inability to adequately protect our intellectual property rights could adversely affect our business and financial condition, and the value of our brand and other intangible assets.

***Other companies may claim that we infringe their intellectual property, which could materially increase our costs and harm our ability to generate future revenue and profit.***

We do not believe that we infringe the proprietary rights of any third party, but claims of infringement are becoming increasingly common and third parties may assert infringement claims against us. It may be difficult or impossible to identify, prior to receipt of notice from a third party, the trade secrets, patent position or other intellectual property rights of a third party, either in the United States or in foreign jurisdictions. Any such assertion may result in litigation or may require us to obtain a license for the intellectual property rights of third parties. If we are required to obtain licenses to use any third-party technology, we would have to pay royalties, which may significantly reduce any profit on our products. In addition, any such litigation could be expensive and disruptive to our ability to generate revenue or enter into new market opportunities. If any of our products were found to

infringe other parties' proprietary rights and we are unable to come to terms regarding a license with such parties, we may be forced to modify our products to make them non-infringing or to cease production of such products altogether.

***The nature of our business involves significant risks and uncertainties that may not be covered by insurance or indemnity.***

We develop and sell products where insurance or indemnification may not be available, including:

- designing and developing products using advanced and unproven technologies in intelligence and homeland security applications that are intended to operate in high demand, high risk situations; and
- designing and developing products to collect, distribute and analyze various types of information.

Failure of certain of our products could result in loss of life or property damage. Certain products may raise questions with respect to issues of privacy rights, civil liberties, intellectual property, trespass, conversion and similar concepts, which may raise new legal issues. Indemnification to cover potential claims or liabilities resulting from a failure of technologies developed or deployed may be available in certain circumstances but not in others. We are not able to maintain insurance to protect against all operational risks and uncertainties. Substantial claims resulting from an accident, failure of our product, or liability arising from our products in excess of any indemnity or insurance coverage (or for which indemnity or insurance is not available or was not obtained) could harm our financial condition, cash flows, and operating results. Any accident, even if fully covered or insured, could negatively affect our reputation among our customers and the public, and make it more difficult for us to compete effectively.

***We are heavily reliant on Dennis O'Leary, our Chairman and Chief Executive Officer, and the departure or loss of Dennis O'Leary could disrupt our business.***

We depend heavily on the continued efforts of Dennis O'Leary, Chairman, Chief Executive Officer and director. Mr. O'Leary is essential to our strategic vision and day-to-day operations and would be difficult to replace. We currently do not have an employment agreement with Mr. O'Leary, thus we cannot be certain that he will desire to continue with us for the necessary time it will to complete the product development and initial sales channel development. The departure or loss of Mr. O'Leary, or the inability to hire and retain a qualified replacement, could negatively impact our ability to manage our business.

***If we are unable to recruit and retain key management, technical and sales personnel, our business would be negatively affected.***

For our business to be successful, we need to attract and retain highly qualified technical, management and sales personnel. The failure to recruit additional key personnel when needed with specific qualifications and on acceptable terms or to retain good relationships with our partners might impede our ability to continue to develop, commercialize and sell our products. To the extent the demand for skilled personnel exceeds supply, we could experience higher labor, recruiting and training costs in order to attract and retain such employees. We face competition for qualified personnel from other companies with significantly more resources available to them and thus may not be able to attract the level of personnel needed for our business to succeed.

***Material weaknesses in our internal control over financial reporting may, until remedied, cause errors in our financial statements or cause our filings with the SEC to not be timely.***

We believe that material weaknesses exist in our internal control over financial reporting as of December 31, 2020, including those related to (i) our internal audit functions and (ii) a lack of segregation of duties within accounting functions. If our internal control over financial reporting or disclosure controls and procedures are not effective, there may be errors in our financial statements that could require a restatement or our filings may not be timely made with the SEC. We intend to implement additional corporate governance and control measures to strengthen our control environment as we are able, but we may not achieve our desired objectives. Moreover, no control environment, no matter how well designed and operated, can prevent or detect all errors or fraud. We may identify material weaknesses and control deficiencies in our internal control over financial reporting in the future that may require remediation and could lead investors losing confidence in our reported financial information, which could lead to a decline in our stock price.

**Risks Related to Our Organization and Our Common Stock**

***You may experience dilution of your ownership interests because of the future issuance of additional shares of our common or preferred stock or other securities that are convertible into or exercisable for our common or preferred stock.***

On July 1, 2019, the majority stockholders holding a majority of the issued and outstanding voting shares of the Company approved an amendment to our Certificate of Incorporation, to increase the number of authorized shares of Common Stock from 3,000,000,000 to 20,000,000,000. We are authorized to issue an aggregate of 20,000,000,000 shares of common stock and 2,000,000 shares of "blank check" preferred stock. In the future, we may issue our authorized but previously unissued equity securities, resulting in the dilution of the ownership interests of our present stockholders. We may issue additional shares of our common stock or other securities that are convertible into or exercisable for our common stock in connection with hiring or retaining employees, future acquisitions, future sales of our securities for capital raising purposes, or for other business purposes. The future issuance of any such additional shares of our common stock may create downward pressure on the trading price of the common stock. We will need to raise additional capital in the near future to meet our working capital needs, and there can be no assurance that we will not be required to issue additional shares, warrants or other convertible securities in the future in conjunction with these capital raising efforts, including at a price (or exercise or conversion prices) below the price an investor paid for stock.

***Because the SEC imposes additional sales practice requirements on brokers who deal in our shares that are penny stocks, some brokers may be unwilling to trade them. This means that investors may have difficulty reselling their shares and may cause the price of the shares to decline.***

Our shares qualify as penny stocks and are covered by Section 15(g) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which imposes additional sales practice requirements on broker/dealers who sell our securities in this offering or in the aftermarket. In particular, prior to selling a penny stock, broker/dealers must give the prospective customer a risk disclosure document that: contains a description of the nature and level of risk in the market for penny stocks in both public offerings and secondary trading; contains a description of the broker/dealers' duties to the customer and of the rights and remedies available to the customer with respect to violations of such duties or other requirements of Federal securities laws; contains a brief, clear, narrative description of a dealer market, including "bid" and "ask" prices for penny stocks and the significance of the spread between the bid and ask prices; contains the toll free telephone number for inquiries on disciplinary actions established pursuant to section 15(A)(i); defines significant terms used in the disclosure document or in the conduct of trading in penny stocks; and contains such other information, and is in such form (including language, type size, and format), as the SEC requires by rule or regulation. Further, for sales of our securities, the broker/dealer must make a special suitability determination and receive from you a written agreement before making a sale to you. Because of the imposition of the foregoing additional sales practices, it is possible that brokers will not want to make a market in our shares. This could prevent reselling of shares and may cause the price of the shares to decline.

***We do not expect to declare or pay any dividends.***

We have not declared or paid any dividends on our common stock since our inception, and we do not anticipate paying any such dividends for the foreseeable future.

### ***Volatility of Stock Price.***

Our common shares are currently publicly traded on the OTC Markets under the symbol "DPLS." In the future, the trading price of our common shares may be subject to wide fluctuations. Trading prices of the common shares may fluctuate in response to a number of factors, many of which will be beyond our control. In addition, the stock market in general, and the market for sensor technology companies in particular, has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of such companies. Market and industry factors may adversely affect the market price of the common shares, regardless of our operating performance. Readers should carefully consider the risks and uncertainties described below before deciding whether to invest in shares of our common stock.

Our failure to successfully address the risks and uncertainties described below would have a material adverse effect on our business, financial condition and/or results of operations, and the trading price of our common stock may decline and investors may lose all or part of their investment. We cannot assure you that we will successfully address these risks or other unknown risks that may affect our business.

As an enterprise engaged in the development of new technology, our business is inherently risky. Our common shares are considered speculative during the development of our new business operations. Prospective investors should consider carefully the risk factors set out herein. The market price of our common stock has fluctuated significantly.

### ***Being a public company is expensive and administratively burdensome.***

As a public reporting company, we are subject to the information and reporting requirements of the Securities Act, the Exchange Act and other federal securities laws, rules and regulations related thereto, including compliance with the Sarbanes-Oxley Act. Complying with these laws and regulations requires the time and attention of our Board of Directors and management team, and increases our expenses. We estimate we will incur approximately \$200,000 to \$300,000 annually in connection with being a public company.

Among other things, we are required to:

- maintain and evaluate a system of internal controls over financial reporting in compliance with the requirements of Section 404 of the Sarbanes-Oxley Act and the related rules and regulations of the SEC and the Public Company Accounting Oversight Board;
- prepare and distribute periodic reports in compliance with our obligations under federal securities laws;
- institute a more comprehensive compliance function, including with respect to corporate governance; and
- involve, to a greater degree, our outside legal counsel and accountants in the above activities.

The costs of preparing and filing annual and quarterly reports, proxy statements and other information with the SEC and furnishing audited reports to stockholders are expensive and much greater than that of a privately-held company, and compliance with these rules and regulations may require us to hire additional financial reporting, internal controls and other finance personnel, and will involve a material increase in regulatory, legal and accounting expenses and the attention of management. There can be no assurance that we will be able to comply with the applicable regulations in a timely manner, if at all. In addition, being a public company makes it more expensive for us to obtain director and officer liability insurance. In the future, we may be required to accept reduced coverage or incur substantially higher costs to obtain this coverage.

***If we fail to establish and maintain an effective system of internal control, we may not be able to report our financial results accurately or to prevent fraud. Any inability to report and file our financial results accurately and timely could harm our reputation and adversely impact the trading price of our common stock.***

Effective internal control is necessary for us to provide reliable financial reports and prevent fraud. If we cannot provide reliable financial reports or prevent fraud, we may not be able to manage our business as effectively as we would if an effective control environment existed, and our business and reputation with investors may be harmed. As a result, our small size and any current internal control deficiencies may adversely affect our financial condition, results of operation and access to capital. We have not performed an in-depth analysis to determine if historical un-discovered failures of internal controls exist, and may in the future discover areas of our internal control that need improvement.

### ***Public company compliance may make it more difficult to attract and retain officers and directors.***

The Sarbanes-Oxley Act and new rules subsequently implemented by the SEC have required changes in corporate governance practices of public companies. As a public company, we expect these new rules and regulations to increase our compliance costs in 2021 and beyond and to make certain activities more time consuming and costly. As a public company, we also expect that these new rules and regulations may make it more difficult and expensive for us to obtain director and officer liability insurance in the future and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for us to attract and retain qualified persons to serve on our Board of Directors or as executive officers.

### ***You could lose all of your investment.***

An investment in our securities is speculative and involves a high degree of risk. Potential investors should be aware that the value of an investment in the Company may go down as well as up. In addition, there can be no certainty that the market value of an investment in the Company will fully reflect its underlying value. You could lose your entire investment.

### ***The ability of our Board of Directors to issue additional stock may prevent or make more difficult certain transactions, including a sale or merger of the Company.***

Our Board of Directors is authorized to issue up to 2,000,000 shares of preferred stock with powers, rights and preferences designated by it. Shares of voting or convertible preferred stock could be issued, or rights to purchase such shares could be issued, to create voting impediments or to frustrate persons seeking to effect a takeover or otherwise gain control of the Company. The ability of the Board of Directors to issue such additional shares of preferred stock, with rights and preferences it deems advisable, could discourage an attempt by a party to acquire control of the Company by tender offer or other means. Such issuances could therefore deprive stockholders of benefits that could result from such an attempt, such as the realization of a premium over the market price for their shares in a tender offer or the temporary increase in market price that such an attempt could cause. Moreover, the issuance of such additional shares of preferred stock to persons friendly to the Board of Directors could make it more difficult to remove incumbent officers and directors from office even if such change were to be favorable to stockholders generally.

### ***Our stock may be traded infrequently and in low volumes, so you may be unable to sell your shares at or near the quoted bid prices if you need to sell your shares.***

Until our common stock is listed on a national securities exchange such as the New York Stock Exchange or the Nasdaq, we expect our common stock to remain eligible for quotation on the OTC Markets, or on another over-the-counter quotation system. In those venues, however, the shares of our common stock may trade infrequently and in low volumes, meaning that the number of persons interested in purchasing our common shares at or near bid prices at any given time may be relatively small or non-existent. An investor may find it difficult to obtain accurate quotations as to the market value of our common stock or to sell his or her shares at or near bid prices or at all. In addition, if we fail to meet the criteria set forth in SEC regulations, various requirements would be imposed by law on broker-dealers who sell our securities to persons other than established customers and accredited investors. Consequently, such regulations may deter broker-dealers from recommending or selling our common stock, which may further affect the liquidity of our common stock. This would also make it more difficult for us to raise capital.

***There currently is no active public market for our common stock and there can be no assurance that an active public market will ever develop. Failure to develop or maintain a trading market could negatively affect the value of our common stock and make it difficult or impossible for you to sell your shares.***

There is currently no active public market for shares of our common stock and one may never develop. Our common stock is quoted on the OTC Markets. The OTC Markets is a thinly traded market and lacks the liquidity of certain other public markets with which some investors may have more experience. We may not ever be able to satisfy the listing requirements for our common stock to be listed on a national securities exchange, which is often a more widely-traded and liquid market. Some, but not all, of the factors which may delay or prevent the listing of our common stock on a more widely-traded and liquid market include the following: our stockholders' equity may be insufficient; the market value of our outstanding securities may be too low; our net income from operations may be too low; our common stock may not be sufficiently widely held; we may not be able to secure market makers for our common stock; and we may fail to meet the rules and requirements mandated by the several exchanges and markets to have our common stock listed. Should we fail to satisfy the initial listing standards of the national exchanges, or our common stock is otherwise rejected for listing, and remains listed on the OTC Markets or is suspended from the OTC Markets, the trading price of our common stock could suffer and the trading market for our common stock may be less liquid and our common stock price may be subject to increased volatility, making it difficult or impossible to sell shares of our common stock.

***Our common stock is subject to the "penny stock" rules of the SEC and the trading market in the securities is limited, which makes transactions in the stock cumbersome and may reduce the value of an investment in the stock.***

Rule 15g-9 under the Exchange Act establishes the definition of a "penny stock," for the purposes relevant to us, as any equity security that has a market price of less than \$5.00 per share or with an exercise price of less than \$5.00 per share, subject to certain exceptions. For any transaction involving a penny stock, unless exempt, the rules require: (a) that a broker or dealer approve a person's account for transactions in penny stocks; and (b) the broker or dealer receive from the investor a written agreement to the transaction, setting forth the identity and quantity of the penny stock to be purchased.

In order to approve a person's account for transactions in penny stocks, the broker or dealer must: (a) obtain financial information and investment experience objectives of the person and (b) make a reasonable determination that the transactions in penny stocks are suitable for that person and the person has sufficient knowledge and experience in financial matters to be capable of evaluating the risks of transactions in penny stocks.

The broker or dealer must also deliver, prior to any transaction in a penny stock, a disclosure schedule prescribed by the SEC relating to the penny stock market, which, in highlight form: (a) sets forth the basis on which the broker or dealer made the suitability determination; and (b) confirms that the broker or dealer received a signed, written agreement from the investor prior to the transaction. Generally, brokers may be less willing to execute transactions in securities subject to the "penny stock" rules. This may make it more difficult for investors to dispose of our common stock and cause a decline in the market value of our common stock.

Disclosure also has to be made about the risks of investing in penny stocks in both public offerings and in secondary trading and about the commissions payable to both the broker or dealer and the registered representative, current quotations for the securities and the rights and remedies available to an investor in cases of fraud in penny stock transactions. Finally, monthly statements have to be sent disclosing recent price information for the penny stock held in the account and information on the limited market in penny stocks.

***Our stock price may be volatile.***

The market price of our common stock is likely to be highly volatile and could fluctuate widely in price in response to various factors, many of which are beyond our control, including the following:

- changes in our industry;
- competitive pricing pressures;
- our ability to obtain working capital financing;
- additions or departures of key personnel;
- sales of our common stock;
- our ability to execute our business plan;
- operating results that fall below expectations;
- loss of any strategic relationship;
- regulatory developments; and
- economic and other external factors.

In addition, the securities markets have from time-to-time experienced significant price and volume fluctuations that are unrelated to the operating performance of particular

companies. These market fluctuations may also materially and adversely affect the market price of our common stock.

***Offers or availability for sale of a substantial number of shares of our common stock may cause the price of our common stock to decline.***

If our stockholders sell substantial amounts of our common stock in the public market, including upon the expiration of any statutory holding period under Rule 144, or issued upon the conversion of preferred stock or exercise of warrants, it could create a circumstance commonly referred to as an "overhang" and in anticipation of which the market price of our common stock could fall. The existence of an overhang, whether or not sales have occurred or are occurring, also could make more difficult our ability to raise additional financing through the sale of equity or equity-related securities in the future at a time and price that we deem reasonable or appropriate.

**Risks Related to the Offering**

***Our existing stockholders may experience significant dilution from the sale of our common stock pursuant to the GHS Equity Financing Agreement.***

The sale of our common stock to GHS in accordance with the EFA may have a dilutive impact on our shareholders. As a result, the market price of our common stock could decline. In addition, the lower our stock price is at the time we exercise Puts, the more shares of our common stock we will have to issue to GHS in order to exercise a Put under the EFA. If our stock price decreases, then our existing shareholders would experience greater dilution for any given dollar amount raised through the offering.

The perceived risk of dilution may cause our stockholders to sell their shares, which may cause a decline in the price of our common stock. Moreover, the perceived risk of dilution and the resulting downward pressure on our stock price could encourage investors to engage in short sales of our common stock. By increasing the number of shares offered for sale, material amounts of short selling could further contribute to progressive price declines in our common stock.

***The issuance of shares pursuant to the EFA may have a significant dilutive effect.***

Depending on the number of shares we issue pursuant to the EFA, it could have a significant dilutive effect upon our existing shareholders. Although the number of shares that we may issue pursuant to the EFA will vary based on our stock price (the higher our stock price, the less shares we have to issue), there may be a potential dilutive effect to our shareholders, based on different potential future stock prices, if the full amount of the EFA is realized. Dilution is based upon common stock put to GHS and the stock price discounted to GHS's purchase price.

***GHS will pay less than the then-prevailing market price of our common stock which could cause the price of our common stock to decline.***

Our common stock to be issued under the EFA will be purchased at an 8% discount, or 92% of the volume-weighted average price for the Company's common stock during the ten consecutive trading days immediately preceding each Put.

GHS has a financial incentive to sell our shares immediately upon receiving them to realize the profit between the discounted price and the market price. If GHS sells our shares, the price of our common stock may decrease. If our stock price decreases, GHS may have further incentive to sell such shares. Accordingly, the discounted sales price in the EFA may cause the price of our common stock to decline.

***We may not have access to the full amount under the financing agreement.***

The lowest volume-weighted average price for the ten days ended November 22, 2021 was \$0.08931. At that price we would be able to sell shares to GHS under the EFA at the discounted price of \$0.0875238. At that discounted price, the 300,000,000 shares would only represent \$26,257,140, which is below the full amount of the EFA. In addition, any single drawdown must be at least \$10,000 and cannot exceed \$3,000,000 and any single drawdown may not exceed 200% of the average daily trading dollar volume of our Common Stock during the ten trading days preceding the put.

***There could be unidentified risks involved with an investment in our securities.***

The foregoing risk factors are not a complete list or explanation of the risks involved with an investment in the securities. Additional risks will likely be experienced that are not presently foreseen by us. Prospective investors must not construe this the information provided herein as constituting investment, legal, tax or other professional advice. Before making any decision to invest in our securities, you should read this entire Prospectus and consult with your own investment, legal, tax and other professional advisors. An investment in our securities is suitable only for investors who can assume the financial risks of an investment in us for an indefinite period of time and who can afford to lose their entire investment. We make no representations or warranties of any kind with respect to the likelihood of the success or the business of our Company, the value of our securities, any financial returns that may be generated or any tax benefits or consequences that may result from an investment in us.

**CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This prospectus contains various "forward-looking statements." You can identify forward-looking statements by the use of forward-looking terminology such as "believes," "expects," "may," "would," "could," "should," "seeks," "approximately," "intends," "plans," "projects," "estimates" or "anticipates" or the negative of these words and phrases or similar words or phrases. You can also identify forward-looking statements by discussions of strategy, plans or intentions. These statements may be impacted by a number of risks and uncertainties.

The forward-looking statements are based on our beliefs, assumptions and expectations of our future performance taking into account all information currently available to us. These beliefs, assumptions and expectations are subject to risks and uncertainties and can change as a result of many possible events or factors, not all of which are known to us. If a change occurs, our business, financial condition, liquidity and results of operations may vary materially from those expressed in our forward-looking statements. You should carefully consider these risks before you make an investment decision with respect to our securities. For a further discussion of these and other factors that could impact our future results, performance or transactions, see the section entitled "[Risk Factors](#)."

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#### PRIVATE PLACEMENT

##### ***Equity Financing Agreement***

On November 9, 2021, we entered an EFA and Registration Rights Agreement (the "Registration Rights Agreement") with GHS, pursuant to which GHS agreed to purchase up to \$30,000,000 in shares of our Common Stock, from time to time over the course of 24 months (the "Contract Period") after effectiveness of a registration statement on Form S-1 (the "Registration Statement") of the underlying shares of Common Stock.

The EFA grants us the right, from time to time at our sole discretion (subject to certain conditions) during the Contract Period, to direct GHS to purchase shares of Common Stock on any business day (a "Put"), provided that at least ten Trading Days (as defined in the EFA) have passed since the most recent Put. The purchase price of the shares of Common Stock contained in a Put shall be 92% of the Market Price with "Market Price" defined as the lowest volume weighted average price (VWAP) price of the Common Stock during the Pricing Period (as defined in the EFA). No Put will be made in an amount less than \$10,000 or greater than \$3,000,000. In no event are we entitled to make a Put or is GHS entitled to purchase that number of shares of Common Stock of the Company, which when added to the sum of the number of shares of Common Stock beneficially owned (as such term is defined under Section 13(d) and Rule 13d-3 of the Exchange Act), by GHS, would exceed 4.99% of the number of shares of Common Stock outstanding on such date, as determined in accordance with Rule 13d-1(j) of the Exchange Act.

The EFA will terminate upon any of the following events: when GHS has purchased an aggregate of \$30,000,000 in the Common Stock of the Company pursuant to the EFA; on the date that is 24 months from the date of the EFA; or by mutual written consent of the parties. Actual sales of shares of Common Stock to GHS under the EFA will depend on a variety of factors to be determined by us from time to time, including, among others, market conditions, the trading price of the Common Stock and determinations by us as to the appropriate sources of funding for the Company and its operations. The net proceeds under the EFA to us will depend on the frequency and prices at which we sell shares of our stock to GHS.

The Registration Rights Agreement provides that we shall (i) use our best efforts to file with the SEC the Registration Statement within 45 days of the date of the Registration Rights Agreement; and (ii) have the Registration Statement declared effective by the SEC within 30 days after the date the Registration Statement is filed with the SEC, but in no event more than 90 days after the Registration Statement is filed.

We to use the proceeds from the Puts for operational expenses and also potential acquisitions deemed beneficial to the operational capabilities of the Company.

See "[Plan of Distribution](#)" elsewhere in this prospectus for more information.

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#### USE OF PROCEEDS

The Selling Security Holder will receive all the proceeds from the sales of the Shares under this prospectus. We will not receive any proceeds from these sales. To the extent we receive proceeds from the Puts to the Selling Security Holder, we will use those proceeds for operations and acquisitions. We have agreed to bear the certain expenses relating to the registration of the shares of Common Stock being registered herein for Selling Security Holder.

See "[Plan of Distribution](#)" elsewhere in this prospectus for more information.

### **SELLING SECURITY HOLDER**

This prospectus covers the offering of up to 300,000,000 shares of Common Stock being offered by the Selling Security Holder, which includes shares of Common Stock acquirable upon the issuance of a Put to the Selling Security Holder, as described herein. We are registering the Shares in order to permit the Selling Security Holder to offer their shares of Common Stock for resale from time to time.

The table below lists the Selling Security Holder and other information regarding the "beneficial ownership" of the shares of Common Stock by the Selling Security Holder. In accordance with Rule 13d-3 of the Exchange Act, "beneficial ownership" includes any shares of Common Stock as to which the Selling Security Holder has sole or shared voting power or investment power and any shares of Common Stock the Selling Security Holder has the right to acquire within 60 days.

The Selling Security Holder is an "underwriter" within the meaning of Section 2(a)(11) of the Securities Act.

The second column indicates the number of shares of Common Stock beneficially owned by the Selling Security Holder, based on its ownership as of November 22, 2021. The second column also assumes purchase of all shares of stock to be acquired under the maximum amount of securities to be sold by the Company to the Selling Security Holder, without regard to any limitations on purchase described in this prospectus or in the EFA.

The third column lists the shares of Common Stock being offered by this prospectus by the Selling Security Holder. Such aggregate amount of Common Stock does not take into account any applicable limitations on purchase of the securities under the EFA.

This prospectus covers the resale of (i) all of the shares of Common Stock issued and issuable upon the Company issuing a Put, and (ii) any securities issued or then issuable upon any full anti-dilution protection, stock split, dividend or other distribution, recapitalization or similar event with respect to the common shares.

Because the issuance price of the common shares may be adjusted, the number of shares of Common Stock that will actually be issued upon issuance of the common shares may be more or less than the number of shares of Common Stock being offered by this prospectus. The Selling Security Holder can offer all, some or none of its shares of Common Stock, thus we have no way of determining the number of shares of Common Stock it will hold after this offering. Therefore, the fourth and fifth columns assume that the Selling Security Holder will sell all shares of Common Stock covered by this prospectus. See "[Plan of Distribution](#)."

The Selling Security Holder identified below has confirmed to us that it is not a broker-dealer or an affiliate of a broker-dealer within the meaning of United States federal securities laws.

	<b>Number of Shares of Common Stock Owned Prior to Offering(1)</b>	<b>Maximum Number of Shares of Common Stock to be Sold Pursuant to this Prospectus</b>	<b>Number of Shares of Common Stock Owned After Offering</b>	<b>Percentage Beneficially Owned After Offering</b>
GHS Investments, LLC(1)	0	300,000,000(2)	–	–
<b>TOTAL</b>	0	300,000,000	–	–

(1) GHS Investments, LLC is a limited liability company organized under the laws of Nevada. Mark Grober has dispositive power over the shares owned by GHS.  
(2) 300,000,000 shares to be issued pursuant to the EFA.

### MARKET PRICE OF COMMON STOCK AND OTHER STOCKHOLDER MATTERS

Our Common Stock is currently quoted on the OTC Markets, which is sponsored by OTC Markets Group, Inc. The OTC Markets is a network of security dealers who buy and sell stock. The dealers are connected by a computer network that provides information on current "bids" and "asks," as well as volume information. Our shares are quoted on the OTC Markets under the symbol "DPLS."

The table below sets forth for the periods indicated the quarterly high and low bid prices as reported by OTC Markets. Limited trading volume has occurred during these periods. These quotations reflect inter-dealer prices, without retail mark-up, mark-down, or commission and may not necessarily represent actual transactions.

#### **2021:**

	<b>High</b>	<b>Low</b>
First Quarter	\$ 0.0510	\$ 0.0007
Second Quarter	\$ 0.0969	\$ 0.0106
Third Quarter	\$ 0.2020	\$ 0.0653

#### **2020:**

	<b>High</b>	<b>Low</b>
First Quarter	\$ 0.0002	\$ 0.0001
Second Quarter	\$ 0.0002	\$ 0.0001
Third Quarter	\$ 0.0006	\$ 0.0001
Fourth Quarter	\$ 0.0011	\$ 0.0001

#### **2019:**

	<b>High</b>	<b>Low</b>
First Quarter	\$ 0.0500	\$ 0.0035
Second Quarter	\$ 0.0062	\$ 0.0005
Third Quarter	\$ 0.0008	\$ 0.0001
Fourth Quarter	\$ 0.0003	\$ 0.0001

The Company's common stock is considered to be penny stock under rules promulgated by the SEC. Under these rules, broker-dealers participating in transactions in these securities must first deliver a risk disclosure document which describes risks associated with these stocks, broker-dealers' duties, customers' rights and remedies, market and other information, and make suitability determinations approving the customers for these stock transactions based on financial situation, investment experience and objectives. Broker-dealers must also disclose these restrictions in writing, provide monthly account statements to customers, and obtain specific written consent of each customer. With these restrictions, the likely effect of designation as a penny stock is to decrease the willingness of broker-dealers to make a market for the stock, to decrease the liquidity of the stock and increase the transaction cost of sales and purchases of these stocks compared to other securities.

The high and low bid price for shares of our Common Stock on November 26, 2021, was \$0.092 and \$0.0863, respectively, based upon bids that represent prices quoted by broker-dealers on the OTC Markets.

#### **Approximate Number of Equity Security Holders**

As of November 22, 2021, there were approximately 939 stockholders of record. Because shares of our Common Stock are held by depositaries, brokers and other nominees, the number of beneficial holders of our shares is substantially larger than the number of stockholders of record.

#### **Dividends**

We have not declared or paid a cash dividend to our stockholders since we were organized and does not intend to pay dividends in the foreseeable future. Our board of directors presently intends to retain any earnings to finance our operations and does not expect to authorize cash dividends in the foreseeable future. Any payment of cash dividends in the future will depend upon our earnings, capital requirements and other factors.

#### **Section 15(g) of the Securities Exchange Act of 1934**

Our shares are covered by section 15(g) of the Exchange Act that imposes additional sales practice requirements on broker/dealers who sell such securities to persons other than established customers and accredited investors (generally institutions with assets in excess of \$5,000,000 or individuals with net worth in excess of \$1,000,000 or annual income exceeding \$200,000 or \$300,000 jointly with their spouses). For transactions covered by the Rule, the broker/dealer must make a special suitability determination for the purchase and have received the purchaser's written agreement to the transaction prior to the sale. Consequently, the Rule may affect the ability of broker/dealers to sell our securities and also may affect your ability to sell your shares in the secondary market.

Section 15(g) also imposes additional sales practice requirements on broker/dealers who sell penny securities. These rules require a one-page summary of certain essential items. The items include the risk of investing in penny stocks in both public offerings and secondary marketing; terms important to an understanding of the function of the penny stock market, such as bid and offer quotes, a dealers spread and broker/dealer compensation; the broker/dealer compensation, the broker/dealers' duties to its customers, including the disclosures required by any other penny stock disclosure rules; the customers' rights and remedies in cases of fraud in penny stock transactions; and, the FINRA's toll free telephone number and the central number of the North American Securities Administrators Association, for information on the disciplinary history of broker/dealers and their associated persons.

#### **Penny Stock**

Our stock is considered a penny stock. The SEC has adopted rules that regulate broker-dealer practices in transactions in penny stocks. Penny stocks are generally equity securities with a market price of less than \$5.00, other than securities registered on certain national securities exchanges or quoted on the NASDAQ system, provided that current price and volume information with respect to transactions in such securities is provided by the exchange or system. The penny stock rules require a broker-dealer, prior to a

transaction in a penny stock, to deliver a standardized risk disclosure document prepared by the SEC, that: (a) contains a description of the nature and level of risk in the market for penny stocks in both public offerings and secondary trading; (b) contains a description of the broker's or dealer's duties to the customer and of the rights and remedies available to the customer with respect to a violation of such duties or other requirements of the securities laws; (c) contains a brief, clear, narrative description of a dealer market, including bid and ask prices for penny stocks and the significance of the spread between the bid and ask price; (d) contains a toll-free telephone number for inquiries on disciplinary actions; (e) defines significant terms in the disclosure document or in the conduct of trading in penny stocks; and (f) contains such other information and is in such form, including language, type size and format, as the SEC shall require by rule or regulation.

The broker-dealer also must provide, prior to effecting any transaction in a penny stock, the customer with: (a) bid and offer quotations for the penny stock; (b) the compensation of the broker-dealer and its salesperson in the transaction; (c) the number of shares to which such bid and ask prices apply, or other comparable information relating to the depth and liquidity of the market for such stock; and (d) a monthly account statement showing the market value of each penny stock held in the customer's account. In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from those rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written acknowledgment of the receipt of a risk disclosure statement, a written agreement as to transactions involving penny stocks, and a signed and dated copy of a written suitability statement.

These disclosure requirements may have the effect of reducing the trading activity for our Common Stock. Therefore, stockholders may have difficulty selling our securities.

#### **Rule 10B-18 Transactions**

During the year ended December 31, 2020, there were no repurchases of our common stock by the Company.

### **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION**

*This Management's Discussion and Analysis of Financial Condition and Results of Operations contain certain forward-looking statements. Historical results may not indicate future performance. Our forward-looking statements reflect our current views about future events; are based on assumptions and are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those contemplated by these statements. Factors that may cause differences between actual results and those contemplated by forward-looking statements include, but are not limited to, those discussed in the "[Risk Factors](#)" section. We undertake no obligation to publicly update or revise any forward-looking statements, including any changes that might result from any facts, events, or circumstances after the date hereof that may bear upon forward-looking statements. Furthermore, we cannot guarantee future results, events, levels of activity, performance, or achievements*

#### **Critical Accounting Policies**

The following discussions are based upon our financial statements and accompanying notes, which have been prepared in accordance with accounting principles generally accepted in the United States.

The preparation of these financial statements requires management to make estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosures of contingencies. We continually evaluate the accounting policies and estimates used to prepare the financial statements. We base our estimates on historical experiences and assumptions believed to be reasonable under current facts and circumstances. Actual amounts and results could differ from these estimates made by management.

#### **Business Overview**

DarkPulse, Inc., a Delaware corporation (the "**Company**"), is a technology-security company focused on the manufacture, sale, installation, and monitoring of laser sensing systems based on its patented BOTDA dark-pulse sensor technology. The Company develops, markets, and distributes a full suite of engineering, monitoring, installation and security management solutions for critical infrastructure/key resources to both industries and governments. Coupled with our patented BOTDA dark-pulse technology (the "**DarkPulse Technology**"), DarkPulse provides its customers a comprehensive data stream of critical metrics for assessing the health and security of their infrastructure. Our systems provide rapid, precise analysis and responsive activities predetermined by the end-user customer. The Company's activities since inception have consisted of developing various solutions, obtaining patents and trademarks related to its technology, raising capital, acquisition of companies deemed to expand global operations and/or capabilities, creating key partnerships to expand our suite of products and services. Our activities have evolved to a sales-focused mission since the successful completion of our BOTDA system in December 2020.

Headquartered in New York, DarkPulse is a globally based technology company with presence in United Kingdom, India, Dubai, Russian Federation, Turkey, Azerbaijan, Iraq, Libya, United States and Canada. In addition to the Company's BOTDA systems, through a series of strategic acquisitions the Company offers the manufacture, sale, installation, and monitoring of laser sensing systems, O & G pipeline leak detection, physical security services, telecommunications and satellite communications services, drone and rover systems. The Company is focused on expanding services through acquisitions and partnerships to address global infrastructure and critical environmental resource challenges. DarkPulse offers a full suite of engineering and environmental solutions that provide safety and security infrastructure projects. The sensing and monitoring capabilities offered by DarkPulse and our subsidiary companies operate in the Air, Land, Sea. Our patented technology provides rapid, precise analysis to protect and safeguard oil and gas pipelines above or below ground, physical security countermeasures, mining operations, and other critical infrastructure / key resources subject to vulnerability or risk. Our patented Brillouin scattering distributed fiber sensing system is best in class. The Company is able to monitor areas in around critical infrastructure buried or above ground including pipelines 100km or more in length and/ or localized pipes as small as 8 CM DIA, detecting internal anomalies before catastrophic failure. We are developing an Intelligent Rock Bolt, to prevent causalities and fatalities in mining operations and include a real time sensor system that can detect the location & movement of personnel & equipment throughout a mining operation. We monitor airflow, air quality, temperature, seismic events, etc. Our sensors cover extended areas, protecting an area from intrusion by detecting events at any location along the sensing cable. Working safely every day is our first core value and employees at DarkPulse and our subsidiary companies are recognized experts in their fields, providing comprehensive services for all our clients' needs.

#### **Our Operating Units**

##### **Optilan**

Telecommunications, Energy, Rail, Critical Network Infrastructure, Pipeline Integrity Systems, Renewables and Security. Headquartered in Coventry, United Kingdom with a 30-year pedigree, at Optilan our customers trust us to keep the integrity of their assets safe and secure, by managing the life cycle delivery risk of our solutions. By fostering a

collaborative design approach to complex problems, we provide innovative solutions, custom fit to even the most demanding of sites and scale of projects. Importantly, our commitment to our safety culture remains unaverted, to ensure that everyone goes home safely every day. We orchestrate business resilience with a suite of end-to-end solutions, combined with connectivity and professional service at a global level. Today's business environment is more dynamic than ever, with continuous change and disruption accepted as the new normal. We complement our tailored, integrated expertise with a curated ecosystem of leading manufacturers, to achieve both high quality and enduring results. We are proud to foster a unique culture full of talented individuals. Our sector focus ensures that our account teams are fully accredited in their operational areas. We are committed to creating individually tailored solutions, using collaborative techniques and programming tools to deliver the networks of the future. Optilan has provided integrated solutions for leading Oil and Gas, Industrial and Energy companies around the world. As an industry leader in deploying communication networks with exceptional reliability, our reputation for delivering the highest quality products remains unsurpassed. This spans mobile, broadband, security systems and customer premise works. Our professionals have the skill to adopt and embed our expertise into existing platforms, processes, and cultures, delivering exceptional value for our clients. Beyond our operational scope, we strive to consider the impact of our global footprint and mitigate associated environmental and sustainability risks. These factors combined set Optilan apart and establish why customers continue to trust and invest in our services.

## Remote Intelligence

Remote Intelligence provides Unmanned Aerial Drone and UGC (unmanned ground crawler) Services to a variety of clients; from Industrial Mapping and Ecosystem Services, to Search and Rescue, to Pipeline Security, we provide sales and consulting services for all markets. Remote Intelligence started in 2013 with a simple vision; to use the new and developing field of unmanned aerial vehicles to produce higher quality, safer and more effective products for a variety of markets. We strive to Equip, Educate and Advance the use of the most advanced Unmanned Aerial Systems and Unmanned Ground Crawlers in the United States and around the world for commercial, government and domestic use. Our top priorities as we do that are to find safe and ethical ways to use this new and exciting field of technology to make life better. Providing holistic intelligence consultation and solutions including full-service Methane Detection and Monitoring. Quick, comprehensive site mapping and aerial inspection services. We specialize in fully integrated, geo-rectified, 3D modeled mapping and AI for industrial applications, specializing in the energy and environmental industries, with AI and live streaming capabilities anywhere in the world. Also providing aerial survey, video inspection services, emergency support services, wildlife and habitat surveys, and comprehensive system design, training, and sales for both the commercial and private sectors. Integrating the latest tech solutions like artificial intelligence. Globally connected with a base of operation in Wellsboro Pennsylvania.

## TerraData Unmanned

Comprised of a team with more than 30 years cumulative experience in the unmanned industry, TerraData is well equipped to provide solutions that meet your unique requirements. We custom manufacture NDAA compliant drones and unmanned ground crawlers to meet the needs of our customers. Aerial based data collection is a powerful new tool for your industry, and TerraData is prepared to be your partner. TerraData Unmanned, has successfully delivered a custom drone platform per a customer's specifications which exceeds current industry offering by more than 30 minutes. The team has manufactured, and successfully flight tested a Quad Copter drone with 1.5KG payload capabilities that delivers more than 60 minutes of continuous flight. This cutting-edge design is a combination of proprietary software and hardware. The custom platform offers NDAA compliant autopilot, communications links, TSO Certified GPS unit and ground control station. Future designs include integrating RTK for mapping, methane detectors, and true terrain following capabilities. There are also improvements scheduled that are intended to further extend the endurance and provide over 4KG of payload capacity, not including batteries. TerraData has also announced the research, development and successful testing of an autonomous crawler soon to be released to the market with Methane and Multi Gas Detection capabilities. Working seamlessly with our partners at DarkPulse and our subsidiary companies. We can custom design, build and operate a system to meet our customers' needs 24 hours a day 365 days a year around the block or around the globe.

## Wildlife Specialists

Wildlife Specialists, LLC was founded in 2007 to provide clients with comprehensive wildlife and environmental assessment, planning, and monitoring services. We currently maintain two regional offices located in north central and southeastern Pennsylvania and are available to provide services to clients nationwide and around the globe. Our staff are well-established professionals who have a wide range of experience in wildlife management, research, and monitoring at the local and statewide levels throughout the United States. In addition, we have specific expertise in providing the full range of sensitive species and habitat assessments necessary for your development projects. Wildlife Specialists' mission is to provide consulting services that use the latest technology to produce the highest quality results compatible with our clients' management goals and the appropriate protocols developed by state and federal wildlife management agencies. Wildlife Specialists is fully insured to industry standards and committed to the safety of our staff, our clients, and the public. We have maintained safety certification through ISNetWorld and other 3rd party certifiers. We are also officially PennDOT, GSA, Small Business and HUBZone Certified.

## TJM West Electronics

TJM West Electronics is an ISO9001 and AS9100 certified electronics and electro-mechanical assembly operation. We operate out of a high tech, 20,000 Sq ft facility in Tempe, Arizona. Our assembly team is trained to IPC 610 and J-STD-001 standards, Class 2 and 3. We have been in business since 1999. Our latest website was developed to be a customer interface for rapid costing, build scheduling, open order status, and complete manufacturing history data records. Registered users can enter build and fabrication parameters for quantities of 2-20 units. Our calculator provides itemized labor, PCB fabrication cost and delivery. Registered users can also access factory floor for the updated status and delivery date of open orders, a review of configuration, quotes and full quality history database.

As a U.S. manufacturer and test of advanced electronics, cables and sub-assemblies. we specialize in advanced package and complex CCA and hardware. Certified to space and flight AS9100D, TJM has over 20 years supplying ultra-high reliability, and fully documented electronic Hardware. Per AS9100D, TJM maintains all material certifications, process and measurement reports electronically as part of a complete quality history record. Manufacturing PCB Design services on the most popular platforms including Cadence, Altium, and Mentor. Design output data integrates seamlessly to our automated manufacturing line. Test Development ICT to functional and burn-in. We develop a test plan and hardware system to deliver your 100% verified product. Low Cost, High Reliability Manufacturing is the net result of quality planning, optimizing automation technology, operational efficiency, and communication. High value, low-cost domestic solution to replace offshore manufacturing. Protect your IP and keep direct line-of sight of manufacturing with products made in the USA. TJM West Is your one stop shop.

## Recent Events

### Acquisitions

On August 9, 2021, we entered into a Share Purchase Agreement with Optilan Guernsey Limited and Optilan Holdco 2 Limited (the "Sellers"), pursuant to which we purchased from the Sellers all of the issued and outstanding equity interests of Optilan HoldCo 3 Limited, a private company incorporated in England and Wales ("Optilan") for £1.00 and also a commitment to enter into the Subscription (as defined below). Optilan is now a wholly-owned subsidiary of the Company.

On August 9, 2021, we entered into a Subscription Agreement with Optilan (the "Subscription"), pursuant to which we agreed to purchase an aggregate of 4,000,000 Ordinary Shares of Optilan for an aggregate purchase price of £4,000,000.

On August 30, 2021, we closed two separate Membership Interest Purchase Agreements (the "MPAs") with Remote Intelligence, Limited Liability Company, a Pennsylvania limited liability company ("RI") and Wildlife Specialists, LLC, a Pennsylvania limited liability company ("WS") pursuant to which we agreed to pay to the majority shareholder of each of

RI and WS an aggregate of 15,000,000 shares of our Common Stock, \$500,000 to be paid on the closing date, and an additional \$500,000 to be paid 12 weeks from closing date in exchange for 60% ownership of each of RI and WS. RI and WS are now subsidiaries of the Company.

On September 8, 2021, we entered into and closed the Stock Purchase Agreement (the "TJM SPA") with TJM Electronics West, Inc., an Arizona corporation ("TJM"), and TJM's shareholders, pursuant to which we agreed to purchase all of the equity interests in TJM in exchange for \$450,000, subject to adjustments as defined in the TJM SPA. TJM is now a wholly-owned subsidiary of the Company.

Effective October 1, 2021, we entered into and closed the Membership Purchase Agreement (the "TerraData MPA") with TerraData Unmanned, PLLC, a Florida limited liability company ("TerraData"), and Justin Dee, the sole shareholder of TerraData, pursuant to which we agreed to purchase 60% of the equity interests in TerraData in exchange for 3,725,386 shares of our Common Stock and \$400,000, subject to adjustments as defined in the TerraData MPA, to be paid within 12 weeks of closing. TerraData is now a subsidiary of the Company.

#### Financings

On January 4, 2021, we entered into a securities purchase agreement with Geneva Roth Remark Holdings, Inc. ("Geneva") issuing to Geneva a convertible promissory note in the aggregate principal amount of \$42,350 with a \$3,850 original issue discount and \$3,500 in transactional expenses due to Geneva and its counsel. The note bears interest at 8% per annum and may be converted into common shares of our Common Stock at a conversion price equal to 70% of the lowest trading price of our common stock during the 20 prior trading days. We received \$35,000 net cash.

On February 3, 2021, we entered into a securities purchase agreement with Geneva issuing to Geneva a convertible promissory note in the aggregate principal amount of \$94,200 with a \$15,700 original issue discount and \$3,500 in transactional expenses due to Geneva and its counsel. The note bears interest at 4.5% per annum and may be converted into common shares of our Common Stock at a conversion price equal to 81% of the lowest two trading prices of our Common Stock during the 10 prior trading days. We received \$75,000 net cash.

On February 18, 2021, we entered into a securities purchase agreement with Geneva issuing to Geneva a convertible promissory note in the aggregate principal amount of \$76,200 with a \$12,700 original issue discount and \$3,500 in transactional expenses due to Geneva and its counsel. The note bears interest at 4.5% per annum and may be converted into common shares of our Common Stock at a conversion price equal to 81% of the lowest two trading prices of our Common Stock during the 10 prior trading days. We received \$60,000 net cash.

On April 5, 2021, we entered into a securities purchase agreement with Geneva Roth issuing to Geneva a convertible promissory note in the aggregate principal amount of \$64,200 with a \$10,700 original issue discount and \$3,500 in transactional expenses due to Geneva and its counsel. The note bears interest at 4.5% per annum and may be converted into common shares of our Common Stock at a conversion price equal to 81% of the lowest two trading prices of our Common Stock during the 10 prior trading days. We received \$50,000 net cash.

On April 26, 2021, we entered a Securities Purchase Agreement (the "FirstFire SPA") and Registration Rights Agreement (the "Registration Rights Agreement") with FIRSTFIRE GLOBAL OPPORTUNITIES FUND, LLC, a Delaware limited liability company (the "FirstFire"), pursuant to which we issued to FirstFire a Convertible Promissory Note in the principal amount of \$825,000 (the "FirstFire Note"). The purchase price of the FirstFire Note is \$750,000. The FirstFire Note matures on January 26, 2022 upon which time all accrued and unpaid interest will be due and payable. Interest accrues on the FirstFire Note at 10% per annum guaranteed until the FirstFire Note becomes due and payable, whether at maturity or upon acceleration or by prepayment or otherwise. The FirstFire Note is convertible at any time after 180 days from issuance, upon the election of the FirstFire, into shares of our Common Stock at \$0.015 per share. The FirstFire Note is subject to various "Events of Default," which are disclosed in the FirstFire Note. Upon the occurrence of an "Event of Default," the conversion price will become \$0.005. In the event of a DTC "chill" on our shares, an additional discount of 10% will apply to the conversion price while the "chill" is in effect. Upon the issuance of the FirstFire Note, we have initially agreed to reserve 550,000,000 shares of Common Stock.

The Registration Rights Agreement provides that we shall (i) use our best efforts to file with the Commission an S-1 Registration Statement within 90 days of the date of the Registration Rights Agreement to register the shares into which the FirstFire Note is convertible; and (ii) have the Registration Statement declared effective by the SEC within 180 days after the date the Registration Statement is filed with the SEC.

On July 14, 2021, we entered a Securities Purchase Agreement with GS Capital Partners, LLC (the "GS"), pursuant to which we issued to GS a 6% Redeemable Note in the principal amount of \$2,000,000 (the "GS Note"). The purchase price of the GS Note is \$1,980,000. The GS Note matures on July 14, 2022 upon which time all accrued and unpaid interest will be due and payable. Interest accrues on the GS Note at 6% per annum until the GS Note becomes due and payable. The GS Note is subject to various "Events of Default," which are disclosed in the GS Note. Upon the occurrence of an "Event of Default," the interest rate on the GS Note will be 18%. The GS Note is not convertible into shares of our Common Stock and is not dilutive to existing or future shareholders and we plan on using a portion of the proceeds of the GS Note to retire existing convertible debt.

On August 19, 2021, we entered into the Purchase Agreement with GHS, for the offering of up to \$45,000,000 worth of Common Stock. Pursuant to the Purchase Agreement, on August 19, 2021, we and GHS agreed that we would issue and sell to GHS, and GHS would purchase from the Company, 31,799,260 shares of Common Stock for total proceeds to the Company, net of discounts, of \$3,300,000, at an effective price of \$0.1038 per share (the "First Closing"). We received approximately \$2,790,000 in net proceeds from the First Closing after deducting the fees and other estimated offering expenses payable by us. We used the net proceeds from the First Closing for working capital and for general corporate purposes. The shares were issued to GHS in a registered direct offering, pursuant to a prospectus supplement to our currently effective registration statement on Form S-3 (File No. 333-257826), which was initially filed with the SEC on July 12, 2021, and was declared effective on August 18, 2021.

Pursuant to the Purchase Agreement, on August 31, 2021, we and GHS agreed that the Company would issue and sell to GHS, and GHS would purchase from us, 27,297,995 shares of Common Stock for total proceeds to us, net of discounts, of \$3,300,000, at an effective price of \$0.120888 per share (the "Second Closing"). We received approximately \$2,885,000 in net proceeds from the Second Closing after deducting the fees and other estimated offering expenses payable by us. We used the net proceeds from the Second Closing for working capital and for general corporate purposes. The shares were issued to GHS in a registered direct offering, pursuant to a prospectus supplement to our currently effective registration statement on Form S-3 (File No. 333-257826), which was initially filed with the SEC on July 12, 2021, and was declared effective on August 18, 2021.

Pursuant to the Purchase Agreement, on September 22, 2021, we and GHS agreed that we would issue and sell to GHS, and GHS would purchase from us, 25,630,272 shares of Common Stock for total proceeds to us, net of discounts, of \$2,000,000, at an effective price of \$0.085836 per share (the "Third Closing"). We received approximately \$1,915,000 in net proceeds from the Third Closing after deducting the fees and other estimated offering expenses payable by us. We used the net proceeds from the Third Closing for working capital and for general corporate purposes. The shares were issued to GHS in a registered direct offering, pursuant to a prospectus supplement to our currently effective registration statement on Form S-3 (File No. 333-257826), which was initially filed with the SEC on July 12, 2021, and was declared effective on August 18, 2021.

Pursuant to the Purchase Agreement, on October 1, 2021, we and GHS agreed that we would issue and sell to GHS, and GHS would purchase from us, 37,187,289 shares of Common Stock for total proceeds to us, net of discounts, of \$3,000,000, at an effective price of \$0.08874 per share (the "**Fourth Closing**"). We received approximately \$2,850,000 in net proceeds from the Fourth Closing after deducting the fees and other estimated offering expenses payable by us. We used the net proceeds from the Fourth Closing for working capital and for general corporate purposes. The shares were issued to GHS in a registered direct offering, pursuant to a prospectus supplement to our currently effective registration statement on Form S-3 (File No. 333-257826), which was initially filed with the SEC on July 12, 2021, and was declared effective on August 18, 2021.

Pursuant to the Purchase Agreement, on October 14, 2021, we and GHS agreed that we would issue and sell to GHS, and GHS would purchase from us, 14,282,304 shares of Common Stock for total proceeds to us, net of discounts, of \$1,055,000, at an effective price of \$0.08125 per share (the "**Fifth Closing**"). We received approximately \$1,002,250 in net proceeds from the Fifth Closing after deducting the fees and other estimated offering expenses payable by us. We used the net proceeds from the Fifth Closing for working capital and for general corporate purposes. The shares were issued to GHS in a registered direct offering, pursuant to a prospectus supplement to our currently effective registration statement on Form S-3 (File No. 333-257826), which was initially filed with the SEC on July 12, 2021, and was declared effective on August 18, 2021.

#### Partnerships

We have entered into a consulting agreement with the Bachner Group to assist in the successful transformation from an R&D focused company to a sales-focused company, and assist us with federal contract opportunities.

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#### Other Events

On August 3, 2021, we entered into an Engagement Agreement and Terms and Conditions (the "**EIAP Agreement**") with Energy & Industrial Advisory Partners, LLC ("**EIAP**"). Pursuant to the EIAP Agreement, we have engaged EIAP to serve as an advisor to us in the proposed transaction for agreed target company or any of its subsidiaries and/or the whole or any part of its or their business or assets (the "**Transaction**"). EIAP will receive a monthly retainer of \$10,000 per month payable upon receipt of an invoice. EIAP will also receive a consulting bonus fee of \$350,000 payable upon completion of the Transaction. In the event of successful completion of the Transaction as a result of EIAP's involvement, EIAP agrees to deduct the total retainer fee from the consulting bonus fee. The EIAP Agreement may be terminated, with or without cause, by either party upon ten days' written prior notice thereof to the other party. If (a) during the term of the EIAP Agreement, or (b) within two years following the date of the EIAP Agreement's termination by us (provided that such two-year period shall be extended by the same period of time that we take to settle in full all fees, expenses and/or outlays due or to become due to EIAP as at the date of the EIAP Agreement's termination), we complete a transaction with the target company or a similar transaction to the Transaction, then we will pay the consulting bonus fee at the completion of the transaction.

#### ***Going Concern Uncertainty***

As shown in the accompanying financial statements, during the nine months ended September 30, 2021, the Company reported a net loss of \$1,924,311. As of September 30, 2021, the Company's current liabilities exceeded its current assets by \$12,139,502. As of September 30, 2021, the Company had \$2,564,492 of cash.

We will require additional funding to finance the growth of our operations and achieve our strategic objectives. These factors, as relative to capital raising activities, create doubt as to our ability to continue as a going concern. We are seeking to raise additional capital and are targeting strategic partners in an effort to accelerate the sales and marketing of our products and begin generating revenues. Our ability to continue as a going concern is dependent upon the success of future capital offerings or alternative financing arrangements, expansion of our operations and generating sales. The accompanying financial statements do not include any adjustments that might be necessary should we be unable to continue as a going concern. Management is actively pursuing additional sources of financing sufficient to generate enough cash flow to fund its operations; however, management cannot make any assurances that such financing will be secured.

#### ***Results of Operations***

##### For the Three and Nine Months Ended September 30, 2021 and 2020

###### *Revenues*

For the three months ended September 30, 2021, total revenues were \$3,500,970 compared to \$0 for the same period in 2020, an increase of \$3,500,970. This increase primarily consisted of revenues of \$3,380,633 from the acquisition of Optilan in August 2021 and \$97,283 from the acquisition of Wildlife Specialists in August 2021.

For the nine months ended September 30, 2021, total revenues were \$3,500,970 compared to \$0 for the same period in 2020, an increase of \$3,500,970. This increase primarily consisted of revenues of \$3,380,633 from the acquisition of Optilan in August 2021 and \$97,283 from the acquisition of Wildlife Specialists in August 2021.

###### *Cost of Goods Sold and Gross Profit*

For the three months ended September 30, 2021, cost of goods sold were \$2,767,229 compared to \$0 for the same period in 2020, an increase of \$2,767,229.

Gross profit for the three months ended September 30, 2021 was \$733,731 with a gross profit margin of 21% compared to \$0 for the same period in 2020 with no gross profit margin.

For the nine months ended September 30, 2021, cost of goods sold were \$2,767,229 compared to \$0 for the same period in 2020, an increase of \$2,767,229.

Gross profit for the nine months ended September 30, 2021 was \$733,731 with a gross profit margin of 21% compared to \$0 for the same period in 2020 with no gross profit margin.

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###### *Operating Expenses*

Selling, general and administrative expenses for three months ended September 30, 2021 increased by \$372,158 to \$406,940 from \$34,782 or 1,070% for the three months ended September 30, 2020.

General and administrative expenses for nine months ended September 30, 2021 increased by \$410,927 to \$531,793 from \$120,866 or 340% for the nine months ended September 30, 2020.

Payroll related expenses for three months ended September 30, 2021, increased by \$1,007,453 to \$1,007,453 from \$0 for the three months ended September 30, 2020. The increase primarily consisted of an increase to the numbers of employees inherited from our various acquisitions.

Payroll related for nine months ended September 30, 2021, increased by \$1,007,266 to \$1,007,453 from \$187 for the nine months ended September 30, 2020. The increase primarily consisted of an increase to the numbers of employees inherited from our various acquisitions in the most recent three months period.

Professional fees for three months ended September 30, 2021, increased by \$1,680,600 to \$1,680,600 from \$0 for the three months ended September 30, 2020. This increase primarily consisted of increased legal expenditures associated with the increase in litigation.

Professional fees for nine months ended September 30, 2021, increased by \$1,853,275 to \$1,901,572 from \$48,297 for the nine months ended September 30, 2020. This increase primarily consisted of increased legal expenditures associated with the increase in litigation.

Depreciation and amortization for three months ended September 30, 2021, increased by \$78,465 to \$91,222 from \$12,757 for the three months ended September 30, 2020. This increase is primarily due to the increase in depreciable assets we acquired from new acquisitions.

Depreciation and amortization for nine months ended September 30, 2021, increased by \$78,465 to \$116,736 from \$38,271 for the three months ended September 30, 2020. This increase is primarily due to the increase in depreciable assets we acquired from new acquisitions.

#### *Other Income (Expense)*

For the three months ended September 30, 2021, other income \$798,654 compared to other expense of \$126,483 for the same period in 2020, an increase in income of \$925,137. This increase primarily consisted of \$785,240 of gain related to the extinguishment of debt, \$434,206 of gain on convertible notes, \$153,360 of gain on foreign currency exchange rate variance offset by an increase in interest expense of \$283,388 due to increased borrowings and \$163,281 increase in the fair value of the Company's derivative instruments.

For the nine months ended September 30, 2021, other income \$1,084,462 compared to other expense of \$180,940 for the same period in 2020, an increase in income of \$1,265,402. This increase primarily consisted of \$785,240 of gain related to the extinguishment of debt, \$781,203 of gain on convertible notes, \$153,360 of gain on foreign currency exchange rate variance offset by an increase in interest expense of \$573,448 due to increased borrowings and \$121,047 increase in the fair value of the Company's derivative instruments.

#### *Net Income (Loss)*

As a result of the above, we reported a net loss of \$1,686,830 for the three months ended September 30, 2021 compared to a net loss of \$174,022 for the three months ended September 30, 2020.

Additionally, as a result of the above, we reported a net loss of \$1,924,311 for the nine months ended September 30, 2021 compared to a net loss of \$388,561 for the nine months ended September 30, 2020.

### For the Years Ended December 31, 2020 and 2019

#### *Revenues*

As of December 31, 2020, the Company has not generated any operating revenues.

#### *Operating Expenses*

Operating expenses for the year ended December 31, 2020 decreased by \$287,497 or 52.6% to \$258,739 from \$546,236 for the year ended December 31, 2019. The primary reason for the overall decrease in general and administrative expense in the current year is a decrease in payroll and compensation of \$168,758.

General and administrative expenses for the year ended December 31, 2020 decreased by \$33,824 or 18.5% to \$149,259 from \$183,083 for the year ended December 31, 2019. The primary reason for the overall decrease in general and administrative expense in the current year is a decrease in professional fees.

Payroll and compensation expenses for the year ended December 31, 2020 decreased to \$187 from \$168,945 or 99.9% for the year ended December 31, 2019. The primary reason for the overall decrease in payroll and compensation expense in the current year is a decrease in employees and a reduction in stock-based compensation.

Amortization expenses for the years ended December 31, 2020 and 2019 remained constant at \$51,028.

Legal expenses for the year ended December 31, 2020 decreased \$50,415 from \$118,281 for the year ended December 31, 2019. The increase is related to ongoing litigation as described in more detail in Note 12 of the attached financial statements.

Debt transaction expenses for the year ended December 31, 2020 decreased \$17,050 or 68.5% from \$24,900 to \$7,850. The primary reason for the decrease is related to the decrease in convertible notes entered into during 2020.

#### *Other Income (Expense)*

Total other expenses totaled \$17,102 and \$1,279,233 for the years ended December 31, 2020 and 2019, respectively. The \$1,262,131 decrease is primarily attributed to the decrease recognized due to changes in the fair value of derivative instruments of \$422,787, loss on convertible notes of \$401,497 and a decrease in interest expense of \$370,619.

#### *Net Loss*

As a result, net loss for the year ended December 31, 2020 decreased by \$1,549,627 to \$275,842 from \$1,825,469 for the year ended December 31, 2019.

#### *Comprehensive (Loss) Gain*

The Company recorded a loss for foreign currency translation adjustments for the year ended December 31, 2020 of \$20,941 and a loss of \$52,905 for the year ended December 31, 2019. The fluctuations of the increase/decrease are primarily attributed to the change in the value of the note recognized due to exchange rate variances. Comprehensive loss was \$296,785 as compared to \$1,878,374 for the years ended December 31, 2020 and 2019, respectively.

## **Liquidity and Capital Resources**

### September 30, 2021 Compared to September 30, 2020

We require working capital to fund the continued development and commercialization of our proprietary fiber optic sensing devices, and for operating expenses. During the three months ended September 30, 2021, we had \$11,102,700 in new cash proceeds compared to the three months ended September 30, 2020, when we had no new cash proceeds.

As of September 30, 2021, we had cash of \$2,564,492, compared to \$337 as of December 31, 2020. As of September 30, 2021, our current liabilities exceeded our current assets by \$12,139,503.

### December 31, 2020 Compared to December 31, 2019

Liquidity is the ability of a company to generate funds to support its current and future operations, satisfy its obligations, and otherwise operate on an ongoing basis. At December 31, 2020, we had a cash balance of \$337. Our working capital deficit is approximately \$3,241,567 at December 31, 2020.

As of December 31, 2020, we had cash of \$337, compared to \$1,210 as of December 31, 2019. The Company currently does not have sufficient cash to fund its operations for the next 12 months and will require working capital to complete development, testing and marketing of its products and to pay for ongoing operating expenses. The Company anticipates adding consultants for technology development and the corresponding operations of the Company, but this will not occur prior to obtaining additional capital. Management is currently in the process of looking for additional investors. Currently, loans from banks or other lending sources for lines of credit or similar short-term borrowings are not available to the Company. The Company has been able to raise working capital to fund operations through the issuances of convertible notes or obtained through the issuance of the Company's restricted common stock.

As of December 31, 2020, our current liabilities of \$3,241,904 exceeded our current assets of \$337 by \$3,241,567.

## **Cash Flows from Operating Activities**

During the nine months ended September 30, 2021, net cash used by operating activities was \$7,446,593, resulting from our net loss of \$1,924,311 and an increase in expenses related to our convertible notes payables, including amortization of debt discount of \$404,087 and loan acquisition costs of \$480,450, increase in stock-based compensation of \$649,334, increase in inventory of \$410,836 and operating lease liabilities of \$1,398,068. These increases were offset by a decrease in derivative liability of \$741,789, increase in accounts payable and accrued expenses of \$4,362,016 and an increase from the gain on the extinguishment of debt of \$785,240, increase in accounts receivable of \$893,366, unbilled revenue of \$563,555 and increase in contract liability of \$1,439,504.

By comparison, during the nine months ended September 30, 2020, net cash provided by operating activities was \$4,278, resulting from our net loss of \$388,561 and an increase in expenses related to our convertible notes payables, including amortization of debt discount of \$39,414, increase in derivative liability of \$44,684, increase in accounts payable and accrued expenses of \$280,370.

During the year ended December 31, 2020, net cash used by operating activities was \$8,194, resulting from our net loss of \$275,842 partially offset by non-cash expenses totaling \$14,446 and increases in accounts payable of \$195,951 and accrued liabilities of \$72,892.

By comparison, during the year ended December 31, 2019, net cash used by operating activities was \$171,604, resulting from our net loss of \$1,825,469, partially offset by non-cash expenses totaling \$259,824 and increases in accounts payable of \$264,788 and a decrease in accrued liabilities of \$145,234.

## **Cash Flows from Investing Activities**

During the nine months ended September 30, 2021, we had net cash used in investing activities of \$546,765. During the nine months ended September 30, 2020, we had net cash used in investing activities of \$4,969.

During the year ended December 31, 2020, net cash used by investing activities was \$4,969, of capitalized patents costs of \$4,969. During the year ended December 31, 2019, net cash used by investing activities was \$54,930.

## **Cash Flows from Financing Activities**

During the nine months ended September 30, 2021, net cash provided by financing activities was \$10,718,100, comprised of proceeds from the sale of common stock from offering of \$8,000,000, the issuance of convertible debt in the amount of \$1,102,700, the issuance of notes payable of \$2,000,000 offset by payments on convertible debt of \$384,600. During the nine months ended September 30, 2020, we had no net cash provided by or used in financing activities.

During the year ended December 31, 2020, net cash used by financing activities was \$4,096, comprised of proceeds from issuance of convertible notes payable of \$40,000, offset by repayments of related party notes payable of \$44,096. During the year ended December 31, 2019, net cash provided by financing activities was \$155,450, comprised of proceeds from issuance of convertible notes payable of \$180,100, partially offset by repayments of convertible notes payable of \$24,650.

## **Factors That May Affect Future Results**

Management's Discussion and Analysis contains information based on management's beliefs and forward-looking statements that involve a number of risks, uncertainties, and assumptions. There can be no assurance that actual results will not differ materially from the forward-looking statements as a result of various factors, including but not limited to, our ability to obtain the equity funding or borrowings necessary to market and launch our products, our ability to successfully serially produce and market our products; our success establishing and maintaining collaborative licensing and supplier arrangements; the acceptance of our products by customers; our continued ability to pay operating costs; our ability to meet demand for our products; the amount and nature of competition from our competitors; the effects of technological changes on products and product demand; and our ability to successfully adapt to market forces and technological demands of our customers.

## **Off-Balance Sheet Arrangements**

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future material effect on our consolidated financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity capital expenditures or capital resources.

### **Recent Accounting Pronouncements**

We have provided a discussion of recent accounting pronouncements in Note 1 to the Condensed Financial Statements.

## **BUSINESS**

### **Organization**

DarkPulse is a technology-security company incorporated in 1989 as Klever. Its principal wholly-owned subsidiary, DPTI originally started as a technology spinout from the University of New Brunswick, Fredericton, Canada. DPI is comprised of two security platforms: Fiber and UHSS.

On April 27, 2018, Klever entered into a Merger involving Klever as the surviving parent corporation and acquiring DPTI as its wholly-owned subsidiary. On July 18, 2018, the parties closed the Merger Agreement, as amended on July 7, 2018, and the name of the Company was subsequently changed to "DarkPulse, Inc." With the change of control of the Company, the Merger was accounted for as a recapitalization in a manner similar to a reverse acquisition.

On July 20, 2018, the Company filed a Certificate of Amendment to its Certificate of Incorporation with the State of Delaware, changing the name of the Company to "DarkPulse, Inc." The Company filed a corporate action notification with the FINRA and the Company's ticker symbol was changed to "DPLS."

The Company's security and monitoring systems will be delivered in applications for critical infrastructure/ key resources such as but not limited to border security, pipelines, the oil and gas industry and mine safety. Current uses of fiber optic distributed sensor technology have been limited to quasi-static, long-term structural health monitoring due to the time required to obtain the data and its poor precision. The Company's patented BOTDA dark-pulse sensor technology allows for the monitoring of highly dynamic environments due to its greater resolution and accuracy.

In December 2010 DPTI entered into an Assignment Agreement with the University pursuant to which the University sold, transferred, and assigned to the Company certain patents related to the Patents in exchange for the issuance of a debenture to the University in the amount of C\$1,500,000 (Canadian dollars). In April 2017, DPTI issued the Debenture to the University. The Patents and the Debenture were initially recorded in the Company's accounts at \$1,491,923, based upon the exchange rate between the U.S. dollar and the Canadian dollar on December 16, 2010, the date of the original debenture. In addition to the repayment of principal and interest, the Debenture requires DPTI to pay the University a two percent royalty on sales of any and all products or services which incorporate the Patents for a period of five years commencing on April 24, 2018, as well as to reimburse the University for its patent-related costs.

### **Our Business**

The Company offers a full suite of engineering, installation and security management solutions to industries and governments. Coupled with DarkPulse Technology, DarkPulse provides its customers a comprehensive data stream of critical metrics for assessing the health and security of their infrastructure. Our comprehensive system provides for rapid, precise analysis and responsive activities predetermined by the end-user customer.

Historically, distributed sensor systems have been too costly, slow and limited in their capabilities to attain widespread use. In addition, Brillouin-based sensors have been plagued with temperature and strain cross-sensitivity, i.e. the inability to distinguish between temperature and strain change along the same fiber. The loss of spatial resolution with an increase in fiber length has also limited the use of distributed sensor systems. Due to these shortcomings, existing technologies are unable to succeed within today's dynamic environments, and needs for more advanced sensor technologies have remained unsatisfied.

By contrast to existing technologies, the DarkPulse Technology is a distributed-fiber sensing system, based on dark-pulse *Brillouin* scattering, which reports in real-time on conditions such as temperature, stress, strain corrosion and structural health monitoring of Critical Infrastructure/Key Resources including Bridges, Buildings, Roadways pipelines and mining installations.

DarkPulse Technology's differentiators from and advantages over existing technologies:

- Real-time Reporting: Higher data acquisition speeds allowing for structural monitoring of dynamic systems
- Cost to Customer: Significantly lower acquisition and operating costs
- Precision: A greater magnitude of precision and spatial resolution than other systems currently available
- Applications: Wider range of capabilities than other systems currently available
- Power consumption: Lower power consumption than existing systems allowing for off-grid installations
- Integration: Capable of integrating with existing systems
- Central station monitoring/cloud-based GUI

We believe that these key advantages should allow the Company not only to enter existing markets, but more importantly, to open new market opportunities with new applications. The Company intends to leverage new applications to target clients that have been unable to make use of distributed fiber optic technology to date.

### **Revenue Generation**

We intend to generate revenue from the following sources:

- Hardware equipment sales, warranties, service contracts and licensing to large enterprises and governments;
- Recurring subscription fees paid by enterprise/government users for access to our 24/7 monitoring services of their critical infrastructure;
- Recurring subscription fees paid by enterprise/government users for access to our applications by enterprises/governments;
- Recurring subscription fees paid by enterprise users for access to data stored in the cloud that may be integrated into large, third-party providers such as Oracle, Google Cloud; and Microsoft; among others;
- Recurring subscription fees paid by enterprise/government users who subscribe to bundled service offerings.

### ***Our Market***

Current uses of fiber optic distributed sensor technology have been limited to quasi-static, long-term structural health monitoring due to the time required to obtain the data and its poor precision. Our DarkPulse Technology allows for the monitoring of highly dynamic environments due to its magnitude of increased resolution and greater accuracy. The resulting high speed, real-time monitoring capabilities of our DarkPulse Technology should satisfy a broad range of existing and emerging requirements. Use of the DarkPulse Technology by our customers should result in lower production costs with increased sensing capabilities that can integrate with existing technology and be upgraded cost effectively.

Due to the characteristics of the fiber used in fiber optic sensing, the uses of our DarkPulse Technology are wide ranging. Optical fiber is hard-wearing, which allows it to be used in environments where other technologies fail (for example, at temperatures ranging from -40°C to 300°C and 1000psi). Additionally, DarkPulse Technology's sensors allow for live sensing due to the speed at which the analysis takes place.

Our management team is continually identifying markets in which our DarkPulse Technology may be readily applied. Once these markets (as described below) have been addressed, our DarkPulse Technology may be adapted and applied to new markets.

### **Structural Monitoring**

- Buildings and Skyscrapers
- Bridges, Tunnels and Dams
- Roads and Railway tracks

### **Temperature Sensing**

- Fire Alarm and Environment control
- Low cost and maintenance
- Long life span
- Ability to withstand harsh working environment

### **Security & Defense**

- National Border Protection
- Protection of Military and other sensitive installations

### **Consulting Services:**

- Consulting (as stand-alone or presales)
- Post sales deployment and Support
- Managed services (monitoring, etc.)

### **Additional Potential Markets:**

- Monitoring of composite structures in aircraft
- Dynamic stress monitoring of runways
- Dynamic ship hull stress monitoring, especially with a view to double-hull oil tankers
- Smart grid and power conservation applications based on cooling and/or heat proximity – for instance, computer rooms, cell towers for heat soak
- Monitor low temperatures as part of control systems

- Monitoring of temperatures in extreme refrigeration environments
- Avalanche early warning systems
- Sea defense monitoring

## **Marketing**

We utilize our DarkPulse Technology as the foundation of our ongoing marketing initiatives. Most notably, the greater magnitude of increased capabilities DarkPulse Technology versus existing bright-pulsing technologies. Existing bright-pulse Brillouin-based sensors have historically been plagued with temperature and strain cross-sensitivity, i.e. the inability to distinguish between temperature and strain change along the same fiber. The loss of spatial resolution with an increase in fiber length is also a limiting factor for the use of distributed sensor systems. Because of these shortcomings, existing bright-pulse Brillouin-based technologies are unable to succeed within today's dynamic environments, which coincides with our DarkPulse Technology's increased capabilities over bright-pulse systems. Our marketing initiatives include daily, broad-based social media engagement; management of our website; email campaigns, and other ongoing initiatives designed to increase awareness of our products and services and drive conversion and adoption rates.

## **Competition**

The overall optical sensing market is projected to reach USD \$3.47 billion by 2023 from USD \$1.13 billion in 2016, at a CAGR of 15.47% between 2017 and 2023.<sup>[1]</sup> We are active in the optical sensing market, including Oil & Gas pipeline health monitoring, National Border Security applications, and the mining industry. We believe that fiber sensing applications which incorporate our DarkPulse Technology may provide significant competitive advantages over structural health monitoring applications offered by the long-term leaders in the field, such as Schlumberger, Hewlett-Packard, and Yokogawa, which collectively account for a significant portion of industry sales. These companies, as well as others, have numerous differences in feature sets and functionality, but all share certain basic attributes: a bright-pulse technology as the core of their systems architecture. An architecture designed using bright-pulsing technology has limited sensing capabilities and resolutions of one meter allowing for mostly long-term quasi-static deployments.

However, the Company utilizes its DarkPulse Technology allowing for multiple applications into those markets unavailable to companies using bright-pulse technology. While many of the companies using bright-pulse technology have attempted to incorporate various sensing techniques into a legacy technology, none have been able to offer the order of magnitude resolutions offered by our DarkPulse Technology. This magnitude in resolution coupled with the DarkPulse Technology's increased data collection speeds allows our DarkPulse Technology to be installed into areas of the market that our competitors cannot. The Company's future financial condition and operating results depend on its ability to provide a high-quality solution as well as increased distribution of the solutions in each of the markets in which it competes or intends to compete within.

The markets for the Company's products and services are highly competitive and the Company is confronted by aggressive competition. These markets are characterized by frequent product introductions and rapid technological advances. The Company's financial condition and operating results can be adversely affected by these and other industry-wide downward pressures on gross margins. Principal competitive factors important to the Company include price, product features, relative price and performance, product quality and reliability, marketing and distribution capability, service and support and corporate reputation.

## **Intellectual Property**

Our policy is to protect our technology by, among other things, patents, trade secret protection and copyrights. We have taken security measures to protect our trade secrets and proprietary know-how, to the greatest extent possible. Our means of protecting our proprietary rights may not prove to be adequate and our competitors may independently develop technology or products that are similar to ours or that compete with ours. Trade secret, patent and copyright laws afford only certain protections for our technology and products. The laws of many countries do not protect our proprietary rights to as great an extent as do the laws of the United States. Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to obtain and use information that we regard as proprietary. Third parties may also design around our proprietary rights, which may render our protected technology and products less valuable, if the design around is favorably received in the marketplace.

In addition, any of our products or technology covered by patents or other intellectual property rights, could cause us to be subject to various legal actions. Litigation may be necessary to enforce our intellectual property rights, to protect our trade secrets, to determine the validity and scope of the proprietary rights of others, or to defend against claims of infringement, invalidity, misappropriation, or other claims.

Through DPTI's April 2017 Intellectual Property agreement with the University, DPTI was sold, transferred, and assigned U.S. Patent Nos. 7,245,790, 8,643,829, and 9,534,965, each of which are related to our BOTDA dark-pulse technology. In addition, Canadian Patent No. 2,502,275 was also assigned.

## **Suppliers**

We currently rely on a full-time, dedicated, external team of experienced professionals for the coding and maintenance of our products. We believe we have mitigated the associated risks of managing an external team of software and engineering development professionals by incorporating internal management and oversight, as well as appropriate systems, protocols, controls, and procedures and ensuring that we have access to additional qualified professionals to provide like or complementary services.

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[1] Optical Sensing Market by Industry (Aerospace & Defense, Utilities, Oil & Gas, Medical, Construction, and Consumer Electronics), Application, Method, and Geography - Global Forecast to 2023 ([https://www.marketsandmarkets.com/Market-Reports/optical-sensing-market-197592599.html?gclid=EA1aIQobChM1zrfanf7P4Q1VA0GGCh3jlw7rEAAYASAAEgI9bvD\\_BwE](https://www.marketsandmarkets.com/Market-Reports/optical-sensing-market-197592599.html?gclid=EA1aIQobChM1zrfanf7P4Q1VA0GGCh3jlw7rEAAYASAAEgI9bvD_BwE))

## **Government Regulation**

Government regulation is not of significant concern for our business nor is government regulation expected to become an impediment to the business in the near- or mid-term as management is currently unaware of any planned or anticipated government regulation that would have a material impact on our business. Our management believes it currently possesses all requisite authority to conduct our business as described in this Annual Report.

## ***Employees***

As of November 30, 2021, we had seven full-time employee and no part-time employees.

## ***Legal Proceedings***

### Former Officers

On September 10, 2021, Stephen Goodman, Mark Banash, and David Singer (the "**Former Officers**"), all former officers and employees of the Company, commenced suit against the Company in Arizona Superior Court, Maricopa County. The complaint alleges the Company breached the rights of the Former Officers in connection with Series D preferred stock issued to the Former Officers. The Company intends to defend itself against the allegations asserted in the Former Officers' complaint, if the case progresses the Company will file countersuits against all plaintiffs.

### More Capital, LLC

On June 29, 2021, More Capital, LLC ("**More**") commenced suit against the Company, et al., in the 4th Judicial District (Hennepin County District Court) (Minnesota), alleging the Company breached the terms and conditions of a convertible promissory note and accompanying securities purchase agreement More and the Company entered into on August 20, 2018.

On July 20, 2021, the Company filed a motion to dismiss More's complaint, arguing that the claims asserted against the Company fail to state a claim upon which relief can be granted.

The Company intends to defend itself against the allegations asserted in More's complaint and interpose the defenses provided under the Exchange Act, including but not limited to asserting that More is an unregistered dealer acting in violation of Section 15(a) of the Exchange Act and, pursuant to Section 29(b) of the Exchange Act, the Company interposing its right to rescind the unlawful securities contracts in their entirety and, furthermore, seek rescissionary damages for any unlawful securities transactions effected by More. The Company contends that its arguments are brought in good faith, particularly in light of recent SEC enforcement actions and the SEC's ongoing investigation against More, among other parties, for violations of federal securities laws, including violations of Section 15(a) of the Exchange Act. See U.S. Securities and Exchange Commission v. Carebourn Capital, LP et al, Case No. 1:20-cv-07162 (N.D. Ill.).

### Carebourn Capital, L.P.

On January 29, 2021, Carebourn Capital, L.P. ("**Carebourn**") commenced suit against the Company in the 4th Judicial District (Hennepin County District Court, Minnesota), alleging the Company breached the terms and conditions of two convertible promissory notes and accompanying securities purchase agreements Carebourn and the Company entered into on July 17, 2018 and July 24, 2018, respectively.

Also on January 29, 2021, Carebourn moved for a temporary injunction to enjoin the Company from transferring any shares of its common stock to any third parties. Following submission of briefing by both parties and oral arguments on Carebourn's motion, on March 17, 2021, the Court denied Carebourn's motion for a temporary injunction.

On April 14, 2021, Carebourn filed an amended complaint and asserted new claims. On May 13, 2021, the Company filed a motion to dismiss Carebourn's amended complaint, arguing that Carebourn is conducting itself as an unregistered dealer, in violation of Section 15(a) of the Exchange Act, and, pursuant to Section 29(b) of the Securities Act, the Company is entitled to have all contracts arising under the unlawful securities transaction declared void ab initio and seek rescissionary damages for any unlawful securities transactions effected by Carebourn.

As of the date hereof, a ruling has not been issued on the foregoing motions to dismiss filed by the Company and Standard Registrar and Transfer Company, Inc., and the Company and Carebourn are conducting discovery. The Company intends to defend itself against the allegations asserted in Carebourn's amended complaint and interpose the defenses provided under the Act, including but not limited to asserting that Carebourn is an unregistered dealer acting in violation of Section 15(a) and, pursuant to Section 29(b), the Company interposing its right to rescind the unlawful securities contracts in their entirety and, furthermore, seek rescissionary damages for any unlawful securities transactions effected by Carebourn.

## ***Recent Developments***

### Acquisitions

On August 9, 2021, the Company entered into a Share Purchase Agreement with Optilan Guernsey Limited and Optilan Holdco 2 Limited (the "**Sellers**"), pursuant to which the Company purchased from the Sellers all of the issued and outstanding equity interests of Optilan HoldCo 3 Limited, a private company incorporated in England and Wales ("**Optilan**") for £1.00 and also a commitment to enter into the Subscription (as defined below). Optilan is now a wholly-owned subsidiary of the Company.

On August 9, 2021, the Company entered into a Subscription Agreement with Optilan, pursuant to which the Company agreed to purchase an aggregate of 4,000,000 Ordinary Shares of Optilan for an aggregate purchase price of £4,000,000.

On August 30, 2021, the Company closed two separate Membership Interest Purchase Agreements (the "**MPAs**") with Remote Intelligence, Limited Liability Company, a Pennsylvania limited liability company ("**RI**") and Wildlife Specialists, LLC, a Pennsylvania limited liability company ("**WS**") pursuant to which the Company agreed to pay to the majority shareholder of each of RI and WS an aggregate of 15,000,000 shares of the Company's Common Stock, \$500,000 to be paid on the closing date, and an additional \$500,000 to be paid 12 weeks from closing date in exchange for 60% ownership of each of RI and WS. RI and WS are now subsidiaries of the Company.

On September 8, 2021, the Company entered into and closed the Stock Purchase Agreement (the "**TJMSPA**") with TJM Electronics West, Inc., an Arizona corporation ("**TJM**"), and TJM's shareholders, pursuant to which the Company agreed to purchase all of the equity interests in TJM in exchange for \$450,000, subject to adjustments as defined in the TJM SPA. TJM is now a wholly-owned subsidiary of the Company.

Effective October 1, 2021, the Company entered into and closed the Membership Purchase Agreement (the "**TerraData MPA**") with TerraData Unmanned, PLLC, a Florida limited liability company ("**TerraData**"), and Justin Dee, the sole shareholder of TerraData, pursuant to which we agreed to purchase 60% of the equity interests in TerraData in exchange for 3,725,386 shares of our Common Stock and \$400,000, subject to adjustments as defined in the TerraData MPA, to be paid within 12 weeks of closing. TerraData is now a subsidiary of the Company.

## Financings

On January 4, 2021, we entered into a securities purchase agreement with Geneva Roth Remark Holdings, Inc. ("Geneva") issuing to Geneva a convertible promissory note in the aggregate principal amount of \$42,350 with a \$3,850 original issue discount and \$3,500 in transactional expenses due to Geneva and its counsel. The note bears interest at 8% per annum and may be converted into common shares of the Company's common stock at a conversion price equal to 70% of the lowest trading price of our common stock during the 20 prior trading days. We received \$35,000 net cash.

On February 3, 2021, we entered into a securities purchase agreement with Geneva issuing to Geneva a convertible promissory note in the aggregate principal amount of \$94,200 with a \$15,700 original issue discount and \$3,500 in transactional expenses due to Geneva and its counsel. The note bears interest at 4.5% per annum and may be converted into common shares of our common stock at a conversion price equal to 81% of the lowest two trading prices of our common stock during the 10 prior trading days. We received \$75,000 net cash.

On February 18, 2021, we entered into a securities purchase agreement with Geneva issuing to Geneva a convertible promissory note in the aggregate principal amount of \$76,200 with a \$12,700 original issue discount and \$3,500 in transactional expenses due to Geneva and its counsel. The note bears interest at 4.5% per annum and may be converted into common shares of our common stock at a conversion price equal to 81% of the lowest two trading prices of our common stock during the 10 prior trading days. We received \$60,000 net cash.

On April 5, 2021, we entered into a securities purchase agreement with Geneva issuing to Geneva a convertible promissory note in the aggregate principal amount of \$64,200 with a \$10,700 original issue discount and \$3,500 in transactional expenses due to Geneva and its counsel. The note bears interest at 4.5% per annum and may be converted into common shares of the Company's common stock at a conversion price equal to 81% of the lowest 2 trading prices of the Company's common stock during the 10 prior trading days. The Company received \$50,000 net cash.

On April 26, 2021, we entered a Securities Purchase Agreement (the "FirstFire SPA") and Registration Rights Agreement (the "FirstFire Registration Rights Agreement") with FIRSTFIRE GLOBAL OPPORTUNITIES FUND, LLC, a Delaware limited liability company (the "FirstFire"), pursuant to which we issued to FirstFire a Convertible Promissory Note in the principal amount of \$825,000 (the "FirstFire Note"). The purchase price of the FirstFire Note is \$750,000. The FirstFire Note matures on January 26, 2022 upon which time all accrued and unpaid interest will be due and payable. Interest accrues on the FirstFire Note at 10% per annum guaranteed until the FirstFire Note becomes due and payable, whether at maturity or upon acceleration or by prepayment or otherwise. The FirstFire Note is convertible at any time after 180 days from issuance, upon the election of the FirstFire, into shares of our Common Stock at \$0.015 per share. The FirstFire Note is subject to various "Events of Default," which are disclosed in the FirstFire Note. Upon the occurrence of an "Event of Default," the conversion price will become \$0.005. In the event of a DTC "chill" on our shares, an additional discount of 10% will apply to the conversion price while the "chill" is in effect. Upon the issuance of the FirstFire Note, we have initially agreed to reserve 550,000,000 shares of Common Stock.

The FirstFire Registration Rights Agreement provides that we shall (i) use our best efforts to file with the Commission an S-1 Registration Statement within 90 days of the date of the FirstFire Registration Rights Agreement to register the shares into which the FirstFire Note is convertible; and (ii) have the Registration Statement declared effective by the SEC within 180 days after the date the Registration Statement is filed with the SEC.

On July 14, 2021, we entered a Securities Purchase Agreement with GS Capital Partners, LLC (the "GS"), pursuant to which we issued to GS a 6% Redeemable Note in the principal amount of \$2,000,000 (the "GS Note"). The purchase price of the GS Note is \$1,980,000. The GS Note matures on July 14, 2022 upon which time all accrued and unpaid interest will be due and payable. Interest accrues on the GS Note at 6% per annum until the GS Note becomes due and payable. The GS Note is subject to various "Events of Default," which are disclosed in the GS Note. Upon the occurrence of an "Event of Default," the interest rate on the GS Note will be 18%. The GS Note is not convertible into shares of our Common Stock and is not dilutive to existing or future shareholders and we plan on using a portion of the proceeds of the GS Note to retire existing convertible debt.

On August 19, 2021, we entered into the Purchase Agreement with GHS, for the offering of up to \$45,000,000 worth of Common Stock. Pursuant to the Purchase Agreement, on August 19, 2021, we and GHS agreed that we would issue and sell to GHS, and GHS would purchase from us, 31,799,260 shares of Common Stock for total proceeds to the Company, net of discounts, of \$3,300,000, at an effective price of \$0.1038 per share (the "First Closing"). We received approximately \$2,790,000 in net proceeds from the First Closing after deducting the fees and other estimated offering expenses payable by us. We used the net proceeds from the First Closing for working capital and for general corporate purposes. The shares were issued to GHS in a registered direct offering, pursuant to a prospectus supplement to the Company's registration statement on Form S-3 (File No. 333-257826), which was initially filed with the SEC on July 12, 2021, and was declared effective on August 18, 2021.

Pursuant to the Purchase Agreement, on August 31, 2021, we and GHS agreed that we would issue and sell to GHS, and GHS would purchase from us, 27,297,995 shares of Common Stock for total proceeds to us, net of discounts, of \$3,300,000, at an effective price of \$0.120888 per share (the "Second Closing"). We received approximately \$2,885,000 in net proceeds from the Second Closing after deducting the fees and other estimated offering expenses payable by us. We used the net proceeds from the Second Closing for working capital and for general corporate purposes. The shares were issued to GHS in a registered direct offering, pursuant to a prospectus supplement to our registration statement on Form S-3 (File No. 333-257826), which was initially filed with the SEC on July 12, 2021, and was declared effective on August 18, 2021.

Pursuant to the Purchase Agreement, on September 22, 2021, we and GHS agreed that we would issue and sell to GHS, and GHS would purchase from us, 25,630,272 shares of Common Stock for total proceeds to us, net of discounts, of \$2,000,000, at an effective price of \$0.085836 per share (the "Third Closing"). We received approximately \$1,915,000 in net proceeds from the Third Closing after deducting the fees and other estimated offering expenses payable by us. We used the net proceeds from the Third Closing for working capital and for general corporate purposes. The shares were issued to GHS in a registered direct offering, pursuant to a prospectus supplement to our registration statement on Form S-3 (File No. 333-257826), which was initially filed with the SEC on July 12, 2021, and was declared effective on August 18, 2021.

Pursuant to the Purchase Agreement, on October 1, 2021, we and GHS agreed that we would issue and sell to GHS, and GHS would purchase from us, 37,187,289 shares of Common Stock for total proceeds to us, net of discounts, of \$3,000,000, at an effective price of \$0.08874 per share (the "Fourth Closing"). We received approximately \$2,850,000 in net proceeds from the Fourth Closing after deducting the fees and other estimated offering expenses payable by us. We used the net proceeds from the Fourth Closing for working capital and for general corporate purposes. The shares were issued to GHS in a registered direct offering, pursuant to a prospectus supplement to our registration statement on Form S-3 (File No. 333-257826), which was initially filed with the SEC on July 12, 2021, and was declared effective on August 18, 2021.

Pursuant to the Purchase Agreement, on October 15, 2021, we and GHS agreed that we would issue and sell to GHS, and GHS would purchase from us, 14,282,304 shares of Common Stock for total proceeds to us, net of discounts, of \$1,055,000, at an effective price of \$0.0812544 per share (the "Fifth Closing"). We received approximately \$1,102,475 in net proceeds from the Fifth Closing after deducting the fees and other estimated offering expenses payable by us. We used the net proceeds from the Fifth Closing for working capital and for general corporate purposes. The shares were issued to GHS in a registered direct offering, pursuant to a prospectus supplement to our registration statement on Form S-3 (File No. 333-257826), which was initially filed with the SEC on July 12, 2021, and was declared effective on August 18, 2021.

We have entered into a consulting agreement with the Bachner Group to assist in the successful transformation from an R&D focused company to a sales-focused company, and assist us with federal contract opportunities.

We have entered into a partnership with Remote Intelligence to expand our service offerings to include "eye in the sky" drone capabilities.

We have entered into a partnership with Unleash Live to expand our service offerings to include AI enhanced image evaluation and secure private networking capabilities.

#### Other Events

On August 3, 2021, the Company entered into an Engagement Agreement and Terms and Conditions (the "EIAP Agreement") with Energy & Industrial Advisory Partners, LLC ("EIAP"). Pursuant to the EIAP Agreement, the Company has engaged EIAP to serve as an advisor to the Company in the proposed transaction for agreed target company or any of its subsidiaries and/or the whole or any part of its or their business or assets (the "Transaction"). EIAP will receive a monthly retainer of \$10,000 per month payable upon receipt of an invoice. EIAP will also receive a consulting bonus fee of \$350,000 payable upon completion of the Transaction. In the event of successful completion of the Transaction as a result of EIAP's involvement, EIAP agrees to deduct the total retainer fee from the consulting bonus fee. The EIAP Agreement may be terminated, with or without cause, by either party upon ten days' written prior notice thereof to the other party. If (a) during the term of the EIAP Agreement, or (b) within two years following the date of the EIAP Agreement's termination by the Company (provided that such two-year period shall be extended by the same period of time that the Company takes to settle in full all fees, expenses and/or outlays due or to become due to EIAP as at the date of the EIAP Agreement's termination), the Company completes a transaction with the target company or a similar transaction to the Transaction, then the Company shall pay the consulting bonus fee at the completion of the transaction.

#### **DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS**

##### ***Executive Officers and Directors***

The following table sets forth the name, age, and position of each executive officer and director of the Company:

Director's Name	Age	Position
Dennis O'Leary	58	Chairman of the Board, Chief Executive Officer, President, Chief Financial Officer, Secretary & Treasurer
Dr. Anthony Brown	48	Director
Carl Eckel	63	Director

**Dennis M. O'Leary, Chairman, CEO, President, CFO.** Mr. O'Leary is the Company's Chief Executive Officer, President, Chief Financial Officer and Chairman of the Board. Mr. O'Leary founded DarkPulse Technologies Inc., a wholly-owned subsidiary of the Company, in 2010. Mr. O'Leary is a serial entrepreneur with significant international experience having founded Sulu Electric Power and Light Corp (Philippines), a firm with expertise in utility scale power generation and solar energy. He is the co-founder and Chairman of DarkPulse Technologies Inc., a firm developing specialized devices that monitor activities along national borders and provide structural health and safety monitoring of oil and gas pipelines. He holds extensive start-up experience including multiple exit strategies. Mr. O'Leary is an Ambassador for the Province of New Brunswick, Canada, and a Research Member of the NATO Science and Technology Organization. He served as a member of the Board at Arizona State University's School of Engineering, Global Resolve as Chair of the Impact Committee. His previous employment includes the NYPD where he worked as a member of the Manhattan North Tactical Narcotics Team, which prosecuted establishments involved in the illegal distribution of narcotics. He was a member of a joint taskforce working with the DEA and USINS in the execution of warrants related to narcotics trafficking. While at the NYPD, he was assigned to the Department of Justice as a member of the FBI's investigative team with internal designation C14. He is a licensed private pilot with turbine experience. Mr. O'Leary is not, and has not been during the past five years, the director of any other public companies.

**Dr. Anthony Brown, Director.** Dr. Brown is a physicist and scientist with extensive experience in the development of Brillouin scattering-based distributed fiber optic sensing. In 2010, Dr. Brown co-founded DarkPulse Technologies, Inc., a wholly-owned subsidiary of the Company. Dr. Brown has more than 25 years of research and lecturing experience gained at the University of New Brunswick ("UNB"), focusing primarily on the development of Brillouin scattering-based distributed fiber optic sensor technology. From 2001 to 2012, Dr. Brown served as an assistant professor and research associate at UNB. During Dr. Brown's tenure at UNB, he was instrumental in developing numerous patents in the field of fiber optic sensing. From 2012 to 2015, Dr. Brown served as an Adjunct Professor at UNB. From 2013 through the present, Dr. Brown has served as a data scientist for Xplornet Communications, Inc. From 2018 through the present, Dr. Brown has served as a consultant for the Company. Dr. Brown received a Bachelor of Science degree in Physics from UNB in 1995, and a PhD in Physics from UNB in 2001. We believe that Dr. Brown should serve as a member of our Board of Directors due to his extensive experience in the development of Brillouin scattering-based distributed fiber optic sensing.

**Carl Eckel, Director.** Mr. Eckel is a U.S. military veteran with over 35 years of defense communications system development and support experience. Mr. Eckel's career began in the field of telecommunications operations and continued to evolve with the rapid advancements in telecommunications technologies. While serving in the United States Air Force from 1977 to 1985, Mr. Eckel was responsible for managing leased communications accounting, planning, user requirement changes, and system upgrades and replacements for critical Air Force Satellite Control Network ("AFSCN") Programs at Onizuka AFS, until his honorable discharge in 1985. As a private civilian, from 1985 to 1992, Mr. Eckel served as a Database Systems Administrator and Site Integrator for Ford Aerospace / Loral where he was responsible for into customer communications requirements analysis and development of training for operations and maintenance of the classified and unclassified systems supporting all Space Shuttle and satellite activities. In 1993 recognizing the government's need for quality affordable training for operations and maintenance of complex software and hardware communications systems, Mr. Eckel started a successful training development and delivery business that provided training to Washington D.C. area clients such as the Pentagon 7th CG, the White House Communications Agency, and PACAF based in Hawaii. Mr. Eckel worked for Allied Signal/Honeywell in 1995-96 as a Group Field Engineer maintaining critical Control Center and Remote Tracking Communications Equipment around the world, and then rejoining communications systems support with Lockheed from 1997 to 1998. From 1999 to 2000, Mr. Eckel resumed support on the government side of the AFSCN serving initially in Network Security and Systems Integration. From 2000 to 2001, Mr. Eckel served as a Deputy Maintenance Manager for ITT where he was responsible for maintenance of AFSCN mission control communications systems. From 2001 to 2013, Mr. Eckel served as a Site Manager, Program Manager, and Program Director for IITC / Nortel / PEC / Avaya Government Solutions where he held a team leadership role transitioning back into program management. With this transition Mr. Eckel was a part of establishing and delivering contract performance that netted 99-100% contract satisfaction award fees. Mr. Eckel advanced to program director level managing contract team activities, including subcontractors, at multiple locations supporting programs for the Air Force, Army, and NOAA/NWS. In early 2014, Mr. Eckel transitioned into the Oil and Gas Industry as a safety professional in support of pipeline integrity work, station work, and mainline projects for clients including Enbridge, Hess, Tesoro, MarkWest, TransCanada, Kinder Morgan, and Shell. From 2014 through the present, Mr. Eckel has served as a Safety Manager for Minnesota Limited, LLC where he is responsible for safety compliance, including field safety inspections, incident and accident investigation, and reporting. Mr. Eckel received a diploma in Communications Systems from the USAF Technical School in Shepherd AFB, TX. Mr. Eckel holds numerous certifications, including OSHA 500 – Authorized OSHA 10 and 30 hour trainer, OSHA 510 HAZWOPER, CPR/AED/First aid, DOT – CSA & HAZMAT Driver Training. We believe that Mr. Eckel should serve as a member of our Board of Directors due to his extensive management experience within the government and the private sectors in such areas and industries where the Company's technology systems may be advantageously utilized.

#### **Legal Proceedings**

During the past ten years there have been no events under any bankruptcy act, no criminal proceedings and no judgments, injunctions, orders or decrees material to the evaluation of the ability and integrity of any of our directors or executive officers, and none of these persons has been involved in any judicial or administrative proceedings resulting from involvement in mail or wire fraud or fraud in connection with any business entity, any judicial or administrative proceedings based on violations of federal or state securities, commodities, banking or insurance laws or regulations, or any disciplinary sanctions or orders imposed by a stock, commodities or derivatives exchange or other self-regulatory organization.

#### **Family Relationships**

There are no family relationships between any of our directors and executive officers.

#### **Code of Ethics**

We have not adopted a formal, written code of ethics due to a small number of members of management, lack of previous business operations, and lack of resources. We plan to adopt a Code of Ethics during the fiscal year ending December 31, 2021.

#### **Audit Committee**

As of December 31, 2020, we did not have a functioning Audit Committee. Our management is currently reviewing our SEC filings and relying on outside experts to assist with this process.

## **EXECUTIVE COMPENSATION**

#### **Summary Compensation**

The following table shows the executive compensation paid to our named executive officers and directors for the years ended December 31, 2020 and 2019.

Name and Principal Position	Year Ended Dec 31,	Salary <sup>(1)</sup>	Total
Dennis O'Leary	2020	\$ 0	\$ 0
Chairman/CEO and Director	2019	\$ 18,000	\$ 18,000
Dr. Anthony Brown	2020	\$ 0	\$ 0
Director	2019	\$ 0	\$ 0
Carl Eckel	2020	\$ 0	\$ 0
Director	2019	\$ 0	\$ 0

<sup>(1)</sup> The Company accrued \$0 and \$18,000 for compensation for Mr. O'Leary during the years ended December 31, 2020 and 2019, respectively, of which \$0 has been paid, respectively.

## Equity Awards

As of December 31, 2020, there were no outstanding equity awards.

## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

### Principal Shareholders

The table below sets forth information as to our Directors and Executive Officers and each person owning of record or was known by the Company to own beneficially shares of stock greater than 5% of the 5,154,132,642 (5,154,044,407 common plus 88,235 preferred) shares as of November 22, 2021. The table includes preferred stock that is convertible into common stock and information as to the ownership of the Company's Stock by each of its directors and executive officers and by the directors and executive officers as a group. There were no stock options outstanding as of November 22, 2021. Except as otherwise indicated, all shares are owned directly, and the persons named in the table have sole voting and investment power with respect to shares shown as beneficially owned by them. The address for each of the Company's directors, executive officers, and named executive officers is 1345 Avenue of the Americas, 2<sup>nd</sup> Floor, New York, NY 10105.

Name and Position	Shares of Common Stock Owned	Shares of Series D Preferred Stock Owned	Amount and Nature of Beneficial Ownership <sup>(1)</sup>	Percentage of Beneficial Ownership Before Offering	Percentage of Beneficial Ownership Assuming all Shares are Sold
Dennis O'Leary, CEO and Director	-	67,647	21,620,914,482	81.29%	80.38%
Dr. Anthony Brown, Director	-	5,882	1,879,968,348	27.42%	26.29%
Carl Eckel, Director	-	-	-	-	-
<b>&gt;5% Shareholders</b>					
Fantastic Northamerica, LLC Avenue of the Americas 2 <sup>nd</sup> Floor New York, NY 10105	-	67,647	21,620,914,482	81.29%	80.38%
Dr. Thomas A. Cellucci 42757 Cedar Ridge Blvd. Chantilly, VA 20152	-	9,412	3,008,205,047	37.67%	36.31%
Stephen Goodman 1873 W Dion Drive Anthem, AZ 85086	-	1,177	376,185,437	7.03%	6.65%
Mark Banash 52 Rice Ln Bedford, NH 03110	-	1,176	375,865,824	7.02%	6.64%
David Singer 200 South Ironton St., #109 Aurora, CO 80012	-	1,176	375,865,824	7.02%	6.64%
Brunson, Chandler & Jones, PLLC 175 S Main St. SLC, UT 84111	-	1,175	375,546,210	7.01%	6.63%

\*Less than 1%

- (1) Under Rule 13d-3 of the Exchange Act, a beneficial owner of a security includes any person who, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise has or shares: (i) voting power, which includes the power to vote, or to direct the voting of shares; and (ii) investment power, which includes the power to dispose or direct the disposition of shares. Certain shares may be deemed to be beneficially owned by more than one person (if, for example, persons share the power to vote or the power to dispose of the shares). In addition, shares are deemed to be beneficially owned by a person if the person has the right to acquire the shares (for example, upon exercise of an option) within 60 days of the date as of which the information is provided. In computing the percentage ownership of any person, the amount of shares outstanding is deemed to include the number of shares beneficially owned by such person (and only such person) by reason of these acquisition rights. As a result, the percentage of outstanding shares of any person as shown in the above table does not necessarily reflect the person's actual ownership or voting power with respect to the number of shares of common stock actually outstanding on the date of this prospectus.
- (2) Includes 67,647 shares of Series D Preferred Stock are owned by Fantastic Northamerica, LLC which is owned and controlled by Mr. O'Leary, the Company's Chief Executive Officer.

## CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

### ***Certain Relationships and Related Transactions***

Except as disclosed below, for transactions with our executive officers and directors, please see the disclosure under "[EXECUTIVE COMPENSATION](#)" above.

### ***Accrued Compensation***

Dennis O'Leary, the Company's CEO, accrued \$0 and \$18,000 for compensation for the CEO during the years ended December 31, 2020 and 2019, of which \$0 and \$0 were paid, respectively.

### ***Director Independence***

A Director is considered independent if the Board affirmatively determines that the director (or an immediate family member) does not have any direct or indirect material relationship with us or our affiliates or any member of our senior management or his or her affiliates. The term "affiliate" means any corporation or other entity that controls, is controlled by, or under common control with us, evidenced by the power to elect a majority of the Board of Directors or comparable governing body of such entity. The term "immediate family member" means spouse, parents, children, siblings, mothers- and fathers-in-law, sons- and daughters-in law, brothers- and sisters-in-laws and anyone (other than domestic employees) sharing the director's home.

In accordance with these guidelines, the Board has determined that current Board members Eckel and Brown are independent directors.

## DESCRIPTION OF SECURITIES

We have authorized capital stock consisting of the following. The total number of shares of capital stock which the Company has the authority to issue is: 20,002,000,000. These shares shall be divided into two classes with 20,000,000,000 shares designated as common stock at \$0.0001 par value (the "**Common Stock**") and 2,000,000 shares designated as preferred stock at \$0.01 par value (the "**Preferred Stock**"). The Preferred Stock of the Company is issuable by authority of the Board of Director(s) of the Company in one or more classes or one or more series within any class and such classes or series shall have such voting powers, full or limited, or no voting powers, and such designations, preferences, limitations or restrictions as our Board of Directors may determine, from time to time. We have 5,154,044,407 common shares and 88,235 preferred shares outstanding as of the date of this prospectus.

### ***Common Stock***

Our Certificate of Incorporation authorize us to issue 20,000,000,000 shares of common stock, par value \$0.0001 per share. The holders of outstanding common shares are entitled to receive dividends out of assets or funds legally available for the payment of dividends of such times and in such amounts as the board from time to time may determine. Holders of common stock are entitled to one vote for each share held on all matters submitted to a vote of stockholders. There is no cumulative voting of the election of directors then standing for election. The common shares are not entitled to pre-emptive rights and are not subject to conversion or redemption. Upon liquidation, dissolution or winding up of the Company, the assets legally available for distribution to stockholders are distributable ratably among the holders of the common shares after payment of liquidation preferences, if any, on any outstanding payment of other claims of creditors. Each outstanding common share is duly and validly issued, fully paid and non-assessable.

### ***Preferred Stock***

Our Certificate of Incorporation authorize us to issue 2,000,000 shares of preferred stock, par value \$0.01 per share. Our Board of Directors has the authority to issue additional shares of preferred stock in one or more series, and fix for each series, the designation of and number of shares to be included in each such series. Our Board of Directors is also authorized to set the powers, privileges, preferences, and relative participating, optional or other rights, if any, of the shares of each such series and the qualifications, limitations or restrictions of the shares of each such series.

Unless our Board of Directors provides otherwise, the shares of all series of preferred stock will rank on parity with respect to the payment of dividends and to the distribution of assets upon liquidation. Any issuance by us of shares of our preferred stock may have the effect of delaying, deferring or preventing a change of our control or an unsolicited acquisition proposal. The issuance of preferred stock also could decrease the amount of earnings and assets available for distribution to the holders of common stock or could adversely affect the rights and powers, including voting rights, of the holders of common stock.

On July 12, 2018, we filed a Certificate of Designation with the State of Delaware amending the designation of its previously designated "Class D Voting Preferred Stock," designating 100,000 shares of the Company's preferred stock as "Series D Preferred Stock." As of July 18, 2018, all shares of the Company's Class A Voting Preferred Stock, Class B Voting Preferred Stock, and Class C Voting Preferred Stock had been returned to the Company and cancelled. There are presently 88,235 shares of Series D Preferred Stock outstanding.

Each share of Series D Preferred Stock entitles the holder to 6,000 votes on all matters submitted to a vote of our stockholders and is convertible at the election of the holder into a number of shares of common stock equal to the number of our outstanding shares of stock multiplied by 5 ½%, divided by the number of outstanding shares of Series D Preferred Stock.

#### ***Stock Options***

We currently have no outstanding stock options.

#### ***Dividend Policy***

We have never declared a cash dividend on our common stock and our Board of Directors does not anticipate that we will pay cash dividends in the foreseeable future. Any future determination to pay cash dividends will be at the discretion of our board of directors and will depend upon our financial condition, operating results, capital requirements, restrictions contained in our agreements and other factors which our Board of Directors deems relevant.

#### ***Transfer Agent***

We have appointed Standard Registrar and Transfer Company, 440 East 400 South, Suite 200, Salt Lake City, UT 84111, to act as transfer agent for the common stock.

#### ***Anti-Takeover Effects of Delaware Law, Our Certificate of Incorporation and Bylaws***

Certain provisions of our charter documents and Delaware law could have an anti-takeover effect and could delay, discourage or prevent a tender offer or takeover attempt that a stockholder might consider to be in its best interests, including attempts that might otherwise result in a premium being paid over the market price of our common stock.

#### ***Charter and Bylaws***

Our Certificate of Incorporation and Bylaws contain provisions that could have the effect of delaying or preventing changes in control or changes in our management without the consent of our board of directors, including, among other things:

- no cumulative voting in the election of directors, which limits the ability of minority stockholders to elect director candidates;
- the ability of our board of directors to issue shares of preferred stock and to determine the price and other terms of those shares, including preferences and voting rights, without stockholder approval, which could be used to significantly dilute the ownership of a hostile acquirer;
- the exclusive right of our board of directors to elect a director to fill a vacancy created by the expansion of our board of directors or the resignation, death or removal of a director, which prevents stockholders from being able to fill vacancies on our board of directors;
- the requirement that a special meeting of stockholders may be called only by a majority vote of our board of directors or by stockholders holding shares of our common stock representing in the aggregate a majority of votes then outstanding, which could delay the ability of our stockholders to force consideration of a proposal or to take action, including the removal of directors; and
- the ability of our board of directors, by majority vote, to amend our bylaws, which may allow our board of directors to take additional actions to prevent a hostile acquisition and inhibit the ability of an acquirer to amend our by-laws to facilitate a hostile acquisition.

#### ***Delaware Anti-Takeover Statute***

Under Section 203 of the General Corporation Law of the State of Delaware (the "DGCL"), a corporation may not, in general, engage in a business combination with any holder of 15% or more of its capital stock unless the holder has held the stock for three years or (i) our board of directors approves the transaction prior to the stockholder acquiring the 15% ownership position, (ii) upon consummation of the transaction that resulted in the stockholder acquiring the 15% ownership position, the stockholder owns at least 85% of the outstanding voting stock (excluding shares owned by directors or officers and shares owned by certain employee stock plans) or (iii) the transaction is approved by the board of directors and by the stockholders at an annual or special meeting by a vote of 66 2/3% of the outstanding voting stock (excluding shares held or controlled by the interested stockholder). In general, Section 203 defines an interested stockholder as any entity or person beneficially owning 15% or more of the outstanding voting stock of the corporation and any entity or person affiliated with or controlling or controlled by any such entity or person.

A Delaware corporation may opt out of this provision by express provision in its original certificate of incorporation or by amendment to its certificate of incorporation or by-laws approved by its stockholders. We have opted out of Section 203.

#### ***Authorized but Unissued Shares***

Our authorized but unissued shares of Common Stock and Preferred Stock will be available for future issuance without stockholder approval, except as may be required under the listing rules of any stock exchange on which our Common Stock is then listed. We may use additional shares for a variety of corporate purposes, including future public offerings to raise additional capital, corporate acquisitions and employee benefit plans. The existence of authorized but unissued shares of Common Stock and Preferred Stock could render more difficult or discourage an attempt to obtain control of us by means of a proxy contest, tender offer, merger or otherwise.

#### ***Limitations on Liability and Indemnification of Officers and Directors***

Under our Certificate of Incorporation, our directors have no personal liability to us or our stockholders for monetary damages for breach of fiduciary duty as a director, except (i) for any breach of the duty of loyalty to the Company or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the DGCL as it may from time to time be amended or any successor provision thereto, or (iv) for any transaction from which a director derives an improper personal benefit.

#### **PLAN OF DISTRIBUTION**

The common stock offered by this prospectus is being offered by the Selling Security Holder. The common stock may be sold or distributed from time to time by the Selling Share Holder directly to one or more purchasers or through brokers, dealers, or underwriters who may act solely as agents at market price prevailing at the time of sale, at prices related to the prevailing market prices, at negotiated prices, or at fixed prices, which may be changed. The Selling Security Holder may use any one or more of the following methods when selling securities:

- ordinary brokers' transactions;
- transactions involving cross or block trades;
- through brokers, dealers, or underwriters may act solely as agents;
- "at the market" into an existing market for the common stock;
- in other ways not involving market makers or established business markets, including direct sales to purchasers or sales effected through agents;
- in privately negotiated transactions; or
- any combination of the foregoing.

In order to comply with the securities laws of certain states, if applicable, the shares may be sold only through registered or licensed brokers or dealers. In addition, in certain states, the shares may not be sold unless they have been registered or qualified for sale in the state or an exemption from the state's registration or qualification requirement is available and complied with.

The Selling Security Holder is an "underwriter" within the meaning of Section 2(a)(11) of the Securities Act.

GHS has informed us that it intends to use an unaffiliated broker-dealer to effectuate all sales, if any, of the common stock that it may purchase from us pursuant to the EFA. Such sales will be made at prices and at terms then prevailing or at prices related to the then current market price. Each such unaffiliated broker-dealer will be an underwriter within the meaning of Section 2(a)(11) of the Securities Act. GHS has informed us that each such broker-dealer will receive commissions from GHS that will not exceed customary brokerage commissions.

Brokers, dealers, underwriters or agents participating in the distribution of the shares as agents may receive compensation in the form of commissions, discounts, or concessions from the Selling Security Holder and/or purchasers of the common stock for whom the broker-dealers may act as agent. The compensation paid to a particular broker-dealer may be less than or in excess of customary commissions. Neither we nor GHS can presently estimate the amount of compensation that any agent will receive.

We know of no existing arrangements between GHS or any other stockholder, broker, dealer, underwriter or agent relating to the sale or distribution of the shares offered by this prospectus. At the time a particular offer of shares is made, a prospectus supplement, if required, will be distributed that will set forth the names of any agents, underwriters or dealers and any compensation from the Selling Security Holder, and any other required information.

We will pay the expenses incident to the registration, offering, and sale of the shares to GHS. We have agreed to indemnify GHS and certain other persons against certain liabilities in connection with the offering of shares of common stock offered hereby, including liabilities arising under the Securities Act or, if such indemnity is unavailable, to contribute amounts required to be paid in respect of such liabilities. GHS has agreed to indemnify us against liabilities under the Securities Act that may arise from certain written information furnished to us by GHS specifically for use in this prospectus or, if such indemnity is unavailable, to contribute amounts required to be paid in respect of such liabilities.

GHS has represented to us that at no time prior to the EFA has GHS or its agents, representatives or affiliates engaged in or effected, in any manner whatsoever, directly or indirectly, any short sale (as such term is defined in Rule 200 of Regulation SHO of the Exchange Act) of our common stock or any hedging transaction, which establishes a net short position with respect to our common stock. GHS agreed that during the term of the EFA, it, its agents, representatives or affiliates will not enter into or effect, directly or indirectly, any of the foregoing transactions.

We have advised GHS that it is required to comply with Regulation M promulgated under the Exchange Act. With certain exceptions, Regulation M precludes the selling stockholder, any affiliated purchasers, and any broker-dealer or other person who participates in the distribution from bidding for or purchasing, or attempting to induce any person to bid for or purchase any security which is the subject of the distribution until the entire distribution is complete. Regulation M also prohibits any bids or purchases made in order to stabilize the price of a security in connection with the distribution of that security. All of the foregoing may affect the marketability of the securities offered by this prospectus.

This offering will terminate on the date that all shares offered by this prospectus have been sold by GHS or November 9, 2023, whichever occurs sooner.

Our common stock is quoted on the OTC Markets under the symbol "DPLS."

The Selling Security Holder is an "underwriter" within the meaning of Section 2(a)(11) of the Securities Act.

The Selling Security Holder and any broker-dealers or agents that are involved in selling the securities may be deemed to be "underwriters" within the meaning of the Securities Act in connection with such sales. In such event, any commissions received by such broker-dealers or agents and any profit on the resale of the securities purchased by them may be deemed to be underwriting commissions or discounts under the Securities Act. The Selling Security Holder has informed us that it does not have any written or oral agreement or understanding, directly or indirectly, with any person to distribute the securities.

Because the Selling Security Holder is deemed to be an "underwriter" within the meaning of the Securities Act, it will be subject to the prospectus delivery requirements of the Securities Act, including Rule 172 thereunder. In addition, any securities covered by this prospectus which qualify for sale pursuant to Rule 144 under the Securities Act may be sold under Rule 144 rather than under this prospectus. The Selling Security Holder has advised us that there is no underwriter or coordinating broker acting in connection with the proposed sale of the resale securities by the Selling Security Holder.

We agreed to keep this prospectus effective until the earlier of (i) the date on which the securities may be resold by the Selling Security Holder without registration and without regard to any volume or manner-of-sale limitations by reason of Rule 144, without the requirement for us to be in compliance with the current public information requirement under Rule 144 under the Securities Act or any other rule of similar effect or (ii) all of the securities have been sold pursuant to this prospectus or Rule 144 under the Securities Act or any other rule of similar effect. The resale securities will be sold only through registered or licensed brokers or dealers if required under applicable state securities laws. In addition, in certain states, the resale securities covered hereby may not be sold unless they have been registered or qualified for sale in the applicable state or an exemption from the registration or qualification requirement is available and is complied with.

Under applicable rules and regulations under the Exchange Act, any person engaged in the distribution of the resale securities may not simultaneously engage in market making activities with respect to the Common Stock for the applicable restricted period, as defined in Regulation M, prior to the commencement of the distribution. In addition, the Selling Security Holder will be subject to applicable provisions of the Exchange Act and the rules and regulations thereunder, including Regulation M, which may limit the timing of purchases and sales of the Common Stock by the Selling Security Holder or any other person. We will make copies of this prospectus available to the Selling Security Holder and have informed the Selling Security Holder of the need to deliver a copy of this prospectus to each purchaser at or prior to the time of the sale (including by compliance with Rule 172 under the Securities Act).

## SHARES ELIGIBLE FOR FUTURE SALE

The sale of a substantial number of shares of our Common Stock, or the perception that such sales could occur, could adversely affect prevailing market prices for our Common Stock. In addition, any such sale or perception could make it more difficult for us to sell equity, or equity related, securities in the future at a time and price that we deem appropriate. If and when this Registration Statement becomes effective, we might elect to adopt a stock option plan and file a Registration Statement under the Securities Act registering the shares of Common Stock reserved for issuance thereunder. Following the effectiveness of any such Registration Statement, the shares of Common Stock issued under such plan, other than shares held by affiliates, if any, would be immediately eligible for resale in the public market without restriction.

The sale of shares of our Common Stock which are not registered under the Securities Act, known as "restricted" shares, typically are effected under Rule 144. As of November 22, 2021, we had outstanding an aggregate of 5,154,044,407 shares of Common Stock of which approximately 37,448,333 shares are restricted Common Stock. All our shares of Common Stock might be sold under Rule 144 after having been held for six months. No prediction can be made as to the effect, if any, that future sales of "restricted" shares of our Common Stock, or the availability of such shares for future sale, will have on the market price of our Common Stock or our ability to raise capital through an offering of our equity securities.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

As of December 31, 2020, the Company had no securities authorized for issuance under equity compensation plans either approved or not approved by the Company's shareholders.

## CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS

On March 11, 2019 (the "**Dismissal Date**"), we advised Haynie & Company (the "**Former Auditor**") that it was dismissed as our independent registered public accounting firm. The decision to dismiss the Former Auditor as our independent registered public accounting firm was approved by our Board of Directors.

During the years ended December 31, 2017 and 2016 and through the Dismissal Date, there were no disagreements with the Former Auditor on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which disagreements, if not resolved to the Former Auditor's satisfaction, would have caused them to make reference thereto in their reports on our financial statements for such years.

Except as set forth below, during the years ended December 31, 2017 and 2016 and through the Dismissal Date, the reports of the Former Auditor on our financial statements did not contain any adverse opinion or disclaimer of opinion, and such reports were not qualified or modified as to uncertainty, audit scope, or accounting principle, except that the reports contained a paragraph stating there was substantial doubt about our ability to continue as a going concern.

On March 11, 2019, (the "**Engagement Date**"), we engaged Boyle CPA, LLC (the "**New Auditor**") as its independent registered public accounting firm for our fiscal year ended December 31, 2018. The decision to engage the New Auditor as our independent registered public accounting firm was approved by our Board of Directors.

During the two most recent fiscal years and through the Engagement Date, we had not consulted with the New Auditor regarding either:

1. application of accounting principles to any specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on our financial statements, and neither a written report was provided to us nor oral advice was provided that the New Auditor concluded was an important factor considered by us in reaching a decision as to the accounting, auditing or financial reporting issue; or

any matter that was either the subject of a disagreement (as defined in Regulation S-K, Item 304(a)(1)(iv) and the related instructions) or reportable event (as defined in Regulation S-K, Item 304(a)(1)(v)).

### DISCLOSURE OF COMMISSION POSITION ON INDEMNIFICATION OF SECURITIES ACT LIABILITIES

We have entered into indemnification agreements with each of our directors, executive officers and other key employees. The indemnification agreements will require us to indemnify our directors to the fullest extent permitted by Delaware law. We have agreed to indemnify each of our directors and certain officers against certain liabilities, including liabilities under the Securities Act. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers and controlling persons pursuant to the provisions described above, or otherwise, we have been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than our payment of expenses incurred or paid by our director, officer or controlling person in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, we will, unless in the opinion of our counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

### LEGAL MATTERS

The legality of the issuance of the shares of Common Stock offered by this Prospectus will be passed upon for us by Business Legal Advisors, LLC, Draper, Utah.

### EXPERTS

No expert or counsel named in this prospectus as having prepared or certified any part of this prospectus or having given an opinion upon the validity of the securities being registered or upon other legal matters in connection with the registration or offering of the Common Stock was employed on a contingency basis, or had, or is to receive, in connection with the offering, a substantial interest, direct or indirect, in the registrant or any of its parents or subsidiaries. Nor was any such person connected with the registrant or any of its parents or subsidiaries as a promoter, managing or principal underwriter, voting trustee, director, officer, or employee.

The financial statements of DarkPulse, Inc. as of December 31, 2020, and 2019, which includes an explanatory paragraph relating to its ability to continue as a going concern, included in this Prospectus have been audited by Boyle CPA, LLC, an independent auditor, as stated in their reports appearing herein. Such financial statements have been so included in reliance upon the reports of such firm given its authority as experts in accounting and auditing.

### WHERE YOU CAN FIND MORE INFORMATION

We have filed a registration statement on Form S-1 under the Securities Act (SEC File No. 333-\_\_\_\_\_) relating to the shares of common stock being offered by this prospectus, and reference is made to such registration statement. This prospectus constitutes the prospectus of DarkPulse, Inc., filed as part of the registration statement, and it does not contain all information in the registration statement, as certain portions have been omitted in accordance with the rules and regulations of the SEC.

Upon the effective date of the registration statement of which this prospectus is a part, we will be required to file reports and other documents with the SEC. We do not presently intend to voluntarily furnish you with a copy of our Prospectus. You may read and copy any materials we file with the SEC at the public reference room of the SEC at 100 F Street, NE, Washington, DC 20549, between the hours of 10:00 a.m. and 3:00 p.m., except federal holidays and official closings, at the Public Reference Room. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Our SEC filings are also available to you on the Internet website for the SEC at <http://www.sec.gov>.

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### PART I—FINANCIAL INFORMATION

#### **Item 1. Financial Statements**

### DARKPULSE, INC. CONDENSED CONSOLIDATED BALANCE SHEETS

September 30, 2021	December 31, 2020	Audited
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ASSETS			
CURRENT ASSETS:			
Cash	\$ 2,564,492	\$ 337	
Accounts receivable, net	5,812,003	—	
Inventory	1,630,051	—	
Unbilled revenue	1,103,876	—	
Other current assets	137,979	—	
TOTAL CURRENT ASSETS	11,248,401	337	
NON-CURRENT ASSETS:			
Property and equipment, net	1,837,399	—	
Operating lease right-of-use assets	1,476,771	—	
Patents, net	355,719	393,990	
Goodwill	15,536,899	—	
Other assets, net	282,881	91,464	
TOTAL NON-CURRENT ASSETS	19,489,673	485,454	
TOTAL ASSETS	\$ 30,738,072	\$ 485,791	
LIABILITIES AND STOCKHOLDERS' DEFICIT			
CURRENT LIABILITIES:			
Accounts payable and accrued expenses	\$ 9,549,305	\$ 1,089,869	
Convertible notes, net of discount \$111,888 and \$39,414 respectively	1,091,375	931,158	
Notes payable	2,000,000	—	
Customer deposits	4,802,891	—	
Derivative Liability	479,088	1,220,877	
Contract liabilities	2,699,688	—	
Operating lease liabilities - current	575,446	—	
Other current liabilities	2,190,110	—	
TOTAL CURRENT LIABILITIES	23,387,903	3,241,904	
NON-CURRENT LIABILITIES:			
Secured debenture	1,184,516	1,176,092	
Operating lease liabilities - non-current	1,592,880	—	
TOTAL NON-CURRENT LIABILITIES	2,777,396	1,176,092	
TOTAL LIABILITIES	\$ 26,165,299	\$ 4,417,996	
STOCKHOLDERS' DEFICIT			
Common Stock, Par Value \$0.0001, 20,000,000,000 shares authorized 4,922,968,442 and 4,088,762,156 shares issued and outstanding respectively	492,297	408,876	
Treasury Stock, 100,000 shares	(1,000)	(1,000)	
Convertible Preferred Stock, Series D, par value \$0.01, 100,000 shares authorized, 88,235 shares issued and outstanding	883	883	
Paid in capital in excess of par value	12,327,090	1,805,813	
Distributions	(6,400)	—	
Non-controlling interest in a variable interest entity and subsidiary	(34,113)	(12,439)	
Accumulated other comprehensive income	168,496	315,832	
Accumulated deficit	(8,374,480)	(6,450,170)	
TOTAL STOCKHOLDERS' EQUITY (DEFICIT)	4,572,773	(3,932,205)	
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 30,738,072	\$ 485,791	

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

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**DARKPULSE, INC.**  
**CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS**  
**(UNAUDITED)**

	FOR THE THREE MONTHS ENDED SEPTEMBER 30,		FOR THE NINE MONTHS ENDED SEPTEMBER 30,	
	2021	2020	2021	2020
REVENUE	\$ 3,500,970	\$ —	\$ 3,500,970	\$ —
COST OF GOODS SOLD	2,767,239	—	2,767,239	—

GROSS PROFIT	733,731	—	733,731	—
OPERATING EXPENSES:				
Selling, general and administrative	406,940	34,782	531,793	120,866
Salaries, wages and payroll taxes	1,007,453	—	1,007,453	187
Professional fees	1,680,600	—	1,901,572	48,297
Depreciation and amortization	91,222	12,757	116,736	38,271
Debt transaction expenses	33,000	—	184,950	—
TOTAL OPERATING EXPENSES	3,219,215	47,539	3,742,504	207,621
NET OPERATING LOSS	(2,485,484)	(47,539)	(3,008,773)	(207,621)
OTHER INCOME (EXPENSE):				
Interest expense	(320,706)	(37,318)	(671,290)	(97,842)
Gain on settlement of debt	785,240	—	785,240	1,000
Change in fair market of derivative liabilities	(251,133)	(87,852)	76,363	(44,684)
Gain/Loss on convertible notes	432,893	(1,313)	741,789	(39,414)
Foreign currency exchange rate variance	152,361	—	152,360	—
TOTAL OTHER INCOME (EXPENSE)	798,655	(126,483)	1,084,462	(180,940)
NET LOSS	(1,686,829)	(174,022)	(1,924,311)	(388,561)
Net Loss attributable to noncontrolling interests in variable interest entity and subsidiary	15,838	—	15,838	—
Net loss attributable to Company stockholders	\$ (1,670,991)	\$ (174,022)	\$ (1,908,473)	\$ (388,561)
LOSS PER SHARE:				
Basic and Diluted	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
WEIGHTED AVERAGE SHARES OUTSTANDING:				
Basic and Diluted	4,835,935,495	2,355,108,904	4,679,197,410	1,754,933,152

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

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**DARKPULSE, INC.**  
**CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS**  
**(UNAUDITED)**

	FOR THE THREE MONTHS ENDED SEPTEMBER 30,		FOR THE NINE MONTHS ENDED SEPTEMBER 30,	
	2021	2020	2021	2020
NET LOSS	\$ (1,670,991)	\$ (174,022)	\$ (1,908,473)	\$ (388,561)
OTHER COMPREHENSIVE GAIN (LOSS)				
Unrealized Gain (Loss) on Foreign Exchange	26,539	(39,945)	(7,524)	13,656
COMPREHENSIVE LOSS	<u>\$ (1,644,452)</u>	<u>\$ (213,967)</u>	<u>\$ (1,915,997)</u>	<u>\$ (374,905)</u>

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

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**DARKPULSE, INC.**  
**CONSOLIDATED STATEMENT OF STOCKHOLDERS' DEFICIT**  
**FOR THE PERIODS ENDED SEPTEMBER 30, 2021 AND 2020**

	Preferred Stock	Common Stock	Treasury	Paid in Capital in Excess of Par
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	<b>Shares</b>	<b>Amount</b>	<b>Shares</b>	<b>Amount</b>	<b>Stock</b>	<b>Value</b>
Balance, December 31, 2020	88,235	\$ 883	4,088,762,156	\$ 408,876	\$ (1,000)	\$ 1,805,813
Conversion of convertible notes	—	—	600,999,995	60,100	—	189,839
Foreign currency adjustment	—	—	—	—	—	—
Net loss	—	—	—	—	—	—
Balance, March 31, 2021	88,235	\$ 883	4,689,762,151	\$ 468,976	\$ (1,000)	\$ 1,995,652
Conversion of convertible notes	—	—	20,565,040	2,057	—	124,863
Stock based loan acquisition cost	—	—	60,000,000	6,000	—	243,333
Foreign currency adjustment	—	—	—	—	—	—
Net loss	—	—	—	—	—	—
Balance, June 30, 2021	88,235	\$ 883	4,770,327,191	\$ 477,033	\$ (1,000)	\$ 2,363,848
Conversion of convertible notes	—	—	49,719,643	4,972	—	183,679
Issuance of common stock for public offering	—	—	84,727,527	8,473	—	7,991,527
Issuance of common stock for Wildlife Specialist acquisition	—	—	7,500,000	750	—	654,380
Issuance of common stock for Remote Intelligence acquisition	—	—	7,500,000	750	—	733,975
Share-based compensation	—	—	3,194,081	319	—	399,681
Distributions	—	—	—	—	—	—
Foreign currency adjustment - NCI	—	—	—	—	—	—
Foreign currency adjustment	—	—	—	—	—	—
Net loss	—	—	—	—	—	—
Balance, September 30, 2021	88,235	\$ 883	4,922,968,442	\$ 492,297	\$ (1,000)	\$ 12,327,090
Balance, December 31, 2019	88,235	\$ 883	1,392,042,112	\$ 13,920,421	\$ (1,000)	\$ (11,877,864)
Conversion of convertible notes	—	—	—	—	—	—
Foreign currency adjustment	—	—	—	—	—	—
Net loss	—	—	—	—	—	—
Balance, March 31, 2020	88,235	\$ 883	1,392,042,112	\$ 13,920,421	\$ (1,000)	\$ (11,877,864)
Conversion of convertible notes	—	—	217,142,858	2,171,429	—	(2,156,228)
Foreign currency adjustment	—	—	—	—	—	—
Net loss	—	—	—	—	—	—
Balance, June 30, 2020	88,235	\$ 883	1,609,184,970	\$ 16,091,850	\$ (1,000)	\$ (14,034,092)
Conversion of convertible notes	—	—	1,785,632,186	17,856,322	—	(17,739,248)
Foreign currency adjustment	—	—	—	—	—	—
Net loss	—	—	—	—	—	—
Balance, September 30, 2020	88,235	\$ 883	3,394,817,156	\$ 33,948,172	\$ (1,000)	\$ (31,773,340)

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

**DARKPULSE, INC.**  
**CONSOLIDATED STATEMENT OF STOCKHOLDERS' DEFICIT**  
**FOR THE PERIODS ENDED SEPTEMBER 30, 2021 AND 2020 (continued)**

	<b>Distributions</b>	<b>Non-Controlling Interest in Subsidiary</b>	<b>Accumulated Other Comprehensive Income</b>	<b>Accumulated Deficit</b>	<b>Total Stockholders' Deficit</b>
Balance, December 31, 2020	\$ —	\$ (12,439)	\$ 315,832	\$ (6,450,170)	\$ (3,932,205)
Conversion of convertible notes	—	—	—	—	249,939
Foreign currency adjustment	—	—	(17,909)	—	(17,909)
Net loss	—	—	—	(51,874)	(51,874)
Balance, March 31, 2021	\$ —	\$ (12,439)	\$ 297,923	\$ (6,502,044)	\$ (3,752,049)
Conversion of convertible notes	—	—	—	—	126,920
Stock based loan acquisition cost	—	—	—	—	249,333
Foreign currency adjustment	—	—	(16,154)	—	(16,154)
Net loss	—	—	—	(185,607)	(185,607)
Balance, June 30, 2021	\$ —	\$ (12,439)	\$ 281,769	\$ (6,687,651)	\$ (3,577,557)
Conversion of convertible notes	—	—	—	—	188,651
Issuance of common stock for public offering	—	—	—	—	8,000,000
Issuance of common stock for Wildlife Specialist acquisition	—	—	—	—	655,130
Issuance of common stock for Remote Intelligence acquisition	—	—	—	—	734,725
Share-based compensation	—	—	—	—	400,000
Distributions	(6,400)	—	—	—	(6,400)
Foreign currency adjustment - NCI	—	(21,674)	—	—	(21,674)
Foreign currency adjustment	—	—	(113,273)	—	(113,273)
Net loss	—	—	—	(1,686,829)	(1,686,829)
Balance, September 30, 2021	\$ (6,400)	\$ (34,113)	\$ 168,496	\$ (8,374,480)	\$ 4,572,773
Balance, December 31, 2019	\$ (12,439)	\$ (12,439)	\$ 336,775	\$ (6,174,328)	\$ (3,807,552)
Conversion of convertible notes	—	—	—	—	—
Foreign currency adjustment	—	—	92,646	—	92,646
Net loss	—	—	—	(74,298)	(74,298)
Balance, March 31, 2020	\$ (12,439)	\$ (12,439)	\$ 429,421	\$ (6,248,626)	\$ (3,789,204)
Conversion of convertible notes	—	—	—	—	15,201
Foreign currency adjustment	—	—	(39,047)	—	(39,047)
Net loss	—	—	—	(140,240)	(140,240)
Balance, June 30, 2020	\$ (12,439)	\$ (12,439)	\$ 390,374	\$ (6,388,866)	\$ (3,953,290)
Conversion of convertible notes	—	—	—	—	117,074
Foreign currency adjustment	—	—	(39,945)	—	(39,945)
Net loss	—	—	—	(174,022)	(174,022)
	\$ (12,439)	\$ (12,439)	\$ 350,429	\$ (6,562,889)	\$ (4,050,184)

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

**DARKPULSE, INC.**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**(UNAUDITED)**

**FOR THE NINE MONTHS  
ENDED SEPTEMBER 30,**

**2021**

**2020**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Net Loss	\$ (1,924,311)	\$ (388,561)
<b>Adjustments to reconcile net loss to net cash used by operating activities:</b>		
Gain on extinguishment of debt	(785,240)	—
Stock based compensation	649,334	—
Operating lease expense	(90,946)	—
Loan acquisition costs	(480,450)	(9,900)
Derivative liability	(741,789)	44,684
Amortization of debt discount	404,087	39,414
Depreciation and amortization	116,736	38,271
<b>Changes in operating assets and liabilities:</b>		
Accounts receivable	(893,366)	—
Inventory	410,836	—
Unbilled Revenue	(563,555)	—
Customer Deposits	1,634,397	—
Contract liability	(1,439,504)	—
Accounts payable and accrued expenses	(4,362,016)	280,370
Operating lease liabilities	1,398,068	—
Other current liabilities	(778,874)	—
Net Cash Used by Operating Activities	<u>(7,446,593)</u>	<u>4,278</u>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Purchases of property and equipment	(78,662)	—
Business acquisitions, net of cash received	(152,683)	—
Deposits	(124,000)	—
Investment in patents	(191,420)	(4,969)
Net Cash Used by Investing Activities	<u>(546,765)</u>	<u>(4,969)</u>

**CASH FLOWS FROM FINANCING ACTIVITIES:**

Proceeds from sale of common stock from offering	8,000,000	—
Proceeds from convertible notes payable	1,102,700	—
Payments on convertible notes	(384,600)	—
Proceeds from notes payable	2,000,000	—
Net Cash Provided by Financing Activities	<u>10,718,100</u>	<u>—</u>

Net Cash Increase (Decrease)	2,724,742	(691)
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Effect of exchange rate on cash	(160,587)	—
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Cash, Beginning of Period	337	1,210
Cash, End of Period	<u>\$ 2,564,492</u>	<u>\$ 519</u>

**Supplementary Cash Flow Information:**

Interest paid in cash	\$ —	\$ —
Taxes paid in cash	\$ —	\$ —

**Non-cash finance and investing activities for the quarter ending September 30:**

Issuance of common stock for convertible notes payable and accrued interest	181,560	—
Issuance of common stock for Wildlife Specialists	750	—
Issuance of common stock for Remote Intelligence	750	—

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

**DARKPULSE, INC.**  
**Notes to Condensed Financial Statements**  
**(Unaudited)**

**NOTE 1 – BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying unaudited condensed consolidated interim financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial statements and do not include all the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. The information furnished reflects all adjustments, consisting only of normal recurring items which are, in the opinion of management, necessary in order to make the financial statements not misleading. The consolidated financial statements as of December 31, 2020 have been audited by an independent registered public accounting firm. The accounting policies and procedures employed in the preparation of these condensed consolidated financial statements have been derived from the audited financial statements of the Company for the year ended December 31, 2020, which are contained in Form 10-K as filed with the Securities and Exchange Commission on April 15, 2021. The consolidated balance sheet as of December 31, 2020 was derived from those financial statements.

***Basis of Presentation and Principles of Consolidation***

The consolidated financial statements and accompanying notes are prepared in accordance with generally accepted accounting principles of the United States of America ("U.S. GAAP") and the rules and regulations of the U.S. Securities and Exchange Commission for Interim Financial Information. The condensed consolidated financial statements of the Company include the Company and its wholly owned subsidiaries. All intercompany transactions and balances have been eliminated. All adjustments (consisting of normal recurring items) necessary to present fairly the Company's financial position as of September 30, 2021, and the results of operations for three and nine months and cash flows for the nine months ended September 30, 2021 have been included. The results of operations for the three and nine months ended September 30, 2021 are not necessarily indicative of the results to be expected for the full year.

***Description of Business***

DarkPulse, Inc. ("DPI" or "Company") is a technology-security company incorporated in 1989 as Klever Marketing, Inc. ("Klever"). Its' wholly-owned subsidiary, DarkPulse Technologies Inc. ("DPTI"), originally started as a technology spinout from the University of New Brunswick, Fredericton, Canada. The Company's security and monitoring systems will initially be delivered in applications for border security, pipelines, the oil and gas industry and mine safety. Current uses of fiber optic distributed sensor technology have been limited to quasi-static, long-term structural health monitoring due to the time required to obtain the data and its poor precision. The Company's patented BOTDA dark-pulse sensor technology allows for the monitoring of highly dynamic environments due to its greater resolution and accuracy.

On April 27, 2018, Klever entered into an Agreement and Plan of Merger (the "Merger Agreement" or the "Merger") involving Klever as the surviving parent corporation and acquiring a privately held New Brunswick corporation known as DarkPulse Technologies Inc. as its wholly owned subsidiary. On July 18, 2018, the parties closed the Merger Agreement, as amended on July 7, 2018, and the name of the Company was subsequently changed to DarkPulse, Inc. With the change of control of the Company, the Merger is being accounted for as a recapitalization in a manner similar to a reverse acquisition.

On July 20, 2018, the Company filed a Certificate of Amendment to its Certificate of Incorporation with the State of Delaware, changing the name of the Company to DarkPulse, Inc. The Company filed a corporate action notification with the Financial Industry Regulatory Authority (FINRA), and the Company's ticker symbol was changed to DPLS.

The Company has recently completed several acquisitions. See Note 2 – Business Acquisitions for more information.

***Going Concern Uncertainty***

As shown in the accompanying financial statements, during the nine months ended September 30, 2021, the Company reported a net loss of \$1,924,311. As of September 30, 2021, the Company's current liabilities exceeded its current assets by \$12,139,502. As of September 30, 2021, the Company had \$2,564,492 of cash.

The Company will require additional funding to finance the growth of our operations and achieve our strategic objectives. These factors, as relative to capital raising activities, create doubt as to our ability to continue as a going concern. We are seeking to raise additional capital and are targeting strategic partners in an effort to accelerate the sales and marketing of our products and begin generating revenues. Our ability to continue as a going concern is dependent upon the success of future capital offerings or alternative financing arrangements, expansion of our operations and generating sales. The accompanying financial statements do not include any adjustments that might be necessary should we be unable to continue as a going concern. Management is actively pursuing additional sources of financing sufficient to generate enough cash flow to fund its operations however, management cannot make any assurances that such financing will be secured.

***Use of Estimates***

In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the statements of financial condition, and revenues and expenses for the years then ended. Actual results may differ significantly from those estimates. Significant estimates made by management include, but are not limited to, the assumptions used to calculate stock-based compensation, derivative liabilities, preferred deemed dividend and common stock issued for services.

***COVID-19 Pandemic***

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spread globally beyond the point of origin. On March 20, 2020 the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of these condensed consolidated financial statements. As such, it is uncertain as to the full magnitude that the pandemic will have on the Company's combined financial condition, liquidity and future results of operations. Management is actively monitoring the impact of the global situation on its consolidated financial condition, liquidity, operations, suppliers, industry and workforce. Given the daily evolution of the COVID-19 outbreak and the global

responses to curb its spread, the Company is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021 beyond the results presented in these condensed consolidated financial statements and this quarterly report.

Due to the impacts of COVID-19 we have seen an increase in recruiting and labor costs as well as delays in supply chain.

#### **Revenue Recognition**

The Company's revenues are generated primarily from the sale of our products, which consist primarily of advanced technology solutions for integrated communications and security systems. At contract inception, we assess the goods and services promised in the contract with customers and identify a performance obligation for each. To determine the performance obligation, we consider all products and services promised in the contract regardless of whether they are explicitly stated or implied by customary business practices. The timing of satisfaction of the performance obligation is not subject to significant judgment. We measure revenue as the amount of consideration expected to be received in exchange for transferring goods and services. We generally recognize product revenues at the time of shipment, provided that all other revenue recognition criteria have been met.

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The Company recognizes revenue when its customer obtains control of promised goods or services, in an amount that reflects the consideration which we expect to receive in exchange for those goods or services. To determine revenue recognition for arrangements that the Company determines are within the scope of ASC 606, we perform the following five steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) we satisfy a performance obligation. The five-step model is applied to contracts when it is probable that we will collect the consideration we are entitled to in exchange for the goods or services transferred to the customer. At contract inception, once the contract is determined to be within the scope of ASC 606, we assess the goods or services promised within each contract and determine those that are performance obligations and assess whether each promised good or service is distinct. We then recognize revenue in the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied.

In accordance with ASU No. 2016-12, *Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedient*, which is to (1) clarify the objective of the collectability criterion for applying paragraph 606-10-25-7; (2) permit an entity to exclude amounts collected from customers for all sales (and other similar) taxes from the transaction price; (3) specify that the measurement date for noncash consideration is contract inception; (4) provide a practical expedient that permits an entity to reflect the aggregate effect of all modifications that occur before the beginning of the earliest period presented when identifying the satisfied and unsatisfied performance obligations, determining the transaction price, and allocating the transaction price to the satisfied and unsatisfied performance obligations; (5) clarify that a completed contract for purposes of transition is a contract for which all (or substantially all) of the revenue was recognized under legacy GAAP before the date of initial application, and (6) clarify that an entity that retrospectively applies the guidance in Topic 606 to each prior reporting period is not required to disclose the effect of the accounting change for the period of adoption. The amendments of this ASU are effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. There was no impact as a result of adopting this ASU on the financial statements and related disclosures. Based on the terms and conditions of the product arrangements, the Company believes that its products and services can be accounted for separately as its products and services have value to the Company's customers on a stand-alone basis. When a transaction involves more than one product or service, revenue is allocated to each deliverable based on its relative fair value; otherwise, revenue is recognized as products are delivered or as services are provided over the term of the customer contract.

Contract liabilities is shown separately in the unaudited consolidated balance sheets as current liabilities. At September 30, 2021 and December 31, 2020, we had contract liabilities of \$2,699,688 and \$0, respectively.

#### ***Cost of Product Sales and Services***

Cost of sales consists primarily of materials, airtime and overhead costs incurred internally and amounts incurred to contract manufacturers to produce our products, airtime and other implementation costs incurred to install our products and train customer personnel, and customer service and third-party original equipment manufacturer costs to provide continuing support to our customers. There are certain costs which are deferred and recorded as prepaids, until such revenue is recognized. Refer to revenue recognition above as to what constitutes deferred revenue.

#### ***Cash and Cash Equivalents***

The Company considers all highly liquid investments with a maturity of three months or less when acquired to be cash equivalents. The Company places its cash with high credit quality financial institutions. The Company's account at this institution is insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. To reduce its risk associated with the failure of such financial institution, the Company evaluates at least annually the rating of the financial institution in which it holds deposits.

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#### ***Intangible Assets***

The Company reviews intangibles held and used for possible impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In evaluating the fair value and future benefits of its intangible assets, management performs an analysis of the anticipated undiscounted future net cash flow of the individual assets over the remaining amortization period. The Company recognizes an impairment loss if the carrying value of the asset exceeds the expected future cash flows.

#### ***Goodwill and other intangible assets***

In accordance with ASC 350-30-65, "Intangibles - Goodwill and Others", 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:

- Significant underperformance relative to expected historical or projected future operating results;
- Significant changes in the manner of use of the acquired assets or the strategy for the overall business; and
- 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 a projected discounted cash flow method using a discount rate determined by management to be commensurate with the risk inherent in the current business model. Significant management judgment is required in determining whether an indicator of impairment exists and in projecting cash flows.

#### **Foreign Currency Translation**

The Company's reporting currency is U.S. Dollars. The accounts of one of the Company's subsidiaries, Optilan, is maintained using the appropriate local currency, Great British Pound, as the functional currency. All assets and liabilities are translated into U.S. Dollars at balance sheet date, shareholders' equity is translated at historical rates and revenue and expense accounts are translated at the average exchange rate for the year or the reporting period. The translation adjustments are reported as a separate component of stockholders' equity, captioned as accumulated other comprehensive (loss) gain. Transaction gains and losses arising from exchange rate fluctuations on transactions denominated in a currency other than the functional currency are included in the statements of operations.

The relevant translation rates are as follows: for the three and nine months ended September 30, 2021, closing rate at 1.3468 US\$: GBP, quarterly average rate at 1.3787 US\$: GBP.

#### **Income Taxes**

The Company accounts for income taxes in accordance with ASC 740, Accounting for Income Taxes, as clarified by ASC 740-10, Accounting for Uncertainty in Income Taxes. Under this method, deferred income taxes are determined based on the estimated future tax effects of differences between the financial statement and tax basis of assets and liabilities given the provisions of enacted tax laws. Deferred income tax provisions and benefits are based on changes to the assets or liabilities from year to year. In providing for deferred taxes, the Company considers tax regulations of the jurisdictions in which the Company operates, estimates of future taxable income, and available tax planning strategies. If tax regulations, operating results or the ability to implement tax-planning strategies vary, adjustments to the carrying value of deferred tax assets and liabilities may be required. Valuation allowances are recorded related to deferred tax assets based on the "more likely than not" criteria of ASC 740.

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ASC 740-10 requires that the Company recognize the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the "more-likely-than-not" threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority.

#### **Leases**

Effective January 1, 2019, the Company accounts for its leases under ASC 842, *Leases*. Under this guidance, arrangements meeting the definition of a lease are classified as operating or financing leases, and are recorded on the consolidated balance sheet as both a right of use asset and lease liability, calculated by discounting fixed lease payments over the lease term at the rate implicit in the lease or the Company's incremental borrowing rate. Lease liabilities are increased by interest and reduced by payments each period, and the right of use asset is amortized over the lease term. For operating leases, interest on the lease liability and the amortization of the right of use asset result in straight-line rent expense over the lease term. For finance leases, interest on the lease liability and the amortization of the right of use asset results in front-loaded expense over the lease term. Variable lease expenses are recorded when incurred.

In calculating the right of use asset and lease liability, the Company has elected to combine lease and non-lease components. The Company excludes short-term leases having initial terms of 12 months or less from the new guidance as an accounting policy election, and recognizes rent expense on a straight-line basis over the lease term.

#### **Accounting for Derivatives**

The Company evaluates all of its financial instruments to determine if such instruments are derivatives or contain features that qualify as embedded derivatives. For derivative financial instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair value and is then re-valued at each reporting date, with changes in the fair value reported in the statements of operations. For stock-based derivative financial instruments, the Company uses a probability weighted average series Binomial lattice formula pricing models to value the derivative instruments at inception and on subsequent valuation dates.

The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is evaluated at the end of each reporting period. Derivative instrument liabilities are classified in the balance sheet as current or non-current based on whether or not net-cash settlement of the derivative instrument could be required within 12 months of the balance sheet date.

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

The carrying amounts of the Company's financial assets and liabilities, such as cash, prepaid expenses, and accruals approximate their fair values because of the short maturity of these instruments. The Company believes the carrying value of its secured debenture payable approximates fair value because the terms were negotiated at arm's length.

#### **Recent Accounting Pronouncements**

There were no new accounting pronouncements issued or proposed by the Financial Accounting Standards Board during the three months ended September 30, 2021, and through the date of filing of this report that the Company believes has had or will have a material impact on its financial position or results of operations, including the recognition of revenue, cash flow, the merger that was consummated on July 18, 2018. The Company has no lease obligations.

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#### **Income (Loss) Per Common Share**

Basic net income (loss) per share of common stock is computed by dividing net income (loss) by the weighted average number of common shares outstanding during the period. Diluted net income (loss) per share of common stock is computed by dividing net income (loss) by the sum of the weighted average number of common shares outstanding and the dilutive potential common share equivalents outstanding. Potential dilutive common share equivalents consist of shares issuable upon exercise of outstanding convertible

preferred stock and stock options.

For the three and nine months ended September 30, 2021, there were no stock options outstanding. For the three and nine months ended September 30, 2021, common stock equivalents related to convertible preferred stock and convertible debt have not been included in the calculation of diluted loss per common share because they are anti-dilutive. Therefore, basic loss per common share is the same as diluted loss per common share. There are 1,970,029,676 common shares reserved for the potential conversion of the Company's convertible debt.

## NOTE 2 – BUSINESS ACQUISITIONS

### *Optilan Holdco 3 Limited*

On August 9, 2021, the Company entered into a Share Purchase Agreement with Optilan Guernsey Limited and Optilan Holdco 2 Limited (the "Sellers"), pursuant to which the Company purchased from the Sellers all of the issued and outstanding equity interests of Optilan HoldCo 3 Limited, a private company incorporated in England and Wales ("Optilan") for £1.00 and also a commitment to enter into the Subscription (as defined below). As of August 9, 2021, the Company owns all of the equity interests of Optilan.

The Company has accounted for the purchase using the acquisition method of accounting for business combinations under ASC 805. Accordingly, the purchase price has been allocated to the underlying assets and liabilities in proportion to their respective fair values. The excess of the consideration transferred over the estimated fair values of the net assets acquired was recorded as goodwill. The following table summarizes the acquired assets and assumed liabilities and the preliminary acquisition accounting for the fair value of the assets and liabilities recognized in the Condensed Consolidated Balance Sheet at September 30, 2021:

	Fair Value
Cash	\$ 736,177
Accounts receivable	4,619,381
Inventory	2,040,887
Unbilled revenue	540,321
Property & equipment	1,393,274
Right of use	1,385,825
Goodwill	12,181,350
Total assets	22,891,215
Accounts payable	11,622,018
Contract deposits	3,168,493
Contract liabilities, current	4,139,193
Lease liabilities, current	141,730
Other current liabilities	2,496,725
Lease liabilities, noncurrent	628,529
Total purchase consideration	\$ 694,527

This purchase price allocation is preliminary and is pending the finalization of the third-party valuation analysis and working capital, as the Company has not yet completed the detailed valuation analyses as of the filing date of this Form 10-Q.

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### *Wildlife Specialists, LLC and Remote Intelligence, LLC*

On August 30, 2021, we closed two separate Membership Interest Purchase Agreements (the "MPAs") with Remote Intelligence, Limited Liability Company, a Pennsylvania limited liability company ("RI") and Wildlife Specialists, LLC, a Pennsylvania limited liability company ("WS") pursuant to which we agreed to pay to the majority shareholder of each of RI and WS an aggregate of 15,000,000 shares of our Common Stock, \$500,000 to be paid on the closing date, and an additional \$500,000 to be paid 12 weeks from closing date in exchange for 60% ownership of each of RI and WS. RI and WS are now subsidiaries of the Company.

The Company has accounted for the purchase using the acquisition method of accounting for business combinations under ASC 805. Accordingly, the purchase price has been allocated to the underlying assets and liabilities in proportion to their respective fair values. The excess of the consideration transferred over the estimated fair values of the net assets acquired was recorded as goodwill. The following table summarizes the acquired assets and assumed liabilities and the preliminary acquisition accounting for the fair value of the assets and liabilities recognized in the Condensed Consolidated Balance Sheet at September 30, 2021:

	WILDLIFE SPECIALISTS	Fair Value
Cash	\$ 33,910	33,910
Accounts receivable	161,866	161,866
Other current assets	600	600
Property & equipment	99,490	99,490
Goodwill	1,191,085	1,191,085
Total assets	1,486,951	1,486,951
Accounts payable	151,888	151,888
Other current liabilities	241,763	241,763
Total purchase consideration	\$ 1,478,000	1,478,000

	REMOTE INTELLIGENCE	Fair Value
Cash	\$ 6,158	6,158
Accounts receivable	24,036	24,036
Property & equipment	111,636	111,636
Goodwill	1,729,800	1,729,800
Total assets	1,871,630	1,871,630
Accounts payable	141,859	141,859
Other long term liabilities	251,771	251,771
Total purchase consideration	\$ 1,478,000	1,478,000

These purchase price allocations are preliminary and are pending the finalization of the third-party valuation analysis and working capital, as the Company has not yet completed the detailed valuation analyses as of the filing date of this Form 10-Q.

**TJM Electronics West, Inc.**

On September 8, 2021, we entered into and closed the Stock Purchase Agreement (the "TJM SPA") with TJM Electronics West, Inc., an Arizona corporation ("TJM"), and TJM's shareholders, pursuant to which we agreed to purchase all of the equity interests in TJM in exchange for \$450,000, subject to adjustments as defined in the TJM SPA. TJM is now a wholly-owned subsidiary of the Company.

The Company has accounted for the purchase using the acquisition method of accounting for business combinations under ASC 805. Accordingly, the purchase price has been allocated to the underlying assets and liabilities in proportion to their respective fair values. The excess of the consideration transferred over the estimated fair values of the net assets acquired was recorded as goodwill. The following table summarizes the acquired assets and assumed liabilities and the preliminary acquisition accounting for the fair value of the assets and liabilities recognized in the Condensed Consolidated Balance Sheet at September 30, 2021:

	Fair Value
Accounts receivable	\$ 3,400
Property & equipment	91,051
Goodwill	355,549
Total assets	450,000
Total purchase consideration	<u><u>\$ 450,000</u></u>

This purchase price allocation is preliminary and is pending the finalization of the third-party valuation analysis and working capital, as the Company has not yet completed the detailed valuation analyses as of the filing date of this Form 10-Q.

**NOTE 3 – REVENUE**

The following table is a summary of the Company's timing of revenue recognition for the three and nine months ended September 30, 2021 and 2020:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Timing of revenue recognition:				
Services and products transferred at a point in time	\$ 3,500,970	\$ –	\$ 3,500,970	\$ –
Services and products transferred over time	138	–	328	–
<b>Total revenue</b>	<b><u>\$ 3,500,970</u></b>	<b><u>\$ –</u></b>	<b><u>\$ 3,500,970</u></b>	<b><u>\$ –</u></b>

The Company disaggregates revenue by source and geographic destination to depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

Revenue by source consisted of the following for the three and nine months ended September 30, 2021 and 2020:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Revenue by products and services:				
Products	\$ 1,533,377	\$ –	\$ 1,533,377	\$ –
Services	1,967,593	–	1,967,593	–
<b>Total revenue</b>	<b><u>\$ 3,500,970</u></b>	<b><u>\$ –</u></b>	<b><u>\$ 3,500,970</u></b>	<b><u>\$ –</u></b>

Revenue by geographic destination consisted of the following for the for the three and nine months ended September 30, 2021 and 2020:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Revenue by geography:				
North America	\$ 120,336	\$ –	\$ 120,336	\$ –
International	3,380,634	–	3,380,634	–
<b>Total revenue</b>	<b><u>\$ 3,500,970</u></b>	<b><u>\$ –</u></b>	<b><u>\$ 3,500,970</u></b>	<b><u>\$ –</u></b>

**Contract Balances**

The Company records contract assets when it has a right to consideration and records accounts receivable when it has an unconditional right to consideration. Contract liabilities consist of cash payments received (or unconditional rights to receive cash) in advance of fulfilling performance obligations. As of September 30, 2021, the Company did not have a contract assets balance.

The following table is a summary of the Company's opening and closing balances of contract liabilities related to contracts with customers.

	<b>Total</b>
Balance at December 31, 2020	\$ —
Additions through advance billings to or payments from vendors	—
Additions through business acquisition	4,139,193
Revenue recognized from current period advance billings to or payments from vendors	—
Revenue recognized from amounts acquired through business acquisition	1,439,505
Balance at September 30, 2021	<u><u>\$ 2,699,688</u></u>

#### NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following as of September 30, 2021 and December 31, 2020:

	<b>September 30, 2021</b>	<b>December 31, 2020</b>
Accounts receivable	\$ 5,812,003	\$ —
Less: Allowance for doubtful accounts	—	—
<b>Total accounts receivable</b>	<u><u>\$ 5,812,003</u></u>	<u><u>\$ —</u></u>

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#### NOTE 5 – INVENTORY

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

	<b>September 30, 2021</b>	<b>December 31, 2020</b>
Raw materials	\$ 209,478	\$ —
Work in progress	1,401,521	—
Finished goods	19,052	—
<b>Total inventory</b>	<u><u>1,630,051</u></u>	<u><u>—</u></u>
Reserve	—	—
<b>Total inventory, net</b>	<u><u>\$ 1,630,051</u></u>	<u><u>\$ —</u></u>

#### NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of September 30, 2021 and December 31, 2020:

	<b>September 30, 2021</b>	<b>December 31, 2020</b>
Property and equipment	\$ 1,775,332	\$ —
Leasehold improvements	63,180	—
	<u><u>1,838,512</u></u>	<u><u>—</u></u>
Less - accumulated depreciation	(1,113)	—
	<u><u>\$ 1,837,399</u></u>	<u><u>\$ —</u></u>

#### NOTE 7 – ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consisted of the following as of September 30, 2021 and December 31, 2020:

	<b>September 30, 2021</b>	<b>December 31, 2020</b>
Accounts payable	\$ 8,946,714	\$ 519,899
Accrued liabilities	602,591	569,970
<b>Total accounts payable and accrued expenses</b>	<u><u>\$ 9,549,305</u></u>	<u><u>\$ 1,089,869</u></u>

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#### NOTE 8 – LEASES

We adopted ASC 842 "Leases" using the modified retrospective approach, electing the practical expedient that allows us not to restate our comparative periods prior to the adoption of the standard on January 1, 2019. As such, the disclosures required under ASC 842 are not presented for periods before the date of adoption.

The following was included in our balance sheet as of September 30, 2021:

	<b>September 30, 2021</b>
<b>Operating leases</b>	<u><u>—</u></u>

<b>Assets</b>		
ROU operating lease assets		\$ 1,476,771
<b>Liabilities</b>		
Current portion of operating lease		\$ 575,446
Operating lease, net of current portion		\$ 1,592,880
Total operating lease liabilities		\$ 2,168,326

The weighted average remaining lease term and weighted average discount rate at September 30, 2021 were as follows:

	September 30, 2021
<b>Weighted average remaining lease term (years)</b>	
Operating leases	6.61
<b>Weighted average discount rate</b>	
Operating leases	6.00%

#### Operating Leases

On January 12, 2021, the Company's new acquired subsidiary entered into an operating lease agreement to rent office space in Mumbai, India. This three-year agreement commenced January 12, 2021 with an annual rent of approximately \$50,000.

On May 27, 2021, the Company's new acquired subsidiary entered into an operating lease agreement to rent office space in Mumbai, United Kingdom. This ten-year agreement commenced May 27, 2021 with an annual rent of approximately \$85,000 with the first six months rent free.

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The following table reconciles future minimum operating lease payments to the discounted lease liability as of September 30, 2021:

2021	82,394
2022	330,171
2023	324,910
2024	279,112
2025 and later	842,673
Total lease payments	1,859,260
Less imputed interest	(391,127)
Total lease obligations	1,468,133
Less current obligations	(330,171)
Long-term lease obligations	<u><u>\$ 1,137,962</u></u>

#### **NOTE 9 – GOODWILL AND OTHER INTANGIBLE ASSETS**

##### **Goodwill**

The following table sets forth the changes in the carrying amount of goodwill for the nine months ended September 30, 2021:

	<b>Total</b>
Balance at December 31, 2020	\$ _
2021 Acquisitions	15,536,899
Balance at September 30, 2021	<u><u>\$ 15,536,899</u></u>

##### **Intangible Assets - Intrusion Detection Intellectual Property**

The Company relies on patent laws and restrictions on disclosure to protect its intellectual property rights. As of September 30, 2021, the Company held 3 U.S. and foreign patents on its intrusion detection technology, which expire in calendar years 2025 through 2034 (depending on the payment of maintenance fees).

The DPTI issued patents cover a System and Method for Brillouin Analysis, a System and Method for Resolution Enhancement of a Distributed Sensor, and a Flexible Fiber Optic Deformation System Sensor and Method. Maintenance of intellectual property rights and the protection thereof is important to our business. Any patents that may be issued may not sufficiently protect the Company's intellectual property and third parties may challenge any issued patents. Other parties may independently develop similar or competing technology or design around any patents that may be issued to the Company. The Company cannot be certain that the steps it has taken will prevent the misappropriation of its intellectual property, particularly in foreign countries where the laws may not protect proprietary rights as fully as in the United States. Further, the Company may be required to enforce its intellectual property or other proprietary rights through litigation, which, regardless of success, could result in substantial costs and diversion of management's attention. Additionally, there may be existing patents of which the Company is unaware that could be pertinent to its business, and it is not possible to know whether there are patent applications pending that the Company's products might infringe upon, since these applications are often not publicly available until a patent is issued or published.

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For the three months ended September 30, 2021 and 2020, the Company amortized \$12,757 and \$12,757, respectively. Future amortization of intangible assets is as follows:

2021		\$	12,757
2022			51,028
2023			51,028
2024			51,028
2025			51,028
Thereafter			138,850
Total		\$	355,719

#### NOTE 10 – DEBT AGREEMENTS

##### Secured Debenture

DPTI issued a convertible Debenture to the University in exchange for the Patents assigned to the Company, in the amount of Canadian \$1,500,000, or US \$1,491,923 on December 16, 2010, the date of the Debenture. On April 24, 2017 DPTI issued a replacement secured term Debenture in the same C\$1,500,000 amount as the original Debenture. The interest rate is the Bank of Canada Prime overnight rate plus 1% per annum. The Debenture had an initial required payment of Canadian \$42,000 (US\$33,385) due on April 24, 2018 for reimbursement to the University of its research and development costs, and this has been paid. Interest-only maintenance payments are due annually starting after April 24, 2018. Payment of the principal begins on the earlier of (a) three years following two consecutive quarters of positive earnings before interest, taxes, depreciation and amortization, (b) six years from April 24, 2017, or (c) in the event DPTI fails to raise defined capital amounts or secure defined contract amounts by April 24 in the years 2018, 2019, and 2020. The Company has raised funds in excess of the amount required by April 24, 2018. The principal repayment amounts will be due quarterly over a six-year period in the amount of Canadian Dollars \$62,500. Based on the exchange rate between the Canadian Dollar and the U.S. Dollar on September 30, 2021, the quarterly principal repayment amounts will be US\$49,750. The Debenture is secured by the Patents assigned by the University to DPTI by an Assignment Agreement on December 16, 2010. DPTI has pledged the Patents, and granted a lien on them pursuant to an Escrow Agreement dated April 24, 2017, between DPTI and the University.

The Debenture was initially recorded at the \$1,491,923 equivalent US Dollar amount of Canadian \$1,500,000 as of December 16, 2010, the date of the original Debenture. The liability is being adjusted quarterly based on the current exchange value of the Canadian dollar to the US dollar at the end of each quarter. The adjustment is recorded as unrealized gain or loss in the change of the value of the two currencies during the quarter. The amounts recorded as an unrealized loss for the three months ended September 30, 2021 and 2020, were \$16,155 and \$39,047 respectively. These amounts are included in Accumulated Other Comprehensive Loss in the Equity section of the consolidated balance sheet, and as Unrealized Loss on Foreign Exchange on the consolidated statement of comprehensive loss. The Debenture also includes a provision requiring DPTI to pay the University a two percent (2%) royalty on sales of any and all products or services which incorporate the Patents for a period of five years from April 24, 2018.

For the three months ended September 30, 2021, and 2020, the Company recorded interest expense of \$13,168 and \$12,255, respectively.

As of September 30, 2021 the debenture liability totaled \$1,184,516, all of which was long term.

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Future minimum required payments over the next 5 years and thereafter are as follows:

Period ending September 30,		\$	–
2022		\$	–
2023			–
2024			–
2025			–
2026 and after			1,184,516
Total		\$	1,184,516

##### Convertible Debt Securities

The Company uses the Black-Scholes Model to calculate the derivative value of its convertible debt. The valuation result generated by this pricing model is necessarily driven by the value of the underlying common stock incorporated into the model. The values of the common stock used were based on the price at the date of issue of the debt security as of September 30, 2021. Management determined the expected volatility of 359.78%, a risk-free rate of interest of 0.09%, and contractual lives of the debt varying from six months to two years. The table below details the Company's nine outstanding convertible notes, with totals for the face amount, amortization of discount, initial loss, change in the fair market value, and the derivative liability.

	Face Amount	Debt Discount	Initial Loss	Change in FMV	Derivative Balance 9/30/2021
	\$ 90,228	\$ –	\$ 58,959	\$ 30,042	\$ 108,530
	162,150	–	74,429	42,819	195,041
	72,488	–	11,381	(25,482)	87,192
	53,397	–	5,651	13,592	94,615
	53,864	–	28,566	(69,333)	–
	18,613	–	16,558	(13,512)	–
	40,000	–	10,605	(51,397)	–
	42,350	–	7,350	54,120	–
	94,200	–	19,200	(105,683)	–
	76,200	–	16,200	(86,548)	–
	64,200	–	14,200	(74,788)	–
	825,000	733,387	203,500	–	–
<b>Subtotal</b>	<b>1,584,574</b>	<b>733,387</b>	<b>466,599</b>	<b>(517,087)</b>	<b>479,088</b>
<b>Transaction expense</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
	<b>\$ 1,584,574</b>	<b>\$ 733,387</b>	<b>\$ 466,599</b>	<b>\$ (517,087)</b>	<b>\$ 479,088</b>

On July 14, 2021, the Company entered a Securities Purchase Agreement (the "GS SPA") with GS Capital Partners, LLC (the "Lender"), pursuant to which the Company issued to the Lender a 6% Redeemable Note in the principal amount of \$2,000,000 (the "Note"). The purchase price of the Note is \$1,980,000. The Note matures on July 14, 2022 upon which time all accrued and unpaid interest will be due and payable. Interest accrues on the Note at 6% per annum until the Note becomes due and payable. The Note is subject to various "Events of Default," which are disclosed in the Note. Upon the occurrence of an "Event of Default," the interest rate on the Note will be 18%. The Note is not convertible into shares of the Company's Common Stock and is not dilutive to existing or future shareholders and the Company plans on using a portion of the proceeds of the Note to retire existing convertible debt.

As of September 30, 2021 and 2020 respectively, there was 1,584,574 and \$1,072,663 of convertible debt outstanding, net of debt discount of \$965,921, and \$1,313, As of September 30, 2021 and 2020 respectively, there was derivative liability of \$893,381 and \$1,232,344 related to convertible debt securities.

#### **NOTE 11 - STOCKHOLDERS' DEFICIT**

As of September 30, 2021, there were 4,922,968,442 shares of common stock and 88,235 shares of preferred stock issued and outstanding.

##### **Preferred Stock**

In accordance with the Company's Certificate of Incorporation, the Company has authorized a total of 2,000,000 shares of preferred stock, par value \$0.01 per share, for all classes. As of September 30, 2021, and December 31, 2020, there were 88,235 total preferred shares issued and outstanding for all classes.

During the three months ended September 30, 2021, the Company issued no shares of preferred stock.

##### **Common Stock**

In accordance with the Company's bylaws, the Company has authorized a total of 20,000,000,000 shares of common stock, par value \$0.0001 per share. As of September 30, 2021 and December 31, 2020, there were 4,922,968,442 and 4,088,762,156 common shares issued and outstanding.

During the three months ended September 30, 2021, the Company issued the following shares of common stock:

On July 12, 2021, the Company issued an aggregate of 1,784,146 shares of common stock upon the conversion of convertible debt, as issued on January 12, 2021, in the amount of \$42,350.

On July 14, 2021, the Company issued an aggregate of 45,037,115 shares of common stock upon the conversion of convertible debt, as issued on October 7, 2020, in the amount of \$93,864 and interest of \$26,246.

On July 19, 2021, the Company issued an aggregate of 2,898,382 shares of common stock upon the conversion of convertible debt, as issued on October 7, 2020, in the amount of \$10,497 and interest of \$6,748.

##### **Stock Options**

During the three months ended September 30, 2021, the Company did not issue any stock options and had no stock options outstanding at September 30, 2021.

#### **Public Offerings**

On August 19, 2021, we entered into the Purchase Agreement with GHS, for the offering of up to \$45,000,000 worth of Common Stock. Pursuant to the Purchase Agreement, on August 19, 2021, we and GHS agreed that we would issue and sell to GHS, and GHS would purchase from the Company, 31,799,260 shares of Common Stock for total proceeds to the Company, net of discounts, of \$3,300,000, at an effective price of \$0.1038 per share (the "First Closing"). We received approximately \$2,790,000 in net proceeds from the First Closing after deducting the fees and other estimated offering expenses payable by us. We used the net proceeds from the First Closing for working capital and for general corporate purposes. The shares were issued to GHS in a registered direct offering, pursuant to a prospectus supplement to our currently effective registration statement on Form S-3 (File No. 333-257826), which was initially filed with the SEC on July 12, 2021, and was declared effective on August 18, 2021. On September 30, 2021, the Company paid a \$275,000 placement fee to J.H. Darbie & Co, \$125,000 cash and \$150,000 with 1,073,730 shares of common stock.

Pursuant to the Purchase Agreement, on August 31, 2021, we and GHS agreed that the Company would issue and sell to GHS, and GHS would purchase from us, 27,297,995 shares of Common Stock for total proceeds to us, net of discounts, of \$3,300,000, at an effective price of \$0.120888 per share (the "Second Closing"). We received approximately \$2,885,000 in net proceeds from the Second Closing after deducting the fees and other estimated offering expenses payable by us. We used the net proceeds from the Second Closing for working capital and for general corporate purposes. The shares were issued to GHS in a registered direct offering, pursuant to a prospectus supplement to our currently effective registration statement on Form S-3 (File No. 333-257826), which was initially filed with the SEC on July 12, 2021, and was declared effective on August 18, 2021. On September 30, 2021, the Company paid a \$262,000 placement fee to J.H. Darbie & CO, \$112,000 cash and \$150,000 with 1,185,771 shares of common stock.

Pursuant to the Purchase Agreement, on September 22, 2021, we and GHS agreed that we would issue and sell to GHS, and GHS would purchase from us, 25,630,272 shares of Common Stock for total proceeds to us, net of discounts, of \$2,000,000, at an effective price of \$0.085836 per share (the "Third Closing"). We received approximately \$1,915,000 in net proceeds from the Third Closing after deducting the fees and other estimated offering expenses payable by us. We used the net proceeds from the Third Closing for working capital and for general corporate purposes. The shares were issued to GHS in a registered direct offering, pursuant to a prospectus supplement to our currently effective registration statement on Form S-3 (File No. 333-257826), which was initially filed with the SEC on July 12, 2021, and was declared effective on August 18, 2021. On September 30, 2021, the Company paid a \$185,000 placement fee to J.H. Darbie & CO, \$85,000 cash and \$100,000 with 934,580 shares of common stock.

#### **NOTE 12 – RELATED PARTY TRANSACTIONS**

The Company follows subtopic 850-10 of the FASB Accounting Standards Codification for the identification of related parties and disclosure of related party

transactions. Pursuant to Section 850-10-20 the related parties include a) affiliates of the Company; b) Entities for which investments in their equity securities would be required, absent the election of the fair value option under the Fair Value Option Subsection of Section 825-10-15, to be accounted for by the equity method by the investing entity; c) trusts for the benefit of employees, such as pension and profit-sharing trusts that are managed by or under the trusteeship of management; d) principal owners of the Company; e) management of the Company; f) other parties with which the Company may deal if 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; and g) Other parties that can significantly influence the management or operating policies of the transacting parties or that have an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests. The financial statements shall include disclosures of material related party transactions, other than compensation arrangements, expense allowances, and other similar items in the ordinary course of business. However, disclosure of transactions that are eliminated in the preparation of consolidated or combined financial statements is not required in those statements. The disclosures shall include: a) the nature of the relationship(s) involved; b) a description of the transactions, including transactions to which no amounts or nominal amounts were ascribed, for each of the periods for which income statements are presented, and such other information deemed necessary to an understanding of the effects of the transactions on the financial statements; c) the dollar amounts of transactions for each of the periods for which income statements are presented and the effects of any change in the method of establishing the terms from that used in the preceding period; and d) amounts due from or to related parties as of the date of each balance sheet presented and, if not otherwise apparent, the terms and manner of settlement.

During the three months ended September 30, 2021 and 2020, the Company's Chief Executive Officer advanced personal funds in the amount of \$0 and \$10,582 for Company expenses. As of September 30, 2021, the Company's Chief Executive Officer is owed a total of \$23,980 for advanced personal funds.

#### **NOTE 13 - COMMITMENTS & CONTINGENCIES**

##### ***Potential Royalty Payments***

The Company, in consideration of the terms of the debenture to the University of New Brunswick, shall pay to the University a two percent royalty on sales of any and all products or services which incorporate the Company's patents for a period of five years from April 24, 2018.

##### ***Legal Matters***

##### ***Carebourn Capital, LP.***

On January 29, 2021, Carebourn Capital, L.P. ("Carebourn") commenced suit against the Company in the 4th Judicial District (Hennepin County District Court) (Minnesota), alleging the Company breached the terms and conditions of two convertible promissory notes and accompanying securities purchase agreements Carebourn and the Company entered into on July 17, 2018 and July 24, 2018, respectively.

Also on January 29, 2021, Carebourn moved for a temporary injunction to enjoin the Company from transferring any shares of its common stock to any third parties. Following submission of briefing by both parties and oral arguments on Carebourn's motion, on March 17, 2021, the Court denied Carebourn's motion for a temporary injunction.

On April 14, 2021, Carebourn filed an amended complaint and asserted new claims. On May 13, 2021, the Company filed a motion to dismiss Carebourn's amended complaint, arguing that Carebourn is conducting itself as an unregistered dealer, in violation of Section 15(a) of the Securities and Exchange Act of 1934 (the "Act"), and, pursuant to Section 29(b) of the Act, the Company is entitled to have all contracts arising under the unlawful securities transaction declared void ab initio and seek rescissionary damages for any unlawful securities transactions effected by Carebourn.

As of the date hereof, a ruling has not been issued on the foregoing motions to dismiss filed by the Company and other defendants. Furthermore, as of the date hereof, the Company and Carebourn are conducting discovery. The Company intends to defend itself against the allegations asserted in Carebourn's amended complaint and interpose the defenses provided under the Act, including but not limited to asserting that Carebourn is an unregistered dealer acting in violation of Section 15(a) and, pursuant to Section 29(b), the Company interposing its right to rescind the unlawful securities contracts in their entirety and, furthermore, seek rescissionary damages for any unlawful securities transactions effected by Carebourn. The Company contends that its arguments are brought in good faith, particularly in light of recent SEC enforcement actions and the SEC's ongoing investigation against Carebourn, among other parties, for violations of federal securities laws, including violations of Section 15(a) of the Act. See U.S. Securities and Exchange Commission v. Carebourn Capital, LP et al, Case No. 1:20-cv-07162 (N.D. Ill.).

##### ***Former DarkPulse Officers***

On September 10, 2021, Stephen Goodman, Mark Banash, and David Singer (the "Former Officers"), all former officers and employees of the Company, commenced suit against the Company in Arizona Superior Court, Maricopa County. The complaint alleges the Company breached the rights of the Former Officers in connection with Series D preferred stock issued to the Former Officers. The Company intends to defend itself against the allegations asserted in the Former Officers' complaint. If the case progresses the Company will file countersuits against all plaintiffs.

##### ***More Capital, LLC***

On June 29, 2021, More Capital, LLC ("More") commenced suit against the Company, et al, in the 4th Judicial District (Hennepin County District Court) (Minnesota), alleging the Company breached the terms and conditions of a convertible promissory note and accompanying securities purchase agreement More and the Company entered into on August 20, 2018.

On July 20, 2021, the Company filed a motion to dismiss More's complaint, arguing that the claims asserted against the Company fail to state a claim upon which relief can be granted.

The Company intends to defend itself against the allegations asserted in More's complaint and interpose the defenses provided under the Act, including but not limited to

asserting that More is an unregistered dealer acting in violation of Section 15(a) of the Act and, pursuant to Section 29(b) of the Act, the Company interposing its right to rescind the unlawful securities contracts in their entirety and, furthermore, seek rescissionary damages for any unlawful securities transactions effected by More. The Company contends that its arguments are brought in good faith, particularly in light of recent SEC enforcement actions and the SEC's ongoing investigation against More, among other parties, for violations of federal securities laws, including violations of Section 15(a) of the Act. See U.S. Securities and Exchange Commission v. Carebourn Capital, LP et al, Case No. 1:20-cv-07162 (N.D. Ill.).

From time to time, we may become involved in litigation relating to claims arising out of our operations in the normal course of business. We are not currently involved in any pending legal proceeding or litigation and, to the best of our knowledge, no governmental authority is contemplating any proceeding to which we are a party or to which any of our properties is subject, which would reasonably be likely to have a material adverse effect on our business, financial condition and operating results.

#### **NOTE 14—SUBSEQUENT EVENTS**

The Company evaluated events occurring after the date of the accompanying unaudited condensed consolidated balance sheets through the date the financial statements were issued and has identified the following subsequent events that it believes require disclosure:

Effective October 1, 2021, we entered into and closed the Membership Purchase Agreement (the "TerraData MPA") with TerraData Unmanned, PLLC, a Florida limited liability company ("TerraData"), and Justin Dee, the sole shareholder of TerraData, pursuant to which we agreed to purchase 60% of the equity interests in TerraData in exchange for 3,725,386 shares of our Common Stock and \$400,000, subject to adjustments as defined in the TerraData MPA, to be paid within 12 weeks of closing. TerraData is now a subsidiary of the Company.

Pursuant to the Purchase Agreement, on October 1, 2021, we and GHS agreed that we would issue and sell to GHS, and GHS would purchase from us, 37,187,289 shares of Common Stock for total proceeds to us, net of discounts, of \$3,000,000, at an effective price of \$0.08874 per share (the "Fourth Closing"). We received approximately \$2,850,000 in net proceeds from the Fourth Closing after deducting the fees and other estimated offering expenses payable by us. We used the net proceeds from the Fourth Closing for working capital and for general corporate purposes. The shares were issued to GHS in a registered direct offering, pursuant to a prospectus supplement to our currently effective registration statement on Form S-3 (File No. 333-257826), which was initially filed with the SEC on July 12, 2021, and was declared effective on August 18, 2021.

Pursuant to the Purchase Agreement, on October 14, 2021, we and GHS agreed that we would issue and sell to GHS, and GHS would purchase from us, 14,282,304 shares of Common Stock for total proceeds to us, net of discounts, of \$1,055,000, at an effective price of \$0.08125 per share (the "Fifth Closing"). We received approximately \$1,002,250 in net proceeds from the Fifth Closing after deducting the fees and other estimated offering expenses payable by us. We used the net proceeds from the Fifth Closing for working capital and for general corporate purposes. The shares were issued to GHS in a registered direct offering, pursuant to a prospectus supplement to our currently effective registration statement on Form S-3 (File No. 333-257826), which was initially filed with the SEC on July 12, 2021, and was declared effective on August 18, 2021.

**Boyle CPA, LLC**  
Certified Public Accountants & Consultants

#### **REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Shareholders and Board of Directors of  
DarkPulse, Inc.

##### **Opinion on the Financial Statements**

We have audited the accompanying consolidated balance sheets of DarkPulse, Inc. (the "Company") as of December 31, 2020 and 2019, the related consolidated statements of operations, stockholders' deficit, and cash flows for each of the two years in the period ended December 31, 2020, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

##### **Substantial Doubt About the Company's Ability to Continue as a Going Concern**

As discussed in Note 3 to the consolidated financial statements, the Company's net losses, lack of revenues, and working capital deficiency raise substantial doubt about its ability to continue as a going concern for one year from the issuance of these financial statements. Management's plans are also described in Note 3. The financial statements do not include adjustments that might result from the outcome of this uncertainty.

##### **Basis of Opinion**

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to fraud or error. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

##### **Critical Audit Matters**

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the

critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

*Accounting for Embedded Derivative Liabilities Related to Convertible Debentures*

As described in Note 4 to the financial statements, the Company had convertible debentures that required accounting considerations and significant estimates.

The Company determined that variable conversion features issued in connection with certain convertible debentures required derivative liability classification. These variable conversion features were initially measured at fair value and subsequently have been remeasured to fair value at each reporting period. The Company determined the fair value of the embedded derivatives using the Black-Scholes-Merton option pricing model. The value of the embedded derivative liabilities related to the convertible debentures was \$1,220,877 at December 31, 2020.

We identified the accounting considerations and related valuations, including the related fair value determinations of the embedded derivative liabilities of such as a critical audit matter. The principal considerations for our determination were: (1) the accounting consideration in determining the nature of the various features (2) the evaluation of the potential derivatives and potential bifurcation in the instruments, and (3) considerations related to the determination of the fair value of the various debt and equity instruments and the conversion features that include valuation models and assumptions utilized by management. Auditing these elements is especially challenging and requires auditor judgement due to the nature and extent of audit effort required to address these matters, including the extent of specialized skill or knowledge needed.

Our audit procedures related to management's conclusion on the evaluation and related valuation of embedded derivatives, included the following, among others: (1) evaluating the relevant terms and conditions of the various financings, (2) assessing the appropriateness of conclusions reached by the Company with respect to the accounting for the convertible debt, and the assessment and accounting for potential derivatives and (3) independently recomputing the valuations determined by Management.

/s/ Boyle CPA, LLC

We have served as the Company's auditor since 2019

Bayville, NJ  
April 15, 2021

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Bayville, NJ 08721

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**DARKPULSE, INC.**  
**Consolidated Balance Sheets**

	<b>December 31,</b>	
	<b>2020</b>	<b>2019</b>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS:</b>		
Cash	\$ 337	\$ 1,210
Prepaid expenses	—	746
<b>TOTAL CURRENT ASSETS</b>	<b>337</b>	<b>1,956</b>
Other assets, net	91,464	116,495
Patents, net	393,990	445,018
<b>TOTAL ASSETS</b>	<b>\$ 485,791</b>	<b>\$ 563,469</b>
<b><u>LIABILITIES AND STOCKHOLDERS' DEFICIT</u></b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 519,899	\$ 323,948
Convertible notes, net of discount \$35,525 and \$39,414 respectively	931,158	1,033,249
Derivative liability	1,220,877	1,275,500
Accrued liabilities	569,970	497,078

Contract liability, related party	—	42,000
Related party notes payable	—	44,096
<b>TOTAL CURRENT LIABILITIES</b>	<b>3,241,904</b>	<b>3,215,871</b>
Secured debenture	1,176,092	1,155,150
<b>TOTAL LIABILITIES</b>	<b>4,417,996</b>	<b>4,371,021</b>
Commitments and contingencies		
<b>STOCKHOLDERS' DEFICIT:</b>		
Convertible preferred stock - Class D (par value \$0.01; 100,000 shares authorized; 88,235 issued and outstanding at December 31, 2020 and, 2019, respectively)	883	883
Common stock (par value \$0.0001), 20,000,000,000 shares authorized, 4,088,762,151 and 1,392,042,112 shares issued and outstanding at December 31, 2020 and, 2019, respectively	408,876	13,920,421
Treasury stock, 100,000 shares at December 31, 2020 and December 31, 2019	(1,000)	(1,000)
Paid-in capital in excess of par value	1,805,813	(11,877,864)
Non-controlling interest in variable interest entity and subsidiary	(12,439)	(12,439)
Accumulated other comprehensive income	315,832	336,775
Accumulated deficit	(6,450,170)	(6,174,328)
<b>TOTAL STOCKHOLDERS' DEFICIT</b>	<b>(3,932,205)</b>	<b>(3,807,552)</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT</b>	<b>\$ 485,791</b>	<b>\$ 563,469</b>

See accompanying notes to consolidated financial statements.

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**DARKPULSE, INC.**  
**Consolidated Statements of Operations**

	<b>For the Year Ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
<b>REVENUES</b>	<b>\$ —</b>	<b>\$ —</b>
<b>OPERATING EXPENSES:</b>		
General and administrative	149,259	183,083
Payroll and compensation	187	168,945
Legal	50,415	118,280
Debt transaction expenses	7,850	24,900
Amortization of patents	51,028	51,028
<b>TOTAL OPERATING EXPENSES</b>	<b>258,739</b>	<b>546,236</b>
<b>OPERATING LOSS</b>	<b>(258,739)</b>	<b>(546,236)</b>
<b>OTHER INCOME (EXPENSE):</b>		
Interest expense	(135,064)	(505,683)
Gain (Loss) on convertible notes	(3,889)	(405,386)
Gain (Loss) on change in fair market value of derivative liabilities	54,623	(368,164)
Gain (Loss) on forgiveness of debt	67,227	—
<b>TOTAL OTHER EXPENSE</b>	<b>(17,103)</b>	<b>(1,279,233)</b>
<b>NET LOSS</b>	<b>(275,842)</b>	<b>(1,825,469)</b>
Net loss attributable to non-controlling interests in variable interest entity and subsidiary	—	—
Net loss attributable to Company stockholders	<b>\$ (275,842)</b>	<b>\$ (1,825,469)</b>
<b>LOSS PER SHARE</b>		
Basic and Diluted	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>
<b>WEIGHTED AVERAGE SHARES OUTSTANDING:</b>		
Basic and Diluted	<b>2,323,180,245</b>	<b>487,850,346</b>

See accompanying notes to consolidated financial statements.

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**DARKPULSE, INC.**  
**Consolidated Statements of Comprehensive Loss**

**For the Year Ended**

	<b>December 31,</b>	
	<b>2020</b>	<b>2019</b>
NET LOSS	\$ (275,842)	\$ (1,825,469)
OTHER COMPREHENSIVE LOSS		
Unrecognized Gain (Loss) on Foreign Exchange	(20,943)	(52,905)
COMPREHENSIVE LOSS	<u><u>\$ (296,785)</u></u>	<u><u>\$ (1,878,374)</u></u>

See accompanying notes to consolidated financial statements.

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**DARKPULSE, INC.**  
**Consolidated Statement of Stockholders' Deficit**  
**For the Years Ended December 31, 2020 and 2019**

	Preferred Stock		Common Stock		Treasury Stock	Paid in Capital in Excess of Par Value	Non-Controlling Interest in Subsidiary	Accumulated Other Comprehensive Income	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount						
Balance, December 31, 2018	88,235	\$ 883	89,680,567	\$ 896,806	\$ (1,000)	\$ 859,481	\$ (12,439)	\$ 389,680	\$ (4,348,859)	\$ (2,215,448)
Conversion of convertible notes	—	—	1,302,361,545	13,023,615	—	(12,737,345)	—	—	—	286,270
Foreign currency adjustment	—	—	—	—	—	—	—	(52,905 )	—	(52,905)
Net loss	—	—	—	—	—	—	—	—	(1,825,469)	(1,825,469)
Balance, December 31, 2019	<u><u>88,235</u></u>	<u><u>\$ 883</u></u>	<u><u>1,392,042,112</u></u>	<u><u>\$ 13,920,421</u></u>	<u><u>\$ (1,000)</u></u>	<u><u>\$ (11,877,864)</u></u>	<u><u>\$ (12,439)</u></u>	<u><u>\$ 336,775</u></u>	<u><u>\$ (6,174,328)</u></u>	<u><u>\$ (3,807,552)</u></u>
Conversion of convertible notes	—	—	2,696,720,039	26,967,200	—	(26,795,068)	—	—	—	172,132
Change to Par Value	—	—	—	(40,478,745)	—	40,478,745	—	—	—	—
Foreign currency adjustment	—	—	—	—	—	—	—	(20,943)	—	(20,943)
Net loss	—	—	—	—	—	—	—	—	(275,842)	(275,842)
Balance, December 31, 2020	<u><u>88,235</u></u>	<u><u>\$ 883</u></u>	<u><u>4,088,762,151</u></u>	<u><u>\$ 408,876</u></u>	<u><u>\$ (1,000)</u></u>	<u><u>\$ 1,805,813</u></u>	<u><u>\$ (12,439)</u></u>	<u><u>\$ 315,832</u></u>	<u><u>\$ (6,450,170)</u></u>	<u><u>\$ (3,932,205)</u></u>

See accompanying notes to consolidated financial statements.

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**DARKPULSE, INC.**  
**Consolidated Statements of Cash Flows**

	For the Year Ended December 31,	
	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net loss	\$ (275,842)	\$ (1,825,469)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation and amortization	86,607	51,028
Loan acquisition costs	7,850	24,900
Stock based compensation	—	141,860
Gain on reduction of loan default penalty	(9,900)	—
Gain on extinguishment of debt	(67,227)	—
Debt discount	—	(205,000)
Amortization of debt discount	51,739	609,386
Derivative liability	(54,624)	621,670
Changes in operating assets and liabilities:		
Accounts payable	195,951	264,788
Prepaid expenses	746	—
Accrued liabilities	72,892	145,233
Net cash used by operating activities	<u>8,192</u>	<u>(171,604)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Capitalized patents	(4,969)	(54,930)
Net cash used by investing activities	<u>(4,969)</u>	<u>(54,930)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from convertible debentures	40,000	180,100
Repayments of convertible debentures	—	(24,650)
Proceeds from related party notes payable	(44,096)	—
Net cash provided by financing activities	<u>(4,096)</u>	<u>155,450</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(873)</b>	<b>(71,084)</b>
CASH, beginning of year	1,210	72,294
CASH, end of year	<u>\$ 337</u>	<u>\$ 1,210</u>

**SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:**

Cash paid during the year ended December 31:

Interest	\$ —	\$ —
Income taxes	\$ —	\$ —

See accompanying notes to consolidated financial statements.

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**DARKPULSE, INC.**  
**Notes to the Consolidated Financial Statements**  
**For the Years ended December 31, 2020 and 2019**

**NOTE 1 – BASIS OF FINANCIAL STATEMENT PRESENTATION**

***Organization and Description of Business***

DarkPulse, Inc. ("DPI" or "Company") is a technology-security company incorporated in 1989 as Klever Marketing, Inc. ("Klever"). Its' wholly-owned subsidiary, DarkPulse Technologies Inc. ("DPTI"), originally started as a technology spinout from the University of New Brunswick, Fredericton, Canada. The Company's security and monitoring systems will initially be delivered in applications for border security, pipelines, the oil and gas industry and mine safety. Current uses of fiber optic distributed sensor technology have been limited to quasi-static, long-term structural health monitoring due to the time required to obtain the data and its poor precision. The Company's patented BOTDA dark-pulse sensor technology allows for the monitoring of highly dynamic environments due to its greater resolution and accuracy.

On April 27, 2018, Klever entered into an Agreement and Plan of Merger (the "Merger Agreement" or the "Merger") involving Klever as the surviving parent corporation and acquiring a privately held New Brunswick corporation known as DarkPulse Technologies Inc. as its wholly owned subsidiary. On July 18, 2018, the parties closed the Merger Agreement, as amended on July 7, 2018, and the name of the Company was subsequently changed to DarkPulse, Inc. With the change of control of the Company, the Merger is being accounted for as a recapitalization in a manner similar to a reverse acquisition.

On July 20, 2018, the Company filed a Certificate of Amendment to its Certificate of Incorporation with the State of Delaware, changing the name of the Company to DarkPulse, Inc. The Company filed a corporate action notification with the Financial Industry Regulatory Authority (FINRA), and the Company's ticker symbol was changed to DPLS.

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES**

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements are as follows:

***Basis of Presentation and Principles of Consolidation***

The Company's consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States ("US GAAP"). The consolidated financial statements of the Company include the Company and its wholly-owned subsidiaries. All material intercompany balances and transactions have been eliminated in consolidation.

Our consolidated financial statements as of December 31, 2020 and 2019 include the accounts of DarkPulse Inc. and its subsidiaries:

DarkPulse Technologies Inc. ("DPTI"), a New Brunswick, Canada corporation, a wholly owned subsidiary, incorporated December 16, 2010.

DPTI owns 100% of DarkPulse Technology Holdings Inc., a New York corporation, incorporated July 6, 2017.

DPTI indirectly owns 37.572% of DarkPulse Technologies International Inc., ("DPTINY") a New York corporation, incorporated on September 7, 2017. On or about September 18, 2017, DPTI entered into a shareholder agreement with three investors, whereby DPTI would own 50.2% of DPTINY and the investors would own 49.8%. On or about October 3, 2017, another investor entered into an agreement with DPTINY to fund it \$37,500 for a 0.5% equity interest in DPTINY. On December 26, 2017, DPTI's CEO incorporated another corporation named DarkPulse Technologies International Inc., ("DPTIDel") in the State of Delaware. On or about April 16, 2018, seven investors and DPTI entered into a new agreement whereby it was agreed that the investors would own 62.428% of DPTIDel, and the September 18, 2017 agreement with respect to DPTINY was considered null and void. Accordingly, the funding of \$37,500 to DPTINY in October 2017 has been converted to an equity interest in DPTIDel as of April 2018. As of April 16, 2018, DPTI owns approximately 37.572% of the shares of common stock of DPTIDel and 100% of the issued shares of Series A Preferred Stock of DPTIDel, pursuant to which the Company controls both DPTIDel and DPTINY.

The Company does not own any interest in DarkPulse East LLC, ("DPE") an entity organized on December 8, 2017 in Russia, by two of the shareholders of DPTIDel, to act as a sales organization to promote the Company's products within Russia. Each of the two shareholders own 50% interest in DPE. During November and December 2017 DPTINY funded DarkPulse East LLC a total of \$20,650 to establish and launch the Company's business in Russia. The Company is considered to be the primary beneficiary of DPE based on implicit obligations to fund it, and accordingly, the operations of DPE are consolidated into these financial statements. As of December 31, 2018, DPE had no assets or liabilities. The Company is not liable for obligations of DPE, and creditors of DPE do not have recourse to the general credit of the Company.

On February 8, 2018, DPTI formed DarkPulse BVTK, LLC, a Virginia Limited Liability Company ("JV Entity"). The Company, through its wholly-owned subsidiary DPTI, holds a 60% equity interest in the JV Entity, and Bravatek Solutions, Inc ("Bravatek") has a 40% interest. The primary business purpose of the JV Entity was to develop, market, and sell products and services based on the Company's patented BOTDA dark-pulse technology. Both the CEO of the Company and the CEO of Bravatek were to manage the day to day operations of the JV Entity. The operations of JV Entity are not consolidated into these financial statements.

On March 26, 2019, DPTI informed the JV Entity and Bravatek that, effective immediately, DPTI was revoking from the JV Entity the revocable Licensed Technology exclusively owned by DPTI and the Company.

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

In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the statements of financial condition, and revenues and expenses for the years then ended. Actual results may differ significantly from those estimates. Significant estimates made by management include, but are not limited to, the assumptions used to calculate stock-based compensation, derivative liabilities, preferred deemed dividend and common stock issued for services.

#### ***Cash and Cash Equivalents***

The Company considers all highly liquid investments with a maturity of three months or less when acquired to be cash equivalents. The Company places its cash with high credit quality financial institutions. The Company's account at this institution is insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. To reduce its risk associated with the failure of such financial institution, the Company evaluates at least annually the rating of the financial institution in which it holds deposits.

#### ***Foreign Currency Translation***

The Company's reporting currency is US Dollars. The accounts of one of the Company's subsidiaries is maintained using the appropriate local currency, Canadian Dollar ("CAD") as the functional currency. All assets and liabilities are translated into U.S. Dollars at balance sheet date, shareholders' equity is translated at historical rates and revenue and expense accounts are translated at the average exchange rate for the year or the reporting period. The translation adjustments are reported as a separate component of stockholders' equity, captioned as accumulated other comprehensive (loss) gain. Transaction gains and losses arising from exchange rate fluctuations on transactions denominated in a currency other than the functional currency are included in the statements of operations.

The relevant translation rates are as follows: for the year ended December 31, 2020 closing rate at 1.2754 US\$: CAD, average rate at 1.3388 US\$:CAD and for the year ended December 31, 2019 closing rate at 1.2988 US\$: CAD, average rate at 1.3234 US\$.

#### ***Intangible assets***

Intangible assets consist of capitalized software development costs and patents and trademarks.

The Company reviews intangibles held and used for possible impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In evaluating the fair value and future benefits of its intangible assets, management performs an analysis of the anticipated undiscounted future net cash flow of the individual assets over the remaining amortization period. The Company recognizes an impairment loss if the carrying value of the asset exceeds the expected future cash flows.

#### ***Intangible Assets - Intrusion Detection Intellectual Property***

The Company relies on patent laws and restrictions on disclosure to protect its intellectual property rights. As of December 31, 2020, the Company held three U.S. and foreign patents on its intrusion detection technology, which expire in calendar years 2025 through 2034 (depending on the payment of maintenance fees).

The DPTI issued patents cover a System and Method for Brillouin Analysis, a System and Method for Resolution Enhancement of a Distributed Sensor, and a Flexible Fiber Optic Deformation System Sensor and Method. Maintenance of intellectual property rights and the protection thereof is important to our business. Any patents that may be issued may not sufficiently protect the Company's intellectual property and third parties may challenge any issued patents. Other parties may independently develop similar or competing technology or design around any patents that may be issued to the Company. The Company cannot be certain that the steps it has taken will prevent the misappropriation of its

intellectual property, particularly in foreign countries where the laws may not protect proprietary rights as fully as in the United States. Further, the Company may be required to enforce its intellectual property or other proprietary rights through litigation, which, regardless of success, could result in substantial costs and diversion of management's attention. Additionally, there may be existing patents of which the Company is unaware that could be pertinent to its business, and it is not possible to know whether there are patent applications pending that the Company's products might infringe upon, since these applications are often not publicly available until a patent is issued or published.

For the year ended December 31, 2020, the Company had patent amortization costs on its intrusion detection technology totaling \$51,028. Patents costs are being amortized over the remaining life of each patent, which is from 7 to 16 years.

The DPTI issued patents cover a System and Method for Brillouin Analysis, a System and Method for Resolution Enhancement of a Distributed Sensor, and a Flexible Fiber Optic Deformation System Sensor and Method. Maintenance of intellectual property rights and the protection thereof is important to our business. Any patents that may be issued may not sufficiently protect the Company's intellectual property and third parties may challenge any issued patents. Other parties may independently develop similar or competing technology or design around any patents that may be issued to the Company. The Company cannot be certain that the steps it has taken will prevent the misappropriation of its intellectual property, particularly in foreign countries where the laws may not protect proprietary rights as fully as in the United States. Further, the Company may be required to enforce its intellectual property or other proprietary rights through litigation, which, regardless of success, could result in substantial costs and diversion of management's attention. Additionally, there may be existing patents of which the Company is unaware that could be pertinent to its business, and it is not possible to know whether there are patent applications pending that the Company's products might infringe upon, since these applications are often not publicly available until a patent is issued or published.

The following is a summary of activity related to the DPTI patents for the year ended December 31, 2020:

Balance at January 1, 2020	\$ 445,018
Additions	—
Amortization	(51,028)
Balance at December 31, 2020	<u>\$ 393,990</u>

The following is a summary of the DPTI patents as of December 31, 2020:

	2019
Historical cost	\$ 904,269
Accumulated amortization	(510,279)
Carrying Value	<u>\$ 393,990</u>

Future expected amortization of intangible assets is as follows:

Year Ending December 31,	
2021	\$ 51,028
2022	51,028
2023	51,028
2024	51,028
2025	51,028
Thereafter	138,850
	<u>\$ 393,990</u>

#### **Property and Equipment**

Property and equipment are capitalized and depreciated over their estimated economic useful lives. Upon sale or other disposition of property and equipment, the cost and related accumulated depreciation or amortization are removed from the accounts and any gain or loss is included in the determination of income or loss. The Company had no assets as of December 31, 2020 and 2019.

#### **Revenue Recognition**

The Company currently has no revenues from its operations. We anticipate that revenues from product sales, net of estimated returns and allowances, will be recognized when evidence of an arrangement is in place, related prices are fixed and determinable, contractual obligations have been satisfied, title and risk of loss have been transferred to the customer and collection of the resulting receivable is reasonably assured.

#### **Concentration of Credit Risk**

The Company has no significant concentrations of credit risk.

#### **Related Parties**

The Company accounts for related party transactions in accordance with ASC 850 ("Related Party Disclosures"). A party is considered to be related to the Company if the party directly or indirectly or through one or more intermediaries, controls, is controlled by, or is under common control with the Company. Related parties also include principal owners of the Company, its management, members of the immediate families of principal owners of the Company and its management and other parties with which the Company may deal if 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. A party which can significantly influence the management or operating policies of the transacting parties or if it has an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests is also a related party.

The Company evaluates the embedded conversion feature within its convertible debt instruments under ASC 815-15 and ASC 815-40 to determine if the conversion feature meets the definition of a liability and, if so, whether to bifurcate the conversion feature and account for it as a separate derivative liability. For derivative financial instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair value and is then re-valued at each reporting date, with changes in the fair value reported in the statements of operations. For stock-based derivative financial instruments, the Company uses a lattice model, in accordance with ASC 815-15 "Derivative and Hedging" to value the derivative instruments at inception and on subsequent valuation dates. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is evaluated at the end of each reporting period. Derivative instrument liabilities are classified in the balance sheet as current or non-current based on whether net-cash settlement of the derivative instrument could be required within 12 months after the balance sheet date.

#### ***Beneficial Conversion Features***

The Company evaluates the conversion feature for whether it was beneficial as described in ASC 470-30. The intrinsic value of a beneficial conversion feature inherent to a convertible note payable, which is not bifurcated and accounted for separately from the convertible note payable and may not be settled in cash upon conversion, is treated as a discount to the convertible note payable. This discount is amortized over the period from the date of issuance to the date the note is due using the effective interest method. If the note payable is retired prior to the end of its contractual term, the unamortized discount is expensed in the period of retirement to interest expense. In general, the beneficial conversion feature is measured by comparing the effective conversion price, after considering the relative fair value of detachable instruments included in the financing transaction, if any, to the fair value of the shares of common stock at the commitment date to be received upon conversion.

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

The Company measures its financial assets and liabilities in accordance with the requirements of FASB ASC 820, "Fair Value Measurements and Disclosures". As defined in FASB ASC 820, the fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). The Company utilized the market data of similar entities in its industry or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable. The Company classifies fair value balances based on the observability of those inputs. FASB ASC 820 established a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurement) as follows:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Level 1 primarily consists of financial instruments such as exchange-traded derivatives, marketable securities and listed equities.

Level 2 – Pricing inputs are other than quoted prices in active markets included in level 1, which are either directly or indirectly observable as of the reported date and includes those financial instruments that are valued using models or other valuation methodologies. These models are primarily industry-standard models that consider various assumptions, including quoted forward prices for commodities, time value, volatility factors, and current market and contractual prices for the underlying instruments, as well as other relevant economic measures. Substantially all of these assumptions are observable in the marketplace throughout the full term of the instrument, can be derived from observable data or are supported by observable levels at which transactions are executed in the marketplace. Instruments in this category generally include non-exchange-traded derivatives such as commodity swaps, interest rate swaps, options and collars.

Level 3 – Pricing inputs include significant inputs that are generally less observable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value.

#### ***Income Taxes***

The Company accounts for income taxes pursuant to the provision of ASC 740-10, "Accounting for Income Taxes" ("ASC 740-10") which requires, among other things, an asset and liability approach to calculating deferred income taxes. The asset and liability approach requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. A valuation allowance is provided to offset any net deferred tax assets for which management believes it is more likely than not that the net deferred asset will not be realized.

The Company follows the provision of ASC 740-10 related to Accounting for Uncertain Income Tax Positions. When tax returns are filed, there may be uncertainty about the merits of positions taken or the amount of the position that would be ultimately sustained. In accordance with the guidance of ASC 740-10, the benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions taken are not offset or aggregated with other positions.

Tax positions that meet the more likely than not recognition threshold are measured at the largest amount of tax benefit that is more than 50 percent likely of being realized upon settlement with the applicable taxing authority. The portion of the benefit associated with tax positions taken that exceed the amount measured as described above should be reflected as a liability for uncertain tax benefits in the accompanying balance sheet along with any associated interest and penalties that would be payable to the taxing authorities upon examination.

The Company believes its tax positions are all more likely than not to be upheld upon examination. As such, the Company has not recorded a liability for uncertain tax benefits.

The Company has adopted ASC 740-10-25, "Definition of Settlement", which provides guidance on how an entity should determine whether a tax position is effectively settled for the purpose of recognizing previously unrecognized tax benefits and provides that a tax position can be effectively settled upon the completion and examination by a taxing authority without being legally extinguished. For tax positions considered effectively settled, an entity would recognize the full amount of tax benefit, even if the tax position is not considered more likely than not to be sustained based solely on the basis of its technical merits and the statute of limitations remains open. 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 are filed.

The Company's U.S. subsidiaries were incorporated in 2017, and tax returns have not yet been filed. The Company does not anticipate a tax liability for the years 2020 and 2019. The Company has filed tax returns in Canada for the year ending December 31, 2018, and they are still subject to audit.

#### ***Income (Loss) Per Common Share***

The Company accounts for earnings per share pursuant to ASC 260, Earnings per Share, which requires disclosure on the financial statements of "basic" and "diluted" earnings (loss) per share. Basic earnings (loss) per share are computed by dividing net income (loss) by the weighted average number of common shares outstanding for the year. Diluted earnings (loss) per share is computed by dividing net income (loss) by the weighted average number of common shares outstanding plus common stock equivalents (if dilutive) related to stock options and warrants for each year. In periods where the Company has a net loss, all dilutive securities are excluded.

	December 31, 2020	December 31, 2019
Convertible preferred stock	—	—
Stock Options	—	—
Stock Warrants	—	—
<b>Total</b>	<b>—</b>	<b>—</b>

#### **Recently Issued Accounting Pronouncements**

On February 25, 2016, the FASB issued Accounting Standards Update No. 2016-02, Leases (Topic 842). The new guidance establishes the principles to report transparent and economically neutral information about the assets and liabilities that arise from leases. The updated standard was effective for us in the first quarter of 2019. Adoption of this standard did not have a material impact on the Company's financial statements as the Company does not have any leases.

In August 2018, the FASB issued Accounting Standards Update No. 2018-15 ("ASU 2018-15"), *Intangibles — Goodwill and Other — Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*. The standard is intended to clarify the accounting for implementation costs of a hosting arrangement that is a service contract. For the Company, the amendments in ASU 2018-15 are effective for annual periods beginning January 1, 2021. The Company is evaluating the impact this new guidance may have on its Consolidated Financial Statements.

In December 2019, the FASB issued Accounting Standards Update No. 2019-12 ("ASU 2019-12"), *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*. The standard is intended to simplify the accounting for income taxes by removing certain exceptions to the general principles in Topic 740, as well as improve consistent application of and simplify GAAP for other areas of Topic 740 by clarifying and amending existing guidance. For the Company, the amendments in ASU 2019-12 are effective for annual periods beginning January 1, 2022. The Company is evaluating the impact this new accounting guidance may have on its Consolidated Financial Statements.

Although there are several other new accounting pronouncements issued or proposed by the FASB, which the Company has adopted or will adopt, as applicable, the Company does not believe any of these accounting pronouncements has had or will have a material impact on its financial position or results of operations.

#### **NOTE 3 – GOING CONCERN**

As shown in the accompanying financial statements, the Company generated net losses of \$275,841 and \$1,825,469 during the years ended December 31, 2020 and 2019, respectively. The Company did not generate any revenue from product sales during the years ended December 31, 2020 and 2019. As of December 31, 2020, the Company's current liabilities exceeded its current assets by \$3,241,568. As of December 31, 2020, the Company had \$337 of cash.

The Company will require additional funding during the next twelve months to finance the growth of its current operations and achieve its strategic objectives. These factors, as well as the uncertain conditions that the Company faces relative to capital raising activities, create substantial doubt as to the Company's ability to continue as a going concern. The Company is seeking to raise additional capital principally through private placement offerings and is targeting strategic partners in an effort to finalize the development of its products and begin generating revenues. The ability of the Company to continue as a going concern is dependent upon the success of future capital offerings or alternative financing arrangements and expansion of its operations. The accompanying financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern. Management is actively pursuing additional sources of financing sufficient to generate enough cash flow to fund its operations through calendar year 2021. However, management cannot make any assurances that such financing will be secured.

#### **NOTE 4 – CONVERTIBLE DEBT SECURITIES**

The Company uses the Black-Scholes Model to calculate the derivative value of its convertible debt. The valuation result generated by this pricing model is necessarily driven by the value of the underlying common stock incorporated into the model. The values of the common stock used were based on the price at the date of issue of the debt security as of December 31, 2020. Management determined the expected volatility between 475.55-624.25%, a risk free rate of interest between 0.10-0.13%, and contractual lives of the debt varying from zero months to eight months. Management made the determination to use an expected life rather than contractual life for the calculations for the matured debt as of December 31, 2020. The expected life is equal to the contractual life extended by one year which vary from two to seven months. The table below details the Company's outstanding convertible notes, with totals for the face amount, amortization of discount, initial loss, change in the fair market value, and the derivative liability.

	Face Amount	Debt Discount	Initial Loss	Change in FMV	Derivative Balance 12/31/2020
	\$ 90,228	\$ —	\$ 58,959	\$ (5,855)	\$ 141,145
	162,150	—	74,429	(9,847)	254,719
	72,488	—	11,381	(22,665)	86,501
	201,436	—	—	(15,166)	263,869
	76,657	—	8,904	(5,716)	100,503
	53,397	—	5,651	(16,346)	90,059
	53,864	—	28,566	(29,619)	35,071
	18,613	—	16,558	(18,468)	12,119
	29,250	—	—	(374)	28,591
	49,726	—	—	(635)	48,606
	41,774	—	—	(534)	40,833
	29,250	—	—	(374)	28,591
	40,000	—	10,605	(22,989)	24,846
	47,850	35,525	7,850	65,427	65,423
<b>Subtotal</b>	<b>966,683</b>	<b>35,525</b>	<b>222,903</b>	<b>(99,304)</b>	<b>1,220,877</b>
<b>Transaction expense</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
	<b>\$ 966,663</b>	<b>\$ 35,525</b>	<b>\$ 222,903</b>	<b>\$ (99,304)</b>	<b>\$ 1,220,877</b>

On January 10, 2019, the Company entered into a Securities Purchase Agreement with GS Capital Partners, LLC, ("GS Capital") issuing a convertible redeemable note in the

principal amount of \$65,000. The note may be converted into common shares of the Company's common stock at a conversion price equal to the lower of \$0.25, or 70% of the lowest trading price of the Company's common stock during the 20 prior trading days. For the years ended December 31, 2020 and 2019, GS Capital converted \$0 and \$11,136 in principal of its' convertible note into 0 and 79,605,027 shares of common stock.

On February 12, 2019, the Company entered into a securities purchase agreement with Crown Bridge Partners, LLC, ("Crown") issuing a convertible promissory note in the aggregate principal amount of up to \$35,000. The note may be converted into common shares of the Company's common stock at a conversion price equal 70% of the lowest trading price of the Company's common stock during the 20 prior trading days. For the year ended December 31, 2020 and 2019, Crown converted \$6,855 and \$9,532 in principal of its' convertible note into 169,000,000 and 259,259,259 shares of common stock.

On April 23, 2019, the Company entered into a securities purchase agreement with GS Capital Partners, LLC, ("GS Capital") issuing to GS Capital a convertible promissory note in the aggregate principal amount of \$40,000 with a \$2,000 original issue discount and \$2,000 in transactional expenses due to GS Capital and its counsel. The note bears interest at 8% per annum and may be converted into common shares of the Company's common stock at a conversion price equal to 70% of the average of the three lowest trading prices of the Company's common stock during the 20 prior trading days. As of the date the consolidated financial statements were available for issuance, DPTI received \$36,000 net cash. For the year ended December 31, 2020 and 2019, GS Capital has no converted principal into common stock.

On May 3, 2019, the Company entered into a securities purchase agreement with Geneva Roth Remark Holdings, Inc. ("Geneva") issuing to Geneva a convertible promissory note in the aggregate principal amount of \$64,000 with a \$6,000 original issue discount and \$2,800 in transactional expenses due to Geneva and its counsel. The note bears interest at 9% per annum and may be converted into common shares of the Company's common stock at a conversion price equal to 70% of the lowest trading price of the Company's common stock during the 20 prior trading days. The Company received \$55,200 net cash. The Company was notified on October 15, 2019 that the note was in default and subject to a 200% penalty. The additional \$64,000 was recorded as interest expense as of December 31, 2019. For the year ended December 31, 2020, Geneva has converted the full amount of \$128,000 principal and \$11,606 interest into 1,745,231,572 shares of common stock.

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On October 7, 2020, the Company entered into a securities purchase agreement with Geneva Roth Remark Holdings, Inc. ("Geneva") issuing to Geneva a convertible promissory note in the aggregate principal amount of \$47,850 with a \$4,350 original issue discount and \$3,500 in transactional expenses due to Geneva and its counsel. The note bears interest at 9% per annum and may be converted into common shares of the Company's common stock at a conversion price equal to 70% of the lowest trading price of the Company's common stock during the 20 prior trading days. The Company received \$40,000 net cash. For the year ended December 31, 2020, Geneva has not converted principal into common stock.

As of December 31, 2020 and 2019 respectively, there was \$966,683 and \$1,040,663 of convertible debt outstanding, net of debt discount of \$35,525, and \$93,138. As of December 31, 2020 and 2019 respectively, there was derivative liability of \$1,220,880 and \$323,481 related to convertible debt securities.

#### NOTE 5 - DEBENTURE

DPTI issued a convertible Debenture to the University (see Note 1) in exchange for the Patents assigned to the Company, in the amount of Canadian \$1,500,000, or US \$1,491,923 on December 16, 2010, the date of the Debenture. On April 24, 2017 DPTI issued a replacement secured term Debenture in the same C\$1,500,000 amount as the original Debenture. The interest rate is the Bank of Canada Prime overnight rate plus 1% per annum. The Debenture had an initial required payment of Canadian \$42,000 (US\$33,385) due on April 24, 2018 for reimbursement to the University of its research and development costs, and this has been paid. Interest-only maintenance payments are due annually starting after April 24, 2018. Payment of the principal begins on the earlier of (a) three years following two consecutive quarters of positive earnings before interest, taxes, depreciation and amortization, (b) six years from April 24, 2017, or (c) in the event DPTI fails to raise defined capital amounts or secure defined contract amounts by April 24 in the years 2018, 2019, and 2020. The Company has raised funds in excess of the amount required for 2020, 2019 and 2018. The principal repayment amounts will be due quarterly over a six year period in the amount of Canadian Dollars \$62,500. Based on the exchange rate between the Canadian Dollar and the U.S. Dollar on December 31, 2018, the quarterly principal repayment amounts will be US\$48,447. The Debenture is secured by the Patents assigned by the University to DPTI by an Assignment Agreement on December 16, 2010. DPTI has pledged the Patents, and granted a lien on them pursuant to an Escrow Agreement dated April 24, 2017, between DPTI and the University.

The Debenture was initially recorded at the \$1,491,923 equivalent US Dollar amount of Canadian \$1,500,000 as of December 16, 2010, the date of the original Debenture. The liability is being adjusted quarterly based on the current exchange value of the Canadian dollar to the US dollar at the end of each quarter. The adjustment is recorded as unrealized gain or loss in the change of the value of the two currencies during the quarter. The amounts recorded as an unrealized gain (loss) for the years ended December 31, 2020, and 2019, were \$20,941 and \$52,905 respectively. These amounts are included in Accumulated Other Comprehensive Loss in the Equity section of the consolidated balance sheet, and as Unrealized Loss on Foreign Exchange on the consolidated statement of comprehensive loss. The Debenture also includes a provision requiring DPTI to pay the University a two percent (2%) royalty on sales of any and all products or services which incorporate the Patents for a period of five (5) years from April 24, 2018.

For the years ended December 31, 2020, and 2019, the Company recorded interest expense of \$49,414 and \$52,538, respectively.

As of December 31, 2020, the debenture liability totaled \$1,176,092, all of which was long term.

Future minimum required payments over the next 5 years and thereafter are as follows:

Period ending December 31,	
2021	\$ 0
2022	0
2023	0
2024	0
2025 and after	1,155,150
Total	<u><u>\$ 1,155,150</u></u>

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#### NOTE 6 – ACCRUED LIABILITIES

Accrued liabilities consist of the following as of December 31:

2020

2019

Accrued payroll	\$ 293,166	\$ 293,434
Taxes	1,996	1,996
Accrued interest	274,808	201,648
	<u>\$ 569,970</u>	<u>\$ 497,078</u>

#### NOTE 7 – INCOME TAXES

The provision (benefit) for income taxes for the years ended December 31, 2020 and 2019 differs from the amount which would be expected as a result of applying the statutory tax rates to the losses before income taxes due primarily to the valuation allowance to fully reserve net deferred tax assets.

The following table summarizes the significant differences between statutory rates for the years ended December 31, 2020 and 2019:

	2020	2019
Statutory tax rate:		
U.S.	21.00 %	21.00 %
State taxes	3.63 %	3.63 %
Change in valuation allowance:	<u>(24.63)%</u>	<u>(24.63)%</u>
	-%	-%

The Company's deferred tax assets and liabilities as of December 31, 2020 and 2019 are as follows:

	2020	2019
Deferred Tax (Liabilities):		
Net operating losses	\$ 1,351,897	\$ 1,283,957
Intangible assets	–	(208)
Less: Valuation allowance	<u>(1,351,897)</u>	<u>(1,283,749)</u>
	\$ –	\$ –

The Company has approximately \$1,284,000 non-capital income tax losses as of December 31, 2019, which will begin to expire in the year 2038.

The Company calculates its income tax expense by estimating the annual effective tax rate and applying that rate to the year-to-date ordinary income (loss) at the end of the period. The Company records a tax valuation allowance when it is more likely than not that it will not be able to recover the value of its deferred tax assets. For the years ended December 31, 2020 and 2019, the Company calculated its estimated annualized effective tax rate at 0% and 0%, respectively, for both the United States and Canada. The Company had no income tax expense on its losses for the years ended December 31, 2020 and 2019, respectively.

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The Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority. The Company recognizes interest accrued on uncertain tax positions as well as interest received from favorable tax settlements within interest expense. The Company recognizes penalties accrued on unrecognized tax benefits within selling, general and administrative expenses. As of December 31, 2020 and 2019, the Company had no uncertain tax positions.

The Company does not anticipate any significant changes to the total amounts of unrecognized tax benefits in the next twelve months. The Company files income tax returns in New Brunswick, Canada, and the U.S. federal, New York, and Delaware jurisdictions. Tax years 2011 to current remain open to examination by Canadian authorities; the tax year 2018 remains open to examination by U.S. authorities.

#### NOTE 8 – PREFERRED STOCK

In accordance with the Company's bylaws, the Company has authorized a total of 2,000,000 shares of preferred stock, par value \$0.01 per share, for all classes. As of December 31, 2020 and 2019 respectively, there were 88,235 and 88,235 total preferred shares issued and outstanding for all classes.

#### NOTE 9 – COMMON STOCK

On February 5, 2019, the majority stockholders holding a majority of the issued and outstanding voting shares of the Company amended the Company's Certificate of Incorporation to increase the number of authorized shares of Common Stock from 250,000,000 to 3,000,000,000.

On July 1, 2019, the majority stockholders holding a majority of the issued and outstanding voting shares of the Company amended the Company's Certificate of Incorporation to increase the number of authorized shares of Common Stock from 3,000,000,000 to 20,000,000,000.

On February 18, 2020, the majority stockholders holding a majority of the issued and outstanding voting shares of the Company amended the Company's Certificate of Incorporation to amend the par value of the Company's common stock from \$0.01 to \$0.0001.

In accordance with the Company's bylaws, the Company has authorized a total of 20,000,000,000 shares of common stock, par value \$0.0001 per share. As of December 31, 2020 and 2019, there were 4,088,762,156 and 1,392,042,112 common shares issued and outstanding.

During the year ended December 31, 2020, the Company issued 2,696,720,044 shares of common stock as settlement of notes payable and accrued interest in the total amount of \$143,930 and \$22,339 respectively.

During the year ended December 31, 2019, the Company issued 1,302,361,545 shares of common stock as settlement of notes payable and accrued interest in the total amount of \$184,737 and \$54,534 respectively.

At December 31, 2020, the Company had 1,589,257,888 in common shares reserved for issuance for convertible debt securities.

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## **NOTE 10 – STOCK OPTIONS**

As of December 31, 2020 and 2019, the Company had no outstanding stock options.

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

### **Potential Royalty Payments**

The Company, in consideration of the terms of the debenture to the University of New Brunswick, shall pay to the University a two percent royalty on sales of any and all products or services, which incorporate the Company's patents for a period of five years from April 24, 2018.

### **Potential Commission Payments**

The Company, in consideration of the Strategic Alliance Agreement with Bravatek, for the purpose of promoting the Company's products, will pay Bravatek sales commissions for clients introduced to the Company by Bravatek. This agreement expired on September 5, 2019.

### **Legal Matters**

On October 2, 2018, the Company received a demand for payment from Bravatek Solutions, Inc. for payment in the amount of \$35,750 for software services. The Company is not a party to any significant pending legal proceedings, and no other such proceedings are known to be contemplated. No director, officer or affiliate of the Company, and no owner of record or beneficial owner of more than 5.0% of the securities of the Company, or any associate of any such director, officer or security holder is a party adverse to the Company or has a material interest adverse to the Company in reference to pending litigation.

On March 27, 2019, Thomas A. Cellucci, et al. v. DarkPulse, Inc. et al. (the "Complaint") was filed in the United States District Court for the Southern District of New York by certain of the Company's former executive officers, one also being a former director, and a non-employee shareholder (collectively, the "Plaintiffs"), against the Company, its sole officer and director, and others, claiming that the Plaintiffs brought the action to protect their individual rights as minority shareholders, as improperly-ousted officers (other than the non-employee shareholder), and as an improperly-ousted director, seeking equitable relief, damages, recovery of unpaid salaries and other relief. It is the Company's position that the Complaint represents a frivolous harassment lawsuit, and the Company intends to file a motion to dismiss all claims made in the Complaint and intends to otherwise defend itself vigorously in this matter. The Company is also exploring filing counterclaims against the Plaintiffs in the action.

From time to time, we may become involved in litigation relating to claims arising out of our operations in the normal course of business. We are not currently involved in any pending legal proceeding or litigation and, to the best of our knowledge, no governmental authority is contemplating any proceeding to which we are a party or to which any of our properties is subject, which would reasonably be likely to have a material adverse effect on our business, financial condition and operating results.

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### **COVID-19**

On March 11, 2020, the World Health Organization announced that infections of the novel Coronavirus (COVID-19) had become pandemic, and on March 13, the U.S. President announced a National Emergency relating to the disease. There is a possibility of continued widespread infection in the United States and abroad, with the potential for catastrophic impact. National, state and local authorities have required or recommended social distancing and imposed or are considering quarantine and isolation measures on large portions of the population, including mandatory business closures. These measures, while intended to protect human life, are expected to have serious adverse impacts on domestic and foreign economies of uncertain severity and duration. Some economists are predicting the United States will soon enter a recession. The sweeping nature of the coronavirus pandemic makes it extremely difficult to predict how the Company's business and operations will be affected in the longer run, but we expect that it may materially affect our business, financial condition and results of operations. The extent to which the coronavirus impacts our results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions to contain the coronavirus or treat its impact, among others. Moreover, the coronavirus outbreak has begun to have indeterminable adverse effects on general commercial activity and the world economy, and our business and results of operations could be adversely affected to the extent that this coronavirus or any other epidemic harms the global economy generally and/or the markets in which we operate specifically. Any of the foregoing factors, or other cascading effects of the coronavirus pandemic that are not currently foreseeable, could materially increase our costs, negatively impact our revenues and damage the Company's results of operations and its liquidity position, possibly to a significant degree. The duration of any such impacts cannot be predicted.

## **NOTE 12 – RELATED PARTY TRANSACTIONS**

The Company follows subtopic 850-10 of the FASB Accounting Standards Codification for the identification of related parties and disclosure of related party transactions. Pursuant to Section 850-10-20 the related parties include a) affiliates of the Company; b) Entities for which investments in their equity securities would be required, absent the election of the fair value option under the Fair Value Option Subsection of Section 825-10-15, to be accounted for by the equity method by the investing entity; c) trusts for the benefit of employees, such as pension and profit-sharing trusts that are managed by or under the trusteeship of management; d) principal owners of the Company; e) management of the Company; f) other parties with which the Company may deal if 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; and g) Other parties that can significantly influence the management or operating policies of the transacting parties or that have an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests. The financial statements shall include disclosures of material related party transactions, other than compensation arrangements, expense allowances, and other similar items in the ordinary course of business. However, disclosure of transactions that are eliminated in the preparation of consolidated or combined financial statements is not required in those statements. The disclosures shall include: a) the nature of the relationship(s) involved; b) a description of the transactions, including transactions to which no amounts or nominal amounts were ascribed, for each of the periods for which income statements are presented, and such other information deemed necessary to an understanding of the effects of the transactions on the financial statements; c) the dollar amounts of transactions for each of the periods for which income statements are presented and the effects of any change in the method of establishing the terms from that used in the preceding period; and d) amounts due from or to related parties as of the date of each balance sheet presented and, if not otherwise apparent, the terms and manner of settlement.

During the years ended December 31, 2020 and 2019, the Company's Chief Executive Officer advanced personal funds in the amount of \$68,254 and \$30,134 for Company expenses.

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## NOTE 13 – SUBSEQUENT EVENTS

On January 4, 2021, the Company entered into a securities purchase agreement with Geneva Roth Remark Holdings, Inc. ("Geneva") issuing to Geneva a convertible promissory note in the aggregate principal amount of \$42,350 with a \$3,850 original issue discount and \$3,500 in transactional expenses due to Geneva and its counsel. The note bears interest at 8% per annum and may be converted into common shares of the Company's common stock at a conversion price equal to 70% of the lowest trading price of the Company's common stock during the 20 prior trading days. The Company received \$35,000 net cash.

On January 14, 2021, the Company issued an aggregate of 100,000,000 shares of common stock upon the conversion of convertible debt, as issued on September 24, 2018, in the amount of \$28,000.

On January 25, 2021, the Company issued an aggregate of 150,000,000 shares of common stock upon the conversion of convertible debt, as issued on September 24, 2018, in the amount of \$42,000.

On February 1, 2021, the Company issued an aggregate of 30,999,995 shares of common stock upon the conversion of convertible debt, as issued on February 12, 2019, in the amount of \$8,116.

On February 11, 2021, the Company issued an aggregate of 100,000,000 shares of common stock upon the conversion of convertible debt, as issued on September 24, 2018, in the amount of \$56,000.

On February 3, 2021, the Company entered into a securities purchase agreement with Geneva Roth Remark Holdings, Inc. ("Geneva") issuing to Geneva a convertible promissory note in the aggregate principal amount of \$94,200 with a \$15,700 original issue discount and \$3,500 in transactional expenses due to Geneva and its counsel. The note bears interest at 4.5% per annum and may be converted into common shares of the Company's common stock at a conversion price equal to 81% of the lowest 2 trading prices of the Company's common stock during the 10 prior trading days. The Company received \$75,000 net cash.

On February 18, 2021, the Company issued an aggregate of 220,000,000 shares of common stock upon the conversion of convertible debt, as issued on September 24, 2018, in the amount of \$75,436 for principal and \$39,638 for interest.

On February 18, 2021, the Company entered into a securities purchase agreement with Geneva Roth Remark Holdings, Inc. ("Geneva") issuing to Geneva a convertible promissory note in the aggregate principal amount of \$76,200 with a \$12,700 original issue discount and \$3,500 in transactional expenses due to Geneva and its counsel. The note bears interest at 4.5% per annum and may be converted into common shares of the Company's common stock at a conversion price equal to 81% of the lowest 2 trading prices of the Company's common stock during the 10 prior trading days. The Company received \$60,000 net cash.

## PART II - INFORMATION NOT REQUIRED IN PROSPECTUS

### Item 13 - Other Expenses of Issuance and Distribution

We estimate that expenses in connection with the distribution described in this Registration Statement (other than brokerage commissions, discounts or other expenses relating to the sale of the shares by the Selling Security Holder) will be as set forth below. We will pay all of the expenses with respect to the distribution, and such amounts, with the exception of the SEC registration fee, are estimates.

	Amount to Be Paid
SEC registration fee	\$ 2,823.00
State filing fees	\$ 500.00
Edgarizing costs	\$ 500.00
Accounting fees and expenses	\$ 1,000.00
Legal fees and expenses	\$ 15,000.00
Total	<u><u>\$ 19,823.00</u></u>

### Item 14 - Indemnification of Directors and Officers

Under our Certificate of Incorporation, our directors have no personal liability to us or our stockholders for monetary damages for breach of fiduciary duty as a director, except (i) for any breach of the duty of loyalty to the Company or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the DGCL as it may from time to time be amended or any successor provision thereto, or (iv) for any transaction from which a director derives an improper personal benefit.

We do not maintain any policy of directors' and officers' liability insurance that insures our directors and officers against the cost of defense, settlement or payment of a judgment under any circumstances.

### Item 15 - Recent Sales of Unregistered Securities

#### Convertible Notes

On January 10, 2019, we entered into a Securities Purchase Agreement with GS Capital Partners, LLC, ("GS Capital") issuing a convertible redeemable note in the principal amount of \$65,000. The note may be converted into common shares of our common stock at a conversion price equal to the lower of \$0.25, or 70% of the lowest trading price of our common stock during the 20 prior trading days.

On February 12, 2019, we entered into a securities purchase agreement with Crown Bridge Partners, LLC, ("Crown") issuing a convertible promissory note in the aggregate

principal amount of up to \$35,000. The note may be converted into common shares of our common stock at a conversion price equal 70% of the lowest trading price of our common stock during the 20 prior trading days.

On April 23, 2019, we entered into a securities purchase agreement with GS Capital issuing to GS Capital a convertible promissory note in the aggregate principal amount of \$40,000. The note bears interest at 8% per annum and may be converted into common shares of our common stock at a conversion price equal to 70% of the average of the three lowest trading prices of our common stock during the 20 prior trading days.

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On May 3, 2019, we entered into a securities purchase agreement with Geneva Roth Remark Holdings, Inc. ("Geneva") issuing to Geneva a convertible promissory note in the aggregate principal amount of \$64,000. The note bears interest at 9% per annum and may be converted into common shares of our common stock at a conversion price equal to 70% of the lowest trading price of our common stock during the 20 prior trading days.

On January 10, 2019, we entered into a Securities Purchase Agreement with GS Capital issuing a convertible redeemable note in the principal amount of \$65,000. The note may be converted into common shares of our common stock at a conversion price equal to the lower of \$0.25, or 70% of the lowest trading price of our common stock during the 20 prior trading days.

On February 12, 2019, we entered into a securities purchase agreement with Crown issuing a convertible promissory note in the aggregate principal amount of up to \$35,000. The note may be converted into common shares of our common stock at a conversion price equal 70% of the lowest trading price of our common stock during the 20 prior trading days.

On April 23, 2019, we entered into a securities purchase agreement with GS Capital issuing to GS Capital a convertible promissory note in the aggregate principal amount of \$40,000. The note bears interest at 8% per annum and may be converted into common shares of our common stock at a conversion price equal to 70% of the average of the three lowest trading prices of our common stock during the 20 prior trading days.

On May 3, 2019, we entered into a securities purchase agreement with Geneva issuing to Geneva a convertible promissory note in the aggregate principal amount of \$64,000. The note bears interest at 9% per annum and may be converted into common shares of our common stock at a conversion price equal to 70% of the lowest trading price of our common stock during the 20 prior trading days.

On October 7, 2020, we entered into a securities purchase agreement with Geneva issuing to Geneva a convertible promissory note in the aggregate principal amount of \$47,850. The note bears interest at 9% per annum and may be converted into common shares of our common stock at a conversion price equal to 70% of the lowest trading price of our common stock during the 20 prior trading days.

On September 2, 2020, we entered into a securities purchase agreement with Geneva issuing to Geneva a convertible promissory note in the aggregate principal amount of \$47,850. The note bears interest at 9% per annum and may be converted into common shares of our common stock at a conversion price equal to 70% of the lowest trading price of our common stock during the 20 prior trading days.

On January 4, 2021, we entered into a securities purchase agreement with Geneva issuing to Geneva a convertible promissory note in the aggregate principal amount of \$42,350. The note bears interest at 8% per annum and may be converted into common shares of our common stock at a conversion price equal to 70% of the lowest trading price of our common stock during the 20 prior trading days.

On February 3, 2021, we entered into a securities purchase agreement with Geneva issuing to Geneva a convertible promissory note in the aggregate principal amount of \$94,200. The note bears interest at 4.5% per annum and may be converted into common shares of our common stock at a conversion price equal to 81% of the lowest two trading prices of our common stock during the 10 prior trading days.

On February 18, 2021, we entered into a securities purchase agreement with Geneva issuing to Geneva a convertible promissory note in the aggregate principal amount of \$76,200. The note bears interest at 4.5% per annum and may be converted into shares of our common stock at a conversion price equal to 81% of the lowest two trading prices of our common stock during the 10 prior trading days.

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On April 26, 2021, we entered a Securities Purchase Agreement with FirstFire Global Opportunities Fund LLC, ("FirstFire") pursuant to which we issued to FirstFire a Convertible Promissory Note in the principal amount of \$825,000. The note matures on January 26, 2022 upon which time all accrued and unpaid interest will be due and payable. Interest accrues on the note at 10% per annum guaranteed until the note becomes due and payable, whether at maturity or upon acceleration or by prepayment or otherwise. The note is convertible at any time after 180 days from issuance, upon the election of FirstFire, into shares of our Common Stock at \$0.015 per share. A finder's fee of \$15,000 was paid to J.H. Darbie Co. pursuant to our agreement.

Each of the notes above were sold in reliance upon the exemption from securities registration afforded by Section 4(a)(2) of the Securities Act and Rule 506(b) of Regulation D under the Securities Act, based in part on the representations of the investor. Unless stated above, there were no sales commissions paid pursuant to this transaction and general solicitation was not used in connection with the offers and sales of these securities.

#### **Note Conversions**

On April 29, 2020, we issued an aggregate of 68,571,429 shares of common stock upon the conversion of convertible debt, as issued on May 3, 2019, in the amount of \$4,800.

On May 4, 2020, we issued an aggregate of 72,857,143 shares of common stock upon the conversion of convertible debt, as issued on May 3, 2019, in the amount of \$5,100.

On June 9, 2020, we issued an aggregate of 75,714,286 shares of common stock upon the conversion of convertible debt, as issued on May 3, 2019, in the amount of \$5,300.

On July 9, 2020, we issued an aggregate of 80,000,000 shares of common stock upon the conversion of convertible debt, as issued on May 3, 2019, in the amount of \$5,600.

On July 16, 2020, we issued an aggregate of 82,857,143 shares of common stock upon the conversion of convertible debt, as issued on May 3, 2019, in the amount of \$5,800.

On July 28, 2020, we issued an aggregate of 82,857,143 shares of common stock upon the conversion of convertible debt, as issued on May 3, 2019, in the amount of \$5,800.

On August 3, 2020, we issued an aggregate of 91,428,571 shares of common stock upon the conversion of convertible debt, as issued on May 3, 2019, in the amount of \$6,400.

On August 6, 2020, we issued an aggregate of 91,428,571 shares of common stock upon the conversion of convertible debt, as issued on May 3, 2019, in the amount of \$6,400.

On August 10, 2020, we issued an aggregate of 91,428,571 shares of common stock upon the conversion of convertible debt, as issued on May 3, 2019, in the amount of \$6,400.

On August 13, 2020, we issued an aggregate of 91,428,571 shares of common stock upon the conversion of convertible debt, as issued on May 3, 2019, in the amount of \$6,400.

On August 18, 2020, we issued an aggregate of 110,000,000 shares of common stock upon the conversion of convertible debt, as issued on May 3, 2019, in the amount of \$7,700.

On August 20, 2020, we issued an aggregate of 115,714,286 shares of common stock upon the conversion of convertible debt, as issued on May 3, 2019, in the amount of \$8,100.

On August 31, 2020, we issued an aggregate of 115,714,286 shares of common stock upon the conversion of convertible debt, as issued on May 3, 2019, in the amount of \$8,100.

On September 1, 2020, we issued an aggregate of 115,714,286 shares of common stock upon the conversion of convertible debt, as issued on May 3, 2019, in the amount of \$8,100.

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On September 1, 2020, we issued an aggregate of 119,157,924 shares of common stock upon the conversion of interest of convertible debt, as issued on July 17, 2018, in the amount of \$6,315.

On September 1, 2020, we issued an aggregate of 85,000,000 shares of common stock upon the conversion of convertible debt, as issued on September 24, 2018, in the amount of \$7,000.

On September 2, 2020, we issued an aggregate of 123,474,262 shares of common stock upon the conversion of interest of convertible debt, as issued on September 24, 2018, in the amount of \$4,439.

On September 3, 2020, we issued an aggregate of 115,714,286 shares of common stock upon the conversion of convertible debt, as issued on May 3, 2019, in the amount of \$8,100.

On September 11, 2020, we issued an aggregate of 115,714,286 shares of common stock upon the conversion of convertible debt, as issued on May 3, 2019, in the amount of \$8,100.

On September 30, 2020, we issued an aggregate of 158,000,000 shares of common stock upon the conversion of convertible debt, as issued on September 25, 2018, in the amount of \$5,257.

On October 7, 2020, we issued an aggregate of 161,428,571 shares of common stock upon the conversion of convertible debt, as issued on May 3, 2019, in the amount of \$11,800.

On October 7, 2020, we issued an aggregate of 169,000,000 shares of common stock upon the conversion of convertible debt, as issued on February 12, 2019, in the amount of \$6,855.

On October 7, 2020, we issued an aggregate of 143,519,000 shares of common stock upon the conversion of convertible debt, as issued on September 25, 2018, in the amount of \$4,677.

On October 12, 2020, we issued an aggregate of 142,374,429 shares of common stock upon the conversion of convertible debt, as issued on May 3, 2019, in the amount of \$600 in principal and \$9,366 in interest.

On October 22, 2020, we issued an aggregate of 77,623,000 shares of common stock upon the conversion of convertible debt, as issued on September 25, 2018, in the amount of \$2,041.

On January 14, 2021 we issued an aggregate of 100,000,000 shares of common stock upon the conversion of convertible debt, as issued on September 24, 2018, in the amount of \$28,000.

On January 25, 2021, we issued an aggregate of 150,000,000 shares of common stock upon the conversion of convertible debt, as issued on September 24, 2018, in the amount of \$42,000.

On February 1, 2021, we issued an aggregate of 30,999,995 shares of common stock upon the conversion of convertible debt, as issued on February 12, 2019, in the amount of \$8,116.

On February 11, 2021, we issued an aggregate of 100,000,000 shares of common stock upon the conversion of convertible debt, as issued on September 24, 2018, in the amount of \$56,000.

On February 18, 2021, we issued an aggregate of 220,000,000 shares of common stock upon the conversion of convertible debt, as issued on September 24, 2018, in the amount of \$75,436 for principal and \$39,638 for interest.

On April 15, 2021, we issued an aggregate of 8,065,040 shares of common stock upon the conversion of convertible debt, as issued on October 7, 2020, in the amount of \$47,850 and interest of \$2,153.25.

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On June 3, 2021, we entered into a Settlement and Mutual Release Agreement with Auctus Fund, LLC, ("Auctus") pursuant to which Auctus agreed to convert the note issued on September 25, 2018 by us to it in the principal amount of \$100,000 into 12,500,000 shares of our Common stock as consideration for full and complete satisfaction of and settlement of the note, which also terminates all obligations owing under both the Note and the corresponding Securities Purchase Agreement dated September 25, 2018 between the Company and Auctus.

On July 12, 2021, the Company issued an aggregate of 1,784,146 shares of common stock upon the conversion of convertible debt, as issued on January 12, 2021, in the amount of \$42,350.

On July 14, 2021, the Company issued an aggregate of 45,037,115 shares of common stock upon the conversion of convertible debt, as issued on October 7, 2020, in the amount of \$93,864 and interest of \$26,246.

On July 19, 2021, we issued an aggregate of 2,898,382 shares of common stock upon the conversion of convertible debt, as issued on October 7, 2020, in the amount of \$10,497 and interest of \$6,748.

On November 17, 2021, we issued an aggregate of 177,375,000 shares of common stock upon the conversion of convertible debt, as issued on April 26, 2021, which converted all principal and accrued and unpaid interest. The lender has agreed to return 118,254,000 shares due to an error in the conversion.

The shares issued pursuant to the note conversions were issued in reliance upon the exemption from securities registration afforded by Section 4(a)(2) of the Securities Act and Rule 506(b) of Regulation D under the Securities Act, based in part on the representations of the investor. There were no sales commissions paid pursuant to this transaction.

#### **Shares Issued for Services**

On February 16, 2021, we entered into a Consulting Agreement effective December 23, 2020 with Kenneth Brooks Davidson. Pursuant to the agreement, we have engaged Mr. Davidson as our Director, U.S. Operations for Oil and Gas & Renewables. During the term of the Agreement, the Consultant is entitled to monthly awards of 6,250 shares of our Common Stock and, after at least 24 months from the effective date of the Agreement the possibility of a bonus award of up to 75,000 shares of our Common Stock.

The issuance was made pursuant to the exemption from registration contained in Section 4(a)(2) of the Securities Act.

#### **Shares Issued for Acquisitions**

On August 30, 2021, the Company closed the MPAs with RI and WS pursuant to which the Company agreed to pay to the majority shareholder of each of RI and WS an aggregate of 15,000,000 shares of the Company's Common Stock, in exchange for 60% ownership of each of RI and WS.

The issuance was made pursuant to the exemption from registration contained in Section 4(a)(2) of the Securities Act.

#### **Miscellaneous Issuances**

Pursuant to a Finder's Fee Agreement with J.H. Darbie & Co., Inc. ("J.H. Darbie"), from October 4, 2021 to October 25, 2021, we issued to J.H. Darbie an aggregate of 5,425,453 shares of common stock.

The issuances were made pursuant to the exemption from registration contained in Section 4(a)(2) of the Securities Act.

#### **Item 16 - Exhibits**

The following exhibits are included with this Prospectus:

<b>Incorporated by Reference</b>					
<b>Exhibit Number</b>	<b>Exhibit Description</b>	<b>Form</b>	<b>File No.</b>	<b>Exhibit</b>	<b>Filing Date</b>
2.1	<a href="#">Form of Agreement and Plan of Merger by and between Klever Marketing, Inc., DarkPulse Technologies Inc. and DPTH Acquisition Corporation dated April 27, 2018</a>	8-K	000-18730	2.1	5/1/18
2.2	<a href="#">Form of Amendment No. 1 to Agreement and Plan of Merger by and between Klever Marketing, Inc., DarkPulse Technologies Inc. and DPTH Acquisition Corporation dated June 29, 2018</a>	8-K/A	000-18730	2.1	7/13/18
2.3	<a href="#">Form of Amendment No. 2 to Agreement and Plan of Merger by and between Klever Marketing, Inc., DarkPulse Technologies Inc. and DPTH Acquisition Corporation dated August 17, 2018, effective as of July 18, 2018</a>	8-K	000-18730	2.1	8/21/18
3.1	<a href="#">Restated Certificate of Incorporation of Klever Marketing, Inc. a Delaware corporation</a>	10-KSB	000-18730	3.01	6/20/97
3.2	<a href="#">Bylaws</a>	10-KSB	000-18730	3.02	6/20/97
3.3	<a href="#">Amended Bylaws</a>	10-KSB	000-18730	3.03	3/29/01
3.4	<a href="#">Certificate of Amendment to Certificate of Incorporation</a>	8-K	000-18730	3.1	7/24/18
3.5	<a href="#">Certificate of Designation of Series D Preferred Stock</a>	8-K	000-18730	3.2	7/24/18
3.6	<a href="#">Certificate of Amendment to Certificate of Incorporation filed February 5, 2019</a>	10-K	000-18730	3.05	4/15/21
3.7	<a href="#">Certificate of Amendment to Certificate of Incorporation filed February 20, 2020</a>	10-K	000-18730	3.06	4/15/21
4.1 & 10.1	<a href="#">Convertible Promissory Note dated July 14, 2018</a>	10-Q	000-18730	99.1	8/15/18
4.2 & 10.2	<a href="#">Convertible Promissory Note dated July 14, 2018</a>	10-Q	000-18730	99.2	8/15/18
4.3 & 10.3	<a href="#">Convertible Promissory Note dated July 14, 2018</a>	10-Q	000-18730	99.3	8/15/18
4.4 & 10.4	<a href="#">Convertible Promissory Note dated July 14, 2018</a>	10-Q	000-18730	99.4	8/15/18
4.5 & 10.5	<a href="#">Convertible Promissory Note dated July 17, 2018, effective July 18, 2018</a>	10-Q	000-18730	99.5	8/15/18
4.6 & 10.6	<a href="#">Convertible Promissory Note dated July 24, 2018, and effective July 27, 2018</a>	10-Q	000-18730	99.6	8/15/18
4.7 & 10.7	<a href="#">Convertible Promissory Note dated August 20, 2018, effective August 24, 2018</a>	8-K	000-18730	10.1	8/27/18
4.8 & 10.8	<a href="#">Convertible Promissory Note issued to EMA dated September 25, 2018, effective September 28, 2018</a>	8-K	000-18730	10.1	10/5/18
4.9 & 10.9	<a href="#">Convertible Promissory Note issued to Auctus dated September 25, 2018, effective September 27, 2018</a>	8-K	000-18730	10.2	10/5/18
4.10 & 10.10	<a href="#">Convertible Promissory Note issued to FirstFire dated September 24, 2018, and effective October 9, 2018</a>	8-K	000-18730	10.1	10/15/18
4.11 & 10.11	<a href="#">8% Convertible Redeemable Note issued to GS Capital Partners, LLC dated January 10, 2019</a>	8-K	000-18730	4.1	1/15/19
4.12 & 10.12	<a href="#">Form of Convertible Promissory Note issued to Crown Bridge Partners, LLC dated February 5, 2019</a>	8-K	000-18730	4.1	2/14/19

4.13 & 10.13	<a href="#">Convertible Promissory Note issued to Geneva Roth Remark Holdings, Inc. dated September 2, 2020</a>	10-K	000-18730	4.13	4/15/21
4.14 & 10.14	<a href="#">Convertible Promissory Note Issued as of April 26, 2021 to FIRSTFIRE GLOBAL OPPORTUNITIES FUND, LLC</a>	10-Q	000-18730	4.1	8/16/21
4.15 & 10.15	<a href="#">6% Redeemable Note dated July 14, 2021 issued to GS Capital Partners, LLC in the principal amount of \$2,000,000</a>	10-Q	000-18730	4.1	11/15/21
5.1	<a href="#">Legal Opinion of Business Legal Advisors, LLC</a>				X
	<a href="#">Securities Purchase Agreement dated July 14, 2021 with GS Capital Partners, LLC</a>	10-Q	000-18730	10.1	11/15/21
10.16	<a href="#">Securities Purchase Agreement by and between DarkPulse, Inc. and GS Capital Partners, LLC dated January 10, 2019</a>	8-K	000-18730	10.1	1/15/19
10.17	<a href="#">Form of Securities Purchase Agreement between DarkPulse, Inc. and Crown Bridge Partners, LLC dated February 5, 2019</a>	8-K	000-18730	10.1	2/14/19
10.18	<a href="#">Securities Purchase Agreement with Geneva Roth Remark Holdings, Inc. dated September 2, 2020</a>	10-K	000-18730	10.03	4/15/21
10.19	<a href="#">Consulting Agreement effective December 23, 2020 with Faisal Farooqui</a>	10-K	000-18730	10.04	4/15/21
10.20	<a href="#">Assignment Agreement with the University of New Brunswick, Canada</a>	10-K	000-18730	10.05	4/15/21
10.21	<a href="#">Convertible Debenture (Secured) Issued April 24, 2017</a>	10-K	000-18730	10.06	4/15/21
10.22	<a href="#">Finder's Fee Agreement dated January 8, 2021 with J.H. Darbie &amp; Co., Inc.</a>	10-Q	000-18730	10.1	5/17/21
10.23	<a href="#">Securities Purchase Agreement dated as of April 26, 2021 with FIRSTFIRE GLOBAL OPPORTUNITIES FUND, LLC</a>	10-Q	000-18730	10.1	8/16/21
10.24	<a href="#">Registration Rights Agreement dated April 26, 2021 to FIRSTFIRE GLOBAL OPPORTUNITIES FUND, LLC</a>	10-Q	000-18730	10.2	8/16/21
10.25	<a href="#">Heads of Terms with Remote Intelligence LLC and Unleash Live, Inc. dated May 10, 2021</a>	10-Q	000-18730	10.3	8/16/21
10.26	<a href="#">Consulting Agreement with Dr. Joseph Catalino Jr. dated May 17, 2021</a>	10-Q	000-18730	10.4	8/16/21
10.27	<a href="#">Settlement and Mutual Release Agreement with Auctus Fund, LLC dated June 3, 2021</a>	10-Q	000-18730	10.5	8/16/21
10.28	<a href="#">Letter of Intent with Remote Intelligence, Limited Liability Company dated June 8, 2021</a>	10-Q	000-18730	10.6	8/16/21
10.29	<a href="#">Letter of Intent with Wildlife Specialists, LLC dated June 8, 2021</a>	10-Q	000-18730	10.7	8/16/21
10.30	<a href="#">Teaming Agreement with Crae-Con Construction Inc. dated June 22, 2021</a>	10-Q	000-18730	10.8	8/16/21
10.31	<a href="#">Teaming Agreement with SurSafe LLC dated June 24, 2021</a>	10-Q	000-18730	10.9	8/16/21
10.32	<a href="#">Letter of Intent with TerraData Unmanned, PLLC dated June 25, 2021</a>	10-Q	000-18730	10.10	8/16/21
10.33	<a href="#">Consulting Agreement dated effective July 22, 2021 with Rick Gibson</a>	10-Q	000-18730	10.2	11/15/21
10.34	<a href="#">Engagement Agreement and Terms and Conditions dated August 3, 2021 with Energy &amp; Industrial Advisory Partners, LLC</a>	10-Q	000-18730	10.3	11/15/21
10.35	<a href="#">Letter of Intent dated June 8, 2021 with Remote Intelligence, Limited Liability Company</a>	10-Q	000-18730	10.4	11/15/21
10.36	<a href="#">Letter of Intent dated June 8, 2021 with Wildlife Specialists, LLC</a>	10-Q	000-18730	10.5	11/15/21
10.37	<a href="#">Share Purchase Agreement dated August 9, 2021 with Optilan Guernsey Limited and Optilan Holdco 2 Limited</a>	10-Q	000-18730	10.6	11/15/21
10.38	<a href="#">Subscription Agreement August 9, 2021 with Optilan HoldCo 3 Limited</a>	10-Q	000-18730	10.7	11/15/21
10.39	<a href="#">Letter of Intent dated effective August 18, 2021 with TJM Electronics West, Inc.</a>	10-Q	000-18730	10.8	11/15/21
10.40	<a href="#">Membership Interest Purchase Agreement dated August 30, 2021 with Remote Intelligence, Limited Liability Company</a>	10-Q	000-18730	10.9	11/15/21

10.41	<a href="#">Membership Interest Purchase Agreement dated August 30, 2021 with Wildlife Specialists, LLC</a>	10-Q	000-18730	10.10	11/15/21
10.42	<a href="#">Letter of Intent dated June 25, 2021 with TerraData Unmanned, PLLC</a>	10-Q	000-18730	10.11	11/15/21
10.43	<a href="#">Amendment No. 1 to Letter of Intent with TerraData Unmanned, PLLC dated effective August 24, 2021</a>	10-Q	000-18730	10.12	11/15/21
10.44	<a href="#">Amendment No. 2 to Letter of Intent with TerraData Unmanned, PLLC dated effective September 3, 2021</a>	10-Q	000-18730	10.13	11/15/21
10.45	<a href="#">Amendment to Letter of Intent with TJM Electronics West, Inc. dated effective August 31, 2021</a>	10-Q	000-18730	10.14	11/15/21
10.46	<a href="#">Stock Purchase Agreement dated September 8, 2021 with TJM Electronics West, Inc.</a>	10-Q	000-18730	10.15	11/15/21
10.47	<a href="#">Research Agreement dated September 21, 2021 with the Arizona Board of Regents</a>	10-Q	000-18730	10.16	11/15/21
10.48	<a href="#">Membership Purchase Agreement with TerraData Unmanned, PLLC dated effective October 1, 2021</a>				X
10.49	<a href="#">Teaming Agreement with CADG Engineering Pte Ltd dated effective October 5, 2021</a>				X
10.50	<a href="#">Equity Financing Agreement with GHS Investments LLC dated November 9, 2021</a>				X
10.51	<a href="#">Registration Rights Agreement with GHS Investments LLC dated November 9, 2021</a>				X
16.1	<a href="#">Letter from Haynie &amp; Company</a>	8-K	000-18730	16.1	3/11/19
21.1	<a href="#">List of Subsidiaries</a>				X
23.1	<a href="#">Consent of Boyle CPA, independent registered public accounting firm</a>				X
23.2	<a href="#">Consent of Attorney (included in Exhibit 5.1)</a>				--
101.INS	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)				
101.SCH	Inline XBRL Taxonomy Extension Schema Document				
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document				
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document				
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document				
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document				
104	Cover Page Interactive Data File (formatted in Inline XBRL, and included in exhibit 101).				

**Item 17 - Undertakings**

(A) The undersigned Registrant hereby undertakes:

- (1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement to:
  - (i) To include any prospectus required by Section 10(a)(3) of the Securities Act;
  - (ii) Reflect in the prospectus any facts or events which, individually or together, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and
  - (iii) Include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

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- (2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.
- (3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.
- (4) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

(B) The issuer is subject to Rule 430C(ss. 230.430C of this chapter): Each prospectus filed pursuant to Rule 424(b)(ss. 230.424(b) of this chapter) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A (ss. 230.430A of this chapter), shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

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**SIGNATURES**

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the in New York City, New York on December 1, 2021.

**DARKPULSE, INC.**

By: /s/ Dennis O'Leary  
Dennis O'Leary  
Chief Executive Officer and Chief Financial Officer  
(Principal Executive Officer and Principal Financial Officer)

Date: December 1, 2021

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

By: /s/ Dennis O'Leary  
Dennis O'Leary, Director  
Date: December 1, 2021

By: /s/ Dr. Anthony Brown

Dr. Anthony Brown, Director  
Date: December 1, 2021

By: /s/ Carl Eckel  
Carl Eckel, Director  
Date: December 1, 2021

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**300,000,000 Shares of Common Stock**

**DARKPULSE, INC.**

**PROSPECTUS**

\_\_\_\_\_, 2021

[c o v e r p a g e]

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**BUSINESS LEGAL ADVISORS, LLC**  
 14888 Auburn Sky Drive, Draper, UT 84020  
 (801) 634-1984  
 brian@businesslegaladvisor.com

Brian Higley  
 Attorney at Law  
 Licensed in Utah

December 1, 2021

Dennis O'Leary, CEO  
 DarkPulse, Inc.  
 1345 Ave of the Americas, 2<sup>nd</sup> Floor  
 New York, NY 10105

Re: Registration Statement on Form S-1

Dear Mr. O'Leary:

I have acted as counsel for DarkPulse, Inc., a Delaware corporation (the “**Company**”) in connection with the Company’s Registration Statement on Form S-1 (the “**Registration Statement**”) filed with the U.S. Securities and Exchange Commission under the Securities Act of 1933, as amended.

I have reviewed the Registration Statement, including the prospectus (the “**Prospectus**”) that is a part of the Registration Statement. The Registration Statement registers the offering and sale by a certain selling stockholder of the Company of 300,000,000 shares of the Company’s common stock (the “**Shares**”).

In connection with this opinion, I have reviewed originals or copies (certified or otherwise identified to my satisfaction) of the Company’s Certificate of Incorporation, the Company’s Bylaws, resolutions adopted by the Company’s Board of Directors, the Registration Statement, the exhibits to the Registration Statement, and such other records, documents, statutes and decisions, and such certificates or comparable documents of public officials and of officers and representatives of the Company, and have made such inquiries of such officers and representatives, as I have deemed relevant in rendering this opinion.

In such examination, I have assumed the genuineness of all signatures, the legal capacity of all natural persons, the authenticity of all documents submitted to me as originals, the conformity to original documents of all documents submitted to me as certified, conformed or photostatic copies and the authenticity of the originals of such latter documents.

The opinions expressed below are limited to the laws of the State of Delaware (including the applicable provisions of the Delaware Constitution, applicable judicial and regulatory decisions interpreting these laws, and applicable rules and regulations underlying these laws) and the federal laws of the United States.

Based on the foregoing and in reliance thereon and subject to the assumptions, qualifications and limitations set forth herein, I am of the opinion that pursuant to the corporate laws of the State of Delaware, including all relevant provisions of the state constitution and all judicial interpretations interpreting such provisions, the Shares are legally issued, fully paid and non-assessable.

I hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the use of my firm’s name in the related Prospectus under the heading “Legal Matters.”

Very truly yours,

/s/ Brian Higley

## MEMBERSHIP INTEREST PURCHASE AGREEMENT

Between

**JUSTIN DEE**

And

**DARKPULSE, INC.**

dated effective as of

October 1, 2021

## MEMBERSHIP INTEREST PURCHASE AGREEMENT

This Membership Interest Purchase Agreement (this “**Agreement**”), dated effective as of October 1, 2021 (the “**Effective Date**”), is entered into between Justin Dee, a member owning a majority equity interest of TerraData Unmanned, PLLC, a Florida limited liability company (the “**Seller**”), and DarkPulse, Inc., a Delaware corporation (the “**Buyer**” or “**DarkPulse**”).

## RECITALS

**WHEREAS**, The Seller owns 60% of the outstanding membership interests (the “**Membership Interest**”) in TerraData Unmanned, PLLC, a limited liability company organized and existing under the laws of the State of Florida (the “**Company**”); and

**WHEREAS**, the Seller wishes to sell to the Buyer, and the Buyer wishes to purchase from the Seller, the Membership Interest, subject to the terms and conditions set forth herein.

**NOW, THEREFORE**, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I  
DEFINITIONS

**Section 1.01 “Action”** means a claim, action, suit, proceeding, or governmental investigation.

**Section 1.02 “Affiliate”** of a Person means any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person.

**Section 1.03 “Assignment and Assumption”** shall have the meaning set forth in Section 5.01(a).

**Section 1.04 “Business Day”** means any day of the year other than a Saturday or Sunday or any day on which banks in the State of New York are required or permitted to be closed.

**Section 1.05 “Cash Consideration”** shall have the meaning set forth in Section 2.02(b).

**Section 1.06 “Certificate of Formation”** shall have the meaning set forth in Section 3.03.

**Section 1.07 “Change of Control Transaction”** means the occurrence after the date hereof of any of (a) an acquisition from the Buyer by an individual or legal entity or

“group” (as described in Rule 13d-5(b)(1) promulgated under the Exchange Act) of in excess of 50% of the voting securities of the Buyer (other than by the Sellers or its Affiliates), (b) the Buyer merges into or consolidates with any other Person, or any Person merges into or consolidates with the Buyer and, after giving effect to such transaction, the stockholders of the Buyer immediately prior to such transaction own less than 50% of the aggregate voting power of the Buyer or the successor entity of such transaction, or (c) the Buyer sells, licenses or transfers all or substantially all of the assets of the Company.

**Section 1.08 “Closing”** means the closing of the transactions contemplated by this Agreement.

**Section 1.09 “Closing Date”** means the date of execution of this Agreement.

**Section 1.10 “Code”** means the Internal Revenue Code of 1986, as amended.

**Section 1.11 “Common Stock”** means the common stock of the Buyer, par value \$0.0001, and any other class of securities into which such securities may hereafter be reclassified or changed.

**Section 1.12 “Common Stock Consideration”** shall have the meaning set forth in [Section 2.02\(a\)](#).

**Section 1.13 “Common Stock Equivalents”** means any securities of the Buyer or its subsidiaries which would entitle the holder thereof to acquire at any time Common Stock, including, without limitation, any debt, preferred stock, right, option, warrant or other instrument that is at any time convertible into or exercisable or exchangeable for, or otherwise entitles the holder thereof to receive, Common Stock.

**Section 1.14 “Confidential Information”** means any information with respect to the Company, including methods of operation, customer lists, products, prices, fees, costs, technology, inventions, trade secrets, know-how, software, marketing methods, plans, personnel, suppliers, competitors, markets or other specialized information or proprietary matters. “Confidential Information” does not include, and there shall be no obligation hereunder with respect to, information that (i) is generally available to the public on the date of this Agreement or (ii) becomes generally available to the public other than as a result of a disclosure not otherwise permissible hereunder.

**Section 1.15 “Contract”** means any contract, agreement, indenture, note, bond, mortgage, loan, instrument, lease, license, commitment or other arrangement, understanding, undertaking, commitment or obligation, whether written or oral.

**Section 1.16** The term “control” (including the terms “controlled by” and “under common control with”) means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract, or otherwise.

**Section 1.17 “Disclosure Schedules”** means the Disclosure Schedules delivered by the Buyer concurrently with the execution and delivery of this Agreement.

**Section 1.18 “Encumbrance”** means any mortgage, pledge, lien, charge, security interest, community property interest, claim, or other encumbrance.

**Section 1.19 “Exchange Act”** the U.S. Securities Exchange Act of 1934, as amended.

**Section 1.20 “Exempt Issuance”** means the issuance and sale of (a) shares of Common Stock or options to employees, officers or directors of the Buyer pursuant to any stock or option plan duly adopted for such purpose, by a majority of the non-employee members of the Buyer’s board of directors or a majority of the members of a committee of non-employee directors established for such purpose for services rendered to the Buyer, (b) securities upon the exercise or exchange of securities exercisable or exchangeable for or convertible into shares of Common Stock issued and outstanding on the date of this Agreement, and (c) securities issued pursuant to acquisitions or strategic transactions approved by a majority of the disinterested directors of the Buyer, provided that any such issuance shall only be to a Person (or to the equity holders of a Person) which is, itself or through its subsidiaries, an operating company or an owner of an asset in a business synergistic with the business of the Buyer and shall provide to the Buyer significant benefits in addition to the investment of funds.

**Section 1.21 “GAAP”** means generally accepting accounting principles in the United States of America.

**Section 1.22 “Governing Documents”** means, with respect to an entity, the entity’s articles of incorporation, articles of organization, certificate of incorporation, certificate of formation, charter, bylaws, operating agreement, or other certificates, instruments, documents, or agreements adopted to govern the formation or internal affairs of the entity, as applicable, including any and all amendments or restatements to such documents.

**Section 1.23 “Governmental Authorities”** means any court, tribunal, arbitrator, agency, commission, department, ministry, official, authority, or other instrumentality of any national, state, county, city, or other political subdivision.

**Section 1.24 “Indemnified Party”** shall have the meaning set forth in [Section 7.04](#).

**Section 1.25 “Indemnifying Party”** shall have the meaning set forth in [Section 7.04](#).

**Section 1.26 “Liability”** shall have the meaning set forth in [Section 4.09](#).

**Section 1.27 “Loss”** means all claims, judgments, damages, liabilities, settlements, losses, costs, and expenses, including reasonable attorneys’ fees and disbursements.

**Section 1.28 “Material Adverse Effect”** means any result, occurrence, fact, change, event or effect that, individually or in the aggregate, would reasonably be expected to have a material adverse effect on the long-term projected business, operations, assets, liabilities, condition (financial or otherwise) or results of, in each case, of the Buyer and its subsidiaries taken as a whole.

**Section 1.29 [Reserved].**

**Section 1.30 “Permits”** means all permits, licenses, franchises, approvals, registrations, certificates, variances, and similar rights obtained, or required to be obtained, from governmental authorities.

**Section 1.31 “Person”** means an individual, corporation, partnership, joint venture, limited liability company, governmental authority, unincorporated organization, trust, association, or other entity.

**Section 1.32 “Purchase Price”** shall have the meaning set forth in [Section 2.02](#).

**Section 1.33 “Securities Act”** means the U.S. Securities Act of 1933, as amended.

**Section 1.34 “SEC Reports”** shall have the meaning set forth in [Section 4.06](#).

## **ARTICLE II** **PURCHASE AND SALE**

**Section 2.01 Purchase and Sale.** Subject to the terms and conditions set forth herein, at the Closing, the Seller shall sell to the Buyer, and the Buyer shall purchase from the Seller, all of Seller's rights, title, and interests in and to the Membership Interest, free and clear of any Encumbrance, for the consideration specified in [Section 2.02](#). At the Closing, the Company shall become a subsidiary of the Buyer. For purposes of this Agreement, all of the Seller's rights, title, and interests in and to the Membership Interest shall include, but are not limited to: (a) Seller's capital accounts in the Company; (b) Seller's rights to share in the profits and losses of the Company; (c) Seller's rights to receive distributions from the Company; and (d) the exercise of all member rights, including the voting rights attributable to the Membership Interest.

**Section 2.02 Purchase Price.** The aggregate purchase price for the Membership Interest (the “**Purchase Price**”) is comprised of the following payments:

(a) **Closing Date Consideration.** On the Closing Date, the Buyer will deliver to the Seller 3,725,386 shares of Common Stock of the Buyer (the “**Common Stock Consideration**”);

(b) **Post-Closing Cash Consideration.** Within 12 weeks of the Closing Date, the Buyer will pay to the Seller \$400,000 to an account to be designated by the Seller, in writing (the “**Cash Consideration**”); and

(c) **Adjustments to Cash Consideration.** The Cash Consideration may be adjusted by the Buyer to pay for any taxes owed by the Company. If adjusted, the Buyer shall make any delinquent payments within thirty (30) days of the payment of the Cash Consideration.

**Section 2.03 Closing.** The Closing shall take place simultaneously on the Closing Date remotely via the electronic exchange of signatures. The consummation of the transactions contemplated by this Agreement shall be deemed to occur at 12:01 a.m. (EST) on the Closing Date.

**Section 2.04 Transfer Taxes.** The Seller shall pay, and shall reimburse the Buyer for, any sales, use, or transfer taxes, documentary charges, recording fees, or similar taxes, charges, fees, or expenses, if any, that become due and payable as a result of the transactions contemplated by this Agreement.

**Section 2.05 Withholding Taxes.** The Buyer and the Company shall be entitled to deduct and withhold from payments of the Cash Consideration to be made hereunder all taxes that the Buyer and the Company may be required to deduct and withhold under any provision of tax law. All such withheld amounts shall be treated as delivered to the Seller to the extent such withheld amounts are timely remitted to the appropriate Governmental Authority; provided, however, that with respect to any payment of the Cash Consideration to be made hereunder, a reasonable amount of time prior to any such payment, the Buyer or the Company, as applicable, shall (i) notify the Seller, in writing, of any anticipated withholding from the amounts payable hereunder, (ii) consult with the Seller in good faith to determine whether such deduction and withholding is required under applicable law, and (iii) cooperate with the Seller in good faith to minimize the amount of any applicable withholding.

**Section 2.06 Right of First Refusal.** The Seller grants to the Buyer a right of first refusal on any sale of the remaining membership interests (40%) of the Company (the “**Seller Interests**”) owned by the Seller (the “**Right of First Refusal**”). The Buyer shall have a right of first refusal to purchase the Seller Interests at a purchase price and on those terms and conditions equal to that purchase price and those terms and conditions offered to the Seller by a third party in an arm's length transaction (“**Third Party Offer**”). The Seller shall give written notice to the Buyer of a bona fide Third Party Offer. Such notice shall detail the purchase price and other material terms and conditions. The Buyer shall have one hundred and twenty (120) days from the date of such written notice to exercise its Right of First Refusal and purchase the Seller Interests.

## **ARTICLE III** **REPRESENTATIONS AND WARRANTIES OF THE SELLER**

The Seller represents and warrants to the Buyer that the statements contained in this ARTICLE III are true and correct as of the Closing Date. For purposes of this ARTICLE III, “Seller's knowledge,” “knowledge of the Seller,” and any similar phrases shall mean the actual or constructive knowledge of Sellers, after reasonable inquiry.

**Section 3.01 Capacity and Authority of the Seller; Enforceability.** The Seller has full capacity, power and authority to enter into this Agreement and the documents to be delivered hereunder, to carry out its obligations hereunder, and to consummate the transactions contemplated hereby. This Agreement and the documents to be delivered hereunder have been duly executed and delivered by the Seller, and (assuming due authorization, execution, and delivery by the Buyer) this Agreement and the documents to be delivered hereunder constitute legal, valid, and binding obligations of the Seller, enforceable against the Seller in accordance with their respective terms.

**Section 3.02 Organization, Authority, and Qualification/Organization of the Company.** The Company is a limited liability company duly organized, validly existing, and in good standing under the laws of the State of Florida. The Company has full limited liability company power and authority to own, operate, or lease the properties and assets now owned, operated, or leased by it and to carry on its business as it has been and is currently conducted. The Company is duly licensed or qualified to do business and is in good standing in each jurisdiction in which the properties owned or leased by it or the operation of its business as currently conducted makes such licensing or qualification necessary.

**Section 3.03 No Conflicts; Consents.** The execution, delivery, and performance by the Seller of this Agreement and the documents to be delivered hereunder, and the consummation of the transactions contemplated hereby, do not and will not: (a) violate or conflict with the Governing Documents of the Company; (b) violate or conflict with any judgment, order, decree, statute, law, ordinance, rule, or regulation applicable to the Seller or the Company; (c) conflict with, or result in (with or without notice or lapse of time or both) any violation of, or default under, or give rise to a right of termination, acceleration, or modification of, any obligation or loss of any benefit under any contract or other instrument to which the Seller or the Company is a party; (d) result in any violation, conflict with, or constitute a default under the Company's Governing Documents, including the certificate of formation of the Company filed with the Florida Secretary of State on December 13, 2017 (as amended or restated, the “**Certificate of Formation**”); or (e) result in the creation or imposition of any Encumbrance on the Membership Interest. No consent, approval, waiver, or authorization is required to be obtained by the Seller or the Company

from any Person in connection with the execution, delivery, and performance by the Seller of this Agreement and the consummation of the transactions contemplated hereby.

**Section 3.04 Legal Proceedings; No Material Adverse Effect.** There is no Action of any nature pending or, to Seller's knowledge, threatened: (a) against or by the Seller relating to or affecting the Membership Interest; or (b) against or by the Seller or the Company that challenges or seeks to prevent, enjoin, or otherwise delay the transactions contemplated by this Agreement. There is no Action against any current, or to the Seller's knowledge, former member, manager, or employee of the Company with respect to which the Company has, or is reasonably likely to have, an indemnification obligation. No event has occurred or circumstances exist that may give rise to, or serve as a basis for, any such Action. No circumstance or state of affairs exists that would reasonably be expected to result in a material adverse effect on the Company's long-term project assets, liabilities, condition (financial or otherwise) or results of operations.

#### **Section 3.05 Ownership of Membership Interest.**

(a) The Seller is the sole legal, beneficial, record, and equitable owner of the Membership Interest, free and clear of all Encumbrances whatsoever. The Membership Interest constitutes 60% of the issued and outstanding equity interests in the Company. There are no outstanding warrants, options, agreements or any other instruments that give any Person the right to purchase, subscribe for or otherwise acquire any equity interests in the Company.

(b) The Membership Interest was issued in compliance with applicable laws. The Membership Interest was not issued in violation of the Governing Documents of the Company or any other agreement, arrangement, or commitment to which Seller or the Company are a party and are not subject to or in violation of any preemptive or similar rights of any Person.

(c) Other than the Governing Documents of the Company, there are no voting trusts, proxies, or other agreements or understandings in effect with respect to the voting or transfer of any part of the Membership Interest.

**Section 3.06 Governing Documents.** Attached hereto as **Exhibit A** the Certificate of Formation, as amended, of the Company, which document is in full force and effect and is the only document in effect with respect to the matters described therein.

**Section 3.07 Brokers.** No broker, finder, or investment banker is entitled to any brokerage, finder's, or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of the Seller.

#### **Section 3.08 Compliance with Laws; Permits.**

(a) The Company has complied, and is now complying, in all material respects, with all statutes, laws, ordinances, regulations, rules, codes, treaties, or other requirements of any governmental authority applicable to it or its business, properties, or assets.

(b) All Permits that are required for the Company to conduct its business have been obtained and are valid and in full force and effect. No event has occurred that would reasonably be expected to result in the revocation or lapse of any such Permit.

**Section 3.09 Taxes.** To the Seller's knowledge: (a) all tax returns (including information returns) required to be filed on or before the Closing Date by the Company have been timely filed; (b) all such tax returns are true, complete, and correct in all respects; (c) all taxes due and owing by the Company (whether or not shown on any tax return) have been timely paid; (d) all deficiencies asserted, or assessments made, against the Company as a result of any examinations by any taxing authority have been fully paid; and (e) there are no pending or threatened actions by any taxing authority.

**Section 3.10 Due Diligence.** The Seller is an "accredited investor" (as such term is defined under Rule 501 of Regulation D under the Securities Act) and has reviewed the public filings of the Buyer. The Seller and its representatives, if any, have been given the opportunity to conduct satisfactory due diligence of the Buyer, and have been given the opportunity to speak with the Buyer's management during its due diligence.

**Section 3.11 Investment Purpose.** The Seller is acquiring the Common Stock Consideration solely for its own account for investment purposes and not with a view to, or for offer or sale in connection with, any distribution thereof. The Seller acknowledges that the Common Stock Consideration is not registered under the Securities Act, or registered under any state securities laws, and that the Common Stock Consideration may not be transferred or sold except pursuant to the registration provisions of the Securities Act, or pursuant to an applicable exemption therefrom and subject to state securities laws and regulations, as applicable.

**Section 3.12 Restricted Securities.** The Seller understands that the Common Stock Consideration have not been and will not be registered pursuant to the Securities Act, or any state securities act, and thus are "restricted securities" as defined in Rule 144 promulgated by the SEC. Accordingly, the Seller hereby acknowledges that he is prepared to hold the Common Stock Consideration for an indefinite period.

**Section 3.13 Limitations on Resale; Restrictive Legend.** The Seller acknowledges that he will not sell, assign, hypothecate, or otherwise transfer any rights to, or any interest in, the Common Stock Consideration except (i) pursuant to an effective registration statement under the Securities Act, or (ii) in any other transaction which, in the opinion of counsel acceptable to the Buyer, is exempt from registration under the Securities Act, or the rules and regulations of the SEC thereunder. The Seller also acknowledges that an appropriate legend will be placed upon each of the certificates representing the Common Stock Consideration stating that they have not been registered under the Securities Act and setting forth or referring to the restrictions on transferability and sale of the shares.

**Section 3.14 Information.** The Seller has been furnished (i) with all requested materials relating to the business, finances, management, and operations of the Buyer; (ii) with information deemed material to making an informed investment decision; and (iii) with additional requested information necessary to verify the accuracy of any documents furnished to the Seller by the Buyer. The Seller has been afforded the opportunity to ask questions of the Buyer and its management and to receive answers concerning the terms and conditions of the sale of the Common Stock Consideration.

**Section 3.15 Knowledge and Experience in Business and Financial Matters.** The Seller has such knowledge and experience in business and financial matters that he is capable of evaluating the risks of the prospective investment, and that the financial capacity of the Seller is of such proportion that the total cost of the Seller's commitment in the Common Stock Consideration would not be material when compared with his total financial capacity.

The Buyer represents and warrants to the Seller that the statements contained in this ARTICLE IV are true and correct as of the Closing Date. For purposes of this ARTICLE IV, "Buyer's knowledge," "knowledge of the Buyer," and any similar phrases shall mean the actual or constructive knowledge of any director or officer of the Buyer, after reasonable inquiry.

**Section 4.01 Capacity/Organization and Authority of Buyer; Enforceability.** The Buyer is a corporation duly organized, validly existing, and in good standing under the laws of the State of Delaware. The Buyer has full corporate power and authority to enter into this Agreement and the documents to be delivered hereunder, to carry out its obligations hereunder, and to consummate the transactions contemplated hereby. The execution, delivery, and performance by the Buyer of this Agreement and the documents to be delivered hereunder and the consummation of the transactions contemplated hereby have been duly authorized by all requisite corporate action on the part of the Buyer. This Agreement and the documents to be delivered hereunder have been duly executed and delivered by the Buyer and, assuming due authorization, execution, and delivery by the Seller, this Agreement and the documents to be delivered hereunder constitute legal, valid, and binding obligations of the Buyer enforceable against the Buyer in accordance with their respective terms.

**Section 4.02 No Conflicts; Consents.** The execution, delivery, and performance by the Buyer of this Agreement and the documents to be delivered hereunder, and the consummation of the transactions contemplated hereby, do not and will not: (a) violate or conflict with the certificate of incorporation, bylaws, or other governing documents of the Buyer; (b) violate or conflict with any judgment, order, decree, statute, law, ordinance, rule, or regulation applicable to the Buyer; or (c) conflict with, or result in (with or without notice or lapse of time or both) any violation of, or default under, or give rise to a right of termination, acceleration, or modification of, any obligation or loss of any benefit under any contract or other instrument to which the Buyer is a party. Except as stated in Schedule 4.02 of the Disclosure Schedules hereto, no consent, approval, waiver, or authorization is required to be obtained by the Buyer from any Person in connection with the execution, delivery, and performance by the Buyer of this Agreement and the consummation of the transactions contemplated hereby.

**Section 4.03 Investment Purpose.** The Buyer is acquiring the Membership Interest solely for its own account for investment purposes and not with a view to, or for offer or sale in connection with, any distribution thereof. The Buyer acknowledges that the Membership Interest is not registered under the Securities Act, or registered under any state securities laws, and that the Membership Interest may not be transferred or sold except pursuant to the registration provisions of the Securities Act, or pursuant to an applicable exemption therefrom and subject to state securities laws and regulations, as applicable.

**Section 4.04 Brokers.** No broker, finder, or investment banker is entitled to any brokerage, finder's, or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of the Buyer.

**Section 4.05 Legal Proceedings.** There is no Action of any nature pending or, to the Buyer's knowledge, threatened against or by the Buyer that (i) challenges or seeks to prevent, enjoin, or otherwise delay the transactions contemplated by this Agreement or (ii) could result in any material liability to the Buyer. No event has occurred or circumstances exist that may give rise to, or serve as a basis for, any such Action.

**Section 4.06 SEC Reports; Financial Statements.** The Buyer has filed all reports, schedules, forms, statements and other documents required to be filed by the Buyer under the Securities Act and the Exchange Act, including pursuant to Section 13(a) or 15(d) thereof, for the two years preceding the date hereof (or such shorter period as the Buyer was required by law or regulation to file such material) (the foregoing materials, including the exhibits thereto and documents incorporated by reference therein, together with a prospectus and a prospectus supplement, being collectively referred to herein as the "**SEC Reports**") on a timely basis or has received a valid extension of such time of filing and has filed any such SEC Reports prior to the expiration of any such extension. As of their respective dates, the SEC Reports complied in all material respects with the requirements of the Securities Act and the Exchange Act, as applicable, and none of the SEC Reports, when filed, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. The financial statements of the Buyer included in the SEC Reports comply in all material respects with applicable accounting requirements and the rules and regulations of the Commission with respect thereto as in effect at the time of filing. Such financial statements have been prepared in accordance with GAAP, except as may be otherwise specified in such financial statements or the notes thereto and except that unaudited financial statements may not contain all footnotes required by GAAP, and fairly present in all material respects the financial position of the Buyer and its consolidated subsidiaries as of and for the dates thereof and the results of operations and cash flows for the periods then ended, subject, in the case of unaudited statements, to normal, immaterial, year-end audit adjustments.

**Section 4.07 No Material Adverse Effect.** Since the date of the Buyer's latest Quarterly Report on Form 10-Q, there has been no event, occurrence or development that has had or that could reasonably be expected to result in a Material Adverse Effect.

**Section 4.08 Capitalization.**

(a) **Schedule 4.08(a)** of the Disclosure Schedules sets forth the outstanding capitalization of the Buyer as of the date of this Agreement.

(b) Except as set forth on Schedule 4.08(b) of the Disclosure Schedule, there is no: (i) outstanding subscription, option, call, warrant or right (whether or not currently exercisable) to acquire any securities of the Buyer; (ii) outstanding security, instrument or obligation that is or may become convertible into or exchangeable for any securities of the Buyer; (iii) condition or circumstance that is reasonably likely to give rise to or provide a basis for the assertion of a claim by any person to the effect that such Person is entitled to acquire or receive any securities of the Buyer; or (iv) outstanding or authorized equity appreciation, phantom equity, profit participation or other similar rights with respect to the Buyer.

**Section 4.09 Absence of Undisclosed Liabilities.** The Buyer does not have any liability, indebtedness, obligation or expense of any kind, whether accrued, absolute, contingent, matured or unmatured (whether or not required to be reflected in the financial statements in accordance with GAAP) (each a "**Liability**"), individually or in the aggregate, except for: (a) Liabilities disclosed, reflected or reserved against in the latest Quarterly Report on Form 10-Q; (b) normal and recurring current Liabilities that have been incurred by the Buyer since the date of its latest Quarterly Report on Form 10-Q in the ordinary course of business and which are not in excess of \$100,000 in the aggregate or disclosed in the Buyer's Current Reports on Form 8-K (c) Liabilities for performance of obligations of the Company under existing contracts (other than for breach thereof); (d) Liabilities incurred in connection with the transactions contemplated by this Agreement; and (e) Liabilities which would not, individually or in the aggregate, reasonably be expected to be material to the Company.

**ARTICLE V  
CLOSING DELIVERABLES**

**Section 5.01 Seller's Deliverables.** At the Closing, the Seller shall deliver to the Buyer the following:

(a) The assignment and assumption agreement, in the form attached hereto as **Exhibit B** (the "**Assignment and Assumption**"), executed by the Seller.

(c) A statement from the Company meeting the requirements of Treasury Regulations Section 1.1445-11T(d)(2)(i) certifying that transfers of interests in the Company are not subject to withholding under Section 1445 of the Code and the Treasury Regulations thereunder or a certification dated as of the Closing Date sworn under penalty of perjury and in form and substance required under the Treasury Regulations issued pursuant to Section 1445(b)(3) of the Code, stating that the Company is not and has not been a “United States real property holding corporation” (as defined in Section 897(c)(2) of the Code) during the applicable period specified in Section 897(c)(1)(A)(ii) of the Code, as applicable.

(d) A Form W-8 completed by the Seller.

#### **Section 5.02 Buyer's Deliverables.**

(a) At the Closing, the Buyer shall deliver the following to the Seller:

1. The Common Stock Consideration;
2. The Assignment and Assumption, executed by Buyer.

3. A certificate of the principal executive officer of the Buyer certifying as to: (i) the resolutions of the board of directors of the Buyer, duly adopted and in full force and effect, which authorize the execution, delivery, and performance of this Agreement and the transactions contemplated hereby; and (ii) the names and signatures of the officers of Buyer authorized to sign this Agreement and the documents to be delivered hereunder.

(b) Within 12 weeks of Closing, the Buyer shall deliver the to the Seller the Cash Consideration.

### **ARTICLE VI TAX MATTERS**

**Section 6.01 Tax Return and Tax Audit Procedures.** The Seller shall facilitate the making or otherwise cause the Company to make an election under Section 6226 of the Code with respect to any tax proceeding relating to a taxable period ending on or before the Closing Date as to which such an election is available. Sellers shall prepare or cause to be prepared any Internal Revenue Service Form 1065 or Form 1120, as applicable (and any similar form or forms for state and local income tax purposes), that is required to be filed by or with respect to the Company after the Closing Date with respect to any taxable period ending on or before the Closing Date. If the Seller is not authorized under applicable law to execute and file aforementioned tax return, the Buyer shall execute and file (or cause to be filed) such tax returns, as prepared by the Seller, with the appropriate taxing authority. The Buyer shall not, and shall not cause or permit the Company to (i) amend any tax returns filed with respect to any taxable period ending on or before the Closing Date or (ii) make any tax election that has retroactive effect to any such year, in each case, without the prior written consent of the Seller. The Buyer agrees that, as applicable, (x) the Company will join the consolidated income tax return group of which the Buyer is the parent corporation for U.S. federal income tax purposes (and for purposes of any similar applicable state, local or foreign laws) at the end of the Closing Date pursuant to Treasury Regulation Section 1.1502-76(b)(1)(ii)(A) and (y) as a result, the Company will have a short tax year ending on (and including) the Closing Date and will be included in the consolidated group's U.S. federal (and similar applicable state, local or foreign) income tax returns starting the day after the Closing Date.

### **ARTICLE VII INDEMNIFICATION**

**Section 7.01 Survival of Representations and Covenants.** All representations, warranties, covenants, and agreements contained herein and all related rights to indemnification shall survive the Closing.

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**Section 7.02 Indemnification by the Seller.** Subject to the other terms and conditions of this ARTICLE VII, the Seller shall defend, indemnify, and hold harmless the Buyer, its Affiliates, and their respective directors, managers, officers, and employees from and against:

- (a) a Loss arising from or relating to any inaccuracy in or breach of any of the representations or warranties of the Seller contained in this Agreement or any document delivered in connection herewith; or
- (b) any Loss arising from or relating to any breach or non-fulfillment of any covenant, agreement, or obligation to be performed by the Seller pursuant to this Agreement or any document delivered in connection herewith.

**Section 7.03 Indemnification by the Buyer.** Subject to the other terms and conditions of this ARTICLE VII, the Buyer shall defend, indemnify, and hold harmless the Seller from and against all Losses arising from or relating to:

- (a) any inaccuracy in or breach of any of the representations or warranties of the Buyer contained in this Agreement or any document delivered in connection herewith; or
- (b) any breach or non-fulfillment of any covenant, agreement, or obligation to be performed by the Buyer pursuant to this Agreement or any document delivered in connection herewith.

The Buyer shall have no liability (for indemnification or otherwise) with respect to claims under Section 7.03 until the total of all damages with respect to such matters exceeds \$10,000 and then only for an amount up to \$100,000.

**Section 7.04 Indemnification Procedures.** No claim for indemnification may be asserted after the date that is 24 months after the date hereof. Whenever any claim shall arise for indemnification hereunder, the party entitled to indemnification (the “**Indemnified Party**”) shall promptly provide written notice of such claim to the other party (the “**Indemnifying Party**”). In connection with any claim giving rise to indemnity hereunder resulting from or arising out of any Action by a Person who is not a party to this Agreement, the Indemnifying Party, at its sole cost and expense and upon written notice to the Indemnified Party, may assume the defense of any such Action with counsel reasonably satisfactory to the Indemnified Party. The Indemnified Party shall be entitled to participate in the defense of any such Action, with its counsel and at its own cost and expense. If the Indemnifying Party does not assume the defense of any such Action, the Indemnified Party may, but shall not be obligated to, defend against such Action in such manner as it may deem appropriate, including, but not limited to, settling such Action, after giving notice of it to the Indemnifying Party, on such terms as the Indemnified Party may deem appropriate and no action taken by the Indemnified Party in accordance with such defense and settlement shall relieve the Indemnifying Party of its indemnification obligations hereunder. The Indemnifying Party shall not settle any Action without the Indemnified Party's prior written consent, which consent shall not be unreasonably withheld or delayed.

**Section 7.05 Payments.** Once a Loss is agreed to by the Indemnifying Party or finally adjudicated to be payable pursuant to this ARTICLE VII, the Indemnifying Party shall satisfy its obligations within 15 Business Days of such agreement or final, non-appealable adjudication by wire transfer of immediately available funds. In addition to any rights of setoff or other similar rights that the Buyer may have at common law or otherwise, and notwithstanding anything to the contrary herein, the Buyer shall have the right to withhold and deduct from any payment under Section 2.02(b) that would be otherwise payable hereunder any sum that (i) is owed to the Buyer under this ARTICLE VII, subject to the limitations in this ARTICLE VII or (ii) the Buyer reasonably and in good faith believes may be owed to it or any Buyer Indemnified Party under this ARTICLE VII, subject to the limitations in this ARTICLE VII. The Buyer shall exercise the foregoing right of setoff by delivering a written notice to the Seller. If the amount of any Losses relating to claims for indemnification made by the Buyer that is setoff against any payment under Section 2.02(b) is finally determined, and no longer subject to appeal, not to be owed to the Buyer pursuant to the terms hereof, such setoff amount shall be promptly funded with interest, and in any event within 20 Business Days, by the Buyer to the Seller and distributed as set forth in this ARTICLE VII.

**Section 7.06 Tax Treatment of Indemnification Payments.** All indemnification payments made under this Agreement shall be treated by the parties as an adjustment to the Purchase Price for tax purposes, unless otherwise required by applicable law.

**Section 7.07 Effect of Investigation.** The Buyer's right to indemnification or other remedy based on the representations, warranties, covenants, and agreements of the Seller contained herein will not be affected by any investigation conducted by the Buyer, or any knowledge acquired by the Buyer at any time, with respect to the accuracy or inaccuracy of or compliance with, any such representation, warranty, covenant, or agreement.

**Section 7.08 Exclusive Remedies.** The rights and remedies provided in this ARTICLE VII are exclusive and in substitution for any other rights and remedies available at law or in equity or otherwise.

## ARTICLE VIII MISCELLANEOUS

**Section 8.01 Expenses.** Except as otherwise provided in Section 2.05, all costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such costs and expenses.

**Section 8.02 Further Assurances.** Following the Closing, each of the parties hereto shall, and shall cause their respective Affiliates to, execute and deliver such additional documents, instruments, conveyances, and assurances and take such further actions as may be reasonably required to carry out the provisions hereof and give effect to the transactions contemplated by this Agreement.

**Section 8.03 Notices.** All notices, requests, consents, claims, demands, waivers, and other communications hereunder shall be in writing and shall be deemed to have been given: (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by facsimile or email of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient; or (d) on the third day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 8.03):

**If to Seller:**

Justin Dee  
3906 SW 154th Street  
Archer, FL 32618  
E-mail: [justin@terradataunmanned.com](mailto:justin@terradataunmanned.com)

**If to Buyer:**

DarkPulse, Inc.  
1345 Ave of the Americas  
2nd Floor  
New York, NY 10105

with a copy to: (which shall not constitute notice)

Email: [doleary@darkpulse.com](mailto:doleary@darkpulse.com)  
Business Legal Advisors, LLC  
14888 Auburn Sky Drive  
Draper, UT 84020  
Email: [brian@businesslegaladvisor.com](mailto:brian@businesslegaladvisor.com)  
Attention: Brian Higley

**Section 8.04 Headings.** The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

**Section 8.05 Severability.** If any term or provision of this Agreement is invalid, illegal, or unenforceable in any jurisdiction, such invalidity, illegality, or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction. Upon a determination that any term or other provision is invalid, illegal, or unenforceable, the parties hereto shall negotiate in good faith to modify the Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

**Section 8.06 Entire Agreement.** This Agreement and the documents to be delivered hereunder constitute the sole and entire agreement of the parties to this Agreement with respect to the subject matter contained herein, and supersede all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter. In the event of any inconsistency between the terms and provisions in the body of this Agreement and those in the documents delivered in connection herewith, the Exhibits, and the Disclosure Schedules (other than an exception expressly set forth as such in the Disclosure Schedules), the terms and provisions in the body of this Agreement shall control.

**Section 8.07 Successors and Assigns.** This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns. Neither party may assign its rights or obligations hereunder without the prior written consent of the other party, which consent shall not be unreasonably

withheld or delayed. No assignment shall relieve the assigning party of any of its obligations hereunder.

**Section 8.08 No Third-Party Beneficiaries.** This Agreement is for the sole benefit of the parties hereto and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other person or entity any legal or equitable right, benefit, or remedy of any nature whatsoever under or by reason of this Agreement.

**Section 8.09 Amendment and Modification.** This Agreement may only be amended, modified, or supplemented by an agreement in writing signed by each party hereto.

**Section 8.10 Waiver.** No waiver by any party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving. No waiver by any party shall operate or be construed as a waiver in respect of any failure, breach, or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any right, remedy, power, or privilege arising from this Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power, or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power, or privilege.

**Section 8.11 Governing Law.** This Agreement and all related documents shall be governed by and construed in accordance with the internal laws of the State of New York without giving effect to any choice or conflict of law provision or rule (whether of the State of New York or any other jurisdiction).

**Section 8.12 Submission to Jurisdiction.** Any legal suit, action, proceeding, or dispute arising out of or related to this Agreement or the transactions contemplated hereby may be instituted in the federal courts of the United States of America or the courts of the State of New York in each case located in the City of New York and County of New York, and each party irrevocably submits to the exclusive jurisdiction of such courts in any such suit, action, proceeding, or dispute.

**Section 8.13 Attorney Fees.** In the event of any dispute between the parties concerning the terms and provisions of this Agreement, the party prevailing in such dispute shall be entitled to collect from the other party all costs incurred in such dispute, including reasonable attorneys' fees.

**Section 8.14 Waiver of Jury Trial.** EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH SUCH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

**Section 8.15 Specific Performance.** The parties agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with the terms hereof and that the parties shall be entitled to specific performance of the terms hereof, in addition to any other remedy to which they are entitled at law or in equity. Each party hereto: (a) agrees that it shall not oppose the granting of such specific performance or relief; and (b) hereby irrevocably waives any requirements for the security or posting of any bond in connection with such relief.

**Section 8.16 Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, email, or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

[SIGNATURE PAGE FOLLOWS]

**IN WITNESS WHEREOF,** the parties hereto have caused this Agreement to be executed as of the date set forth above.

**SELLER:**

By: /s/ Justin Dee  
Name: Justin Dee, an Individual

**BUYER:**

DARKPULSE, INC.  
a Delaware corporation

By: /s/ Dennis O'Leary  
Name: Dennis O'Leary  
Title: Chief Executive Officer

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**EXHIBIT A**

**Certificate of Formation**

*[TO BE ATTACHED]*

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**EXHIBIT B**

**ASSIGNMENT AND ASSUMPTION  
OF MEMBERSHIP INTEREST**  
(TerraData Unmanned, PLLC)

THIS ASSIGNMENT AND ASSUMPTION OF MEMBERSHIP INTEREST (this “Assignment”) is dated as of October 1, 2021, by and among Justin Dee, an individual (the “Assignor”) and DARKPULSE, INC., a Delaware corporation (the “Assignee”), recites and provides as follows:

RECITALS:

**WHEREAS**, the Assignor is the owner of an aggregate sixty percent (60.0%) Membership Interest in TerraData Unmanned, PLLC, a Florida limited liability company (the "Company"); and

**WHEREAS**, pursuant to the Membership Purchase Agreement dated October 1, 2021 between the Assignor and the Assignee (the "**Purchase Agreement**"), the Assignor proposes to assign, transfer and sell to Assignee a sixty percent (60.0%) Membership Interest in the Company (the "**Assigned Interest**") by the execution and delivery of this Assignment and Assumption Agreement. The Assignor now wishes to assign and transfer to the Assignee all of the Assignor's right, title and interest in and to the Assigned Interest.

ASSIGNMENT AND ASSUMPTION AGREEMENT:

For and in consideration of the Purchase Price (as defined in the Purchase Agreement), and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Assignment.** The Assignor hereby sells, conveys, assigns and transfers to the Assignee all of the Assignor's rights, title and interests in and to the Assigned Interest.

2. **Acceptance, Assumption and Indemnity by Assignee.** The Assignee (a) accepts the assignment of all of the Assignor's rights, titles and interests in and to the Assigned Interest. From and after the date hereof, the Assignor shall not have any obligations or liabilities with respect to the Assigned Interest, including without limitation, the obligation to make capital contributions.

3. **Representations of Assignee.** Assignee has been advised that the Assigned Interest is not registered under the Securities Act of 1933, as amended (the "**Securities Act**"), nor under the Florida Securities and Investor Protection Act and represents, warrants and agrees as follows: (a) that Assignee is entering into an agreement and is acquiring the securities represented for Assignee's own account, solely for investment purposes, and not with a view to resale of said securities; (b) that Assignee has such knowledge and experience in business and financial matters which enables Assignee to be capable of evaluating the risks and merits of this investment; (c) that Assignee is able to bear the economic risks of this investment; (d) that any security that may be issued will not be resold or otherwise transferred or assigned without appropriate compliance with the registration provisions of the Securities Act and applicable State blue sky laws or exemption therefrom; and (e) that Assignee has been provided with or permitted access to all information which Assignee deems material to formulating an investment decision and that such information has been sufficient to make an informed investment decision.

4. **Release and Termination.** The Assignee hereby releases the Assignor from all obligations related to the Assigned Interest.

5. **Further Assurances.** The Assignor, at no cost to Assignor, and Assignee hereby covenant and agree to execute and deliver, or cause to be executed and delivered, and to do or make, or cause to be done or made, any and all instruments, papers, deeds, acts or things, supplemental, confirmatory or otherwise, as may be reasonably required for the purpose of effecting the assignment described herein.

6. **Completeness and Modification.** This Assignment constitutes the entire agreement between the parties hereto as to the subject matter hereof and, in addition to the Purchase Agreement, supersedes all prior discussions, understandings or agreements between the parties hereto.

7. **Counterparts.** To facilitate execution, this Assignment may be executed in as many counterparts as may be required. It shall not be necessary that the signature on behalf of both parties hereto appear on each counterpart hereof, and it shall be sufficient that the signature on behalf of each party hereto appear on one or more such counterparts. All counterparts shall collectively constitute a single agreement. This Assignment (or counterpart thereof) signed by one or more of the parties and delivered by facsimile shall be effective as an original.

(*SIGNATURE PAGE TO FOLLOW*)

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**IN WITNESS WHEREOF**, the parties hereto have caused this Assignment to be duly executed by their duly authorized representatives as of the date of this Assignment.

ASSIGNOR:

By: /s/ Justin Dee  
Name: Justin Dee, an Individual

ASSIGNEE:

**DARKPULSE, INC.**

By: /s/ Dennis O'Leary  
Name: Dennis O'Leary  
Title: Chief Executive Officer

**Schedule 4.02**

1. On October 1, 2021, the Buyer received the written consent of FIRSTFIRE GLOBAL OPPORTUNITIES FUND, LLC, a Delaware limited liability company, to enter into the Agreement.

**Schedule 4.08(a)**

**Capitalization of the Buyer**

As of the Closing Date, the capitalization of the Buyer is as follows:

1. Issued and Outstanding Common Stock – 4,934,525,459 shares.
2. Issued and Outstanding Series D Preferred Stock – 88,235 shares.



## TEAMING AGREEMENT

This Agreement made as of the 5th day of October, 2021 (the "effective date")

BETWEEN:

**DarkPulse Inc.**, a corporation organized under the laws of Delaware, with an address at 225 W 34<sup>th</sup> Street 9<sup>th</sup> Floor, New York, NY 10122 (hereinafter "DarkPulse"), of the first part, and CADG Engineering Pte Ltd (CADG), 350 Orchard Road, 16-09 Shaw House 238868 (hereinafter "CADG") of the second part,

WHEREAS DarkPulse is a corporation, which has technical expertise in BOTDA-related hardware, software, tools, and systems/services to support, deploy, and demonstrate to current and potential customers' critical infrastructure monitoring products;

AND WHEREAS DarkPulse is a corporation engaged in the business of manufacturing, installing and monitoring hardware and software, based on their patented BOTDA dark pulse technology that delivers improved infrastructure monitoring such as, but not limited to:

Oil and Gas Pipeline Health Monitoring; Upstream Oil and Gas Monitoring; Physical Perimeter and National Border Security, including RealTime Tunnel Detection Systems for the purpose of identifying security threats; Aircraft Component Monitoring; Wind Turbine Monitoring; Mine Safety Systems including Airflow and Temperature Monitoring; as well as multiple large infrastructure monitoring application also known as "Smart Cities;"

AND WHEREAS the parties desire to enter into a business relationship, which will designate CADG as the project-based business partnership channel for governmental and non-governmental departments, agencies, and units for the purpose of promoting DarkPulse's relevant capabilities, products, and/or service solutions;

NOW THEREFORE the parties mutually agree to enter into a teaming agreement under the following terms and conditions:

1. Definitions:

- a. "BOTDA" means Brillioun Optical Time Domain Analysis. "BOTDA box" is a patented technology that sends laser light down a fiber cable detecting temperature as pressure changes along the fiber cable.
- b. "Revenue" means "EBITA" as a Party's earnings (total revenue less its operating expenses) before interest, taxes, and amortization.

2. Rights and Duties of the Parties:

2.1 CADG agrees to serve as a non-exclusive project sales lead generator for DarkPulse. In this capacity, CADG shall use its best efforts to provide the following services to DarkPulse:

- a. Promote, market, and introduce the Products to prospective clients in the government and non-government space;
- b. Provide a quarterly pipeline or project information leads report to DarkPulse, which contains a three-month rolling forecast of potential sales;
- c. Follow-up with ongoing project leads with which DarkPulse is actively engaged or believes is appropriate;
- d. Provide DarkPulse with any and all promotional materials, technical papers, which papers, proposals, etc., prior to publication or delivery to prospective clients;
- e. Utilize DarkPulse BOTDA boxes for applications involving distributed strain sensing when the required spatial resolution is under 1 meter;
- f. Sell DarkPulse BOTDA units to its customers on a non-exclusive basis, and receive 50% of the revenue on hardware and services;
- g. Provide repair and maintenance services for the units sold by CADG; and:
- h. Provide design and installation services to DarkPulse at cost.

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2.2 DarkPulse shall use its best efforts to promote and support project lead finding and after-sales support of CADG by:

- a. Listing CADG in all appropriate marketing and sales materials as a non-exclusive teaming member;
- b. Provide monitoring services for all units sold by CADG;
- c. Provide timely responses to both technical and administrative questions requested by CADG;
- d. Promoting CADG's services whenever possible;
- e. Aiding CADG in the writing of any technical, marketing, and sales documents when requested and participating in mutually agreed-upon sales calls; and
- f. Providing CADG with marketing material that can be emailed or delivered to prospective clients.

2.3 CADG and DarkPulse agree to jointly;

- a. Develop and implement a joint Product Solution and Application Strategy whereby targeted markets, potential client-types and applications are mutually agreed upon;
- b. Support each other in all agreed-upon technical, marketing, and promotional efforts;
- c. Develop a joint strategy for developing new products, services, and capabilities to mutually benefit both parties;
- d. Utilize each other as preferred vendors for services whenever possible upon mutual agreement; and
- e. Share Revenue for services and sales that are associated with DarkPulse BOTDA boxes from leads developed by CADG on a 50/50 split.

3. Compensation:

- a. When custom products are designed, developed and to be delivered to CADG-identified prospective clients, the parties shall agree to a proposed sales price for use during the project in writing prior to the commencement of each project.
- b. For any product or solution sold to any prospective clients introduced by CADG registered with DarkPulse via email to DarkPulse CEO, Dennis O'Leary, and delivered through CADG or a DarkPulse-designated distribution affiliate(s) or sales channel(s), CADG shall receive a fee of equal to 50% of Revenue from each project payable NET thirty (30) days after each client payment on delivered products received at DarkPulse's bank account.
- c. CADG shall receive 10% of Revenue related to monitoring services.
- d. The Parties shall each receive 50% of Revenue for all design and installation services CADG provides to DarkPulse.
- e. CADG shall receive the compensation referred to in subparagraphs 2.1 (f) and subparagraph 2.3 (e).

4. Confidentiality:

The Parties shall enter a Non-Disclosure and Confidentiality Agreement in the form attached hereto as Schedule "A."

5. Terms of Agreement:

The term of this Agreement shall be for twelve (12) months from the date hereof, and shall be automatically renewed for an additional twelve (12) month period unless either party shall notify the other in writing of its intention not to renew. Any such notice shall be given ninety (90) days prior to expiration of the original term. This Agreement may also be terminated by either party upon ninety (90) days written notice.

6. Governing Law:

7. Indemnification:

7.1 DarkPulse shall indemnify CADG, its directors, officers, and employees, for any and all damages, costs, expenses, and other liabilities, including reasonable legal fees and court costs incurred in connection with any third-party claim, action or proceeding arising from the negligence or intentional misconduct of DarkPulse or breach by DarkPulse of any of its obligations under this Agreement.

7.2 CADG shall indemnify DarkPulse, its directors, officers, and employees, for any and all damages, costs, expenses, and other liabilities, including reasonable legal fees and court costs, incurred in connection with any third-party claim, action or proceeding arising from the negligence or intentional misconduct of CADG or breach by CADG or any of its obligations under this agreement.

8. Modifications:

No changes or modifications of this Agreement or any of its terms shall be deemed effective unless in writing and executed by the parties hereto.

9. Assignment:

This Agreement shall not be assignable by either party without the prior written consent of the other party.

10. Entire Agreement:

This Agreement represents the complete and entire understanding between the parties regarding the subject matter hereof and supersedes all prior negotiations, representations, or agreements, either written or oral, regarding this subject matter.

11. Independent Legal Advice:

The Parties acknowledge that they have either sought and obtained independent legal advice upon this Agreement, or that they have declined to seek independent legal advice upon this Agreement despite having been given an opportunity to do so.

12. Counterparts and Electronic Signature:

This Agreement may be executed in two or more counterparts, and transmission of any signature hereon by facsimile or other electronic means shall be as effective as if an original.

[signatures on next page]

**DarkPulse Inc.**

Per /s/ Dennis O'Leary  
Dennis O'Leary, CEO  
I have the authority to bind the corporation.

**CADG**

Per /s/ Steve Shaulis  
Name: Steve Shaulis, Executive Director  
I have the authority to bind the corporation.



## EQUITY FINANCING AGREEMENT

This EQUITY FINANCING AGREEMENT (the "Agreement"), dated as of November 9, 2021 (the "Execution Date"), is entered into by and between DarkPulse, Inc., a Delaware corporation with its principal executive office at 1345 Avenue of Americas, 2<sup>nd</sup> Floor, New York, NY 10105 (the "Company"), and GHS Investments LLC, a Nevada limited liability company, with offices at 420 Jericho Turnpike, Suite 102, Jericho, NY 11753 (the "Investor").

### RECITALS:

WHEREAS, the parties desire that, upon the terms and subject to the conditions contained herein, the Investor shall invest up to Thirty Million Dollars (\$30,000,000) (the "Commitment Amount"), over the course of twenty-four (24) months immediately following the Effective Date (the "Contract Period") to purchase the Company's common stock, par value \$0.0001 per share (the "Common Stock");

WHEREAS, such investments will be made in reliance upon the exemption from securities registration afforded by Section 4(a)(2) of the Securities Act of 1933, as amended (the "1933 Act"), Rule 506(b) of Regulation D promulgated by the SEC under the 1933 Act, and/or upon such other exemption from the registration requirements of the 1933 Act as may be available with respect to any or all of the investments in Common Stock to be made hereunder; and

WHEREAS, contemporaneously with the execution and delivery of this Agreement, the parties hereto are executing and delivering a Registration Rights Agreement substantially in the form attached hereto as Exhibit A (the "Registration Rights Agreement") pursuant to which the Company has agreed to provide certain registration rights under the 1933 Act, and the rules and regulations promulgated thereunder, and applicable state securities laws.

NOW THEREFORE, in consideration of the foregoing recitals, which shall be considered an integral part of this Agreement, the covenants and agreements set forth hereafter, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Company and the Investor hereby agree as follows:

### SECTION I DEFINITIONS

For all purposes of and under this Agreement, the following terms shall have the respective meanings below, and such meanings shall be equally applicable to the singular and plural forms of such defined terms.

**"1933 Act"** shall have the meaning set forth in the recitals.

**"1934 Act"** shall mean the Securities Exchange Act of 1934, as amended, or any similar federal statute, and the rules and regulations of the SEC thereunder, all as the same will then be in effect.

**"Affiliate"** shall have the meaning set forth in Section 5.7.

**"Agreement"** shall have the meaning set forth in the preamble.

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**"Certificate of Incorporation"** shall have the meaning set forth in Section 4.3.

**"By-laws"** shall have the meaning set forth in Section 4.3.

**"Closing"** shall have the meaning set forth in Section 2.4.

**"Closing Date"** shall have the meaning set forth in Section 2.4.

**"Common Stock"** shall have the meaning set forth in the recitals.

**"Control"** or **"Controls"** shall have the meaning set forth in Section 5.7.

**"Effective Date"** shall mean the date the SEC declares effective under the 1933 Act the Registration Statement covering the Securities.

**"Environmental Laws"** shall have the meaning set forth in Section 4.13.

**"Execution Date"** shall have the meaning set forth in the preamble.

**"Indemnified Liabilities"** shall have the meaning set forth in Section 10.

**"Indemnitees"** shall have the meaning set forth in Section 10.

**"Indemnitor"** shall have the meaning set forth in Section 10.

**"Ineffective Period"** shall mean any period of time that the Registration Statement or any supplemental registration statement becomes ineffective or unavailable for use for the sale or resale, as applicable, of any or all of the Registrable Securities (as defined in the Registration Rights Agreement) for any reason (or in the event the prospectus under either of the above is not current and deliverable) during any time period required under the Registration Rights Agreement.

**"Investor"** shall have the meaning set forth in the preamble.

**"Knowledge,"** as it pertains to the Company, shall mean actual knowledge of the Company's officers and directors and the officers and directors of the Company's Subsidiaries.

**"Market Price"** shall mean the lowest volume weighted average price (VWAP) for the Company's common stock during the Pricing Period.

**"Material Adverse Effect"** shall have the meaning set forth in Section 4.1.

**“Maximum Common Stock Issuance”** shall have the meaning set forth in Section 2.5.

**“Open Period”** shall mean the period beginning on and including the Trading Day immediately following the Effective Date and ending on the termination of the Agreement in accordance with Section 8.

**“Pricing Period”** shall mean the five (5) consecutive Trading Days preceding the relevant Put Notice Date.

**“Principal Market”** shall mean the New York Stock Exchange, the NYSE American, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market or the OTC Markets, whichever is the principal market on which the Common Stock is listed.

**“Prospectus”** shall mean the prospectus, preliminary prospectus and supplemental prospectus used in connection with the Registration Statement.

**“Purchase Amount”** shall mean the total amount being paid by the Investor on a particular Closing Date to purchase the Securities.

**“Purchase Price”** shall mean ninety two percent (92%) of the Market Price.

**“Put”** shall mean the Company is entitled to request equity investments (the “Put” or “Puts”) by the Investor, pursuant to which the Company will issue Common Stock to the Investor with an aggregate Purchase Price equal to the value of the Put, subject to a price per share calculation based on the Market Price.

**“Put Amount”** shall mean the total dollar amount requested by the Company pursuant to an applicable Put. The timing and amounts of each Put shall be at the discretion of the Company. The maximum dollar amount of each Put will not exceed two hundred percent (200%) of the average daily trading dollar volume for the Common Stock during the ten (10) consecutive Trading Days preceding the Put Notice Date. No Put will be made in an amount equaling less than ten thousand dollars (\$10,000) or greater than three million dollars (\$3,000,000). Puts are further limited to the Investor owning no more than 4.99% of the outstanding stock of the Company at any given time.

**“Put Notice”** shall mean a written notice sent to the Investor by the Company stating the Put Amount in U.S. dollars that the Company intends to sell to the Investor pursuant to the terms of the Agreement and stating the current number of Shares issued and outstanding on such date.

**“Put Notice Date”** shall mean the Trading Day on which the Investor receives a Put Notice.

**“Put Restriction”** shall mean a minimum of five (5) Trading Days following a Closing Date. During this time, the Company shall not be entitled to deliver another Put Notice.

**“Put Shares”** shall have the meaning set forth in Section 2.4.

**“Registered Offering Transaction Documents”** shall mean this Agreement and the Registration Rights Agreement between the Company and the Investor as of the date herewith.

**“Registration Rights Agreement”** shall have the meaning set forth in the recitals.

**“Registration Statement”** means the registration statement of the Company filed under the 1933 Act covering the Securities issuable hereunder.

**“Related Party”** shall have the meaning set forth in Section 5.7.

**“Resolution”** shall have the meaning set forth in Section 7.5.

**“SEC”** shall mean the U.S. Securities and Exchange Commission.

**“SEC Documents”** shall have the meaning set forth in Section 4.6.

**“Securities”** shall mean the shares of Common Stock issued pursuant to the terms of this Agreement.

**“Settlement Date”** shall have the meaning set forth in Section 2.4.

**“Shares”** shall mean the shares of the Common Stock.

**“Subsidiaries”** shall have the meaning set forth in Section 4.1.

**“Trading Day”** shall mean any day on which the Principal Market for the Common Stock is open for trading, from the hours of 9:30 am until 4:00 pm.

**“Transaction Costs”** the Company shall bear the costs of the Registration Statement. Concurrently with the Closing of the initial Put, the Company shall deposit ten thousand dollars (\$10,000) with the Investor’s designated legal counsel to offset the Investor’s legal costs.

**“Waiting Period”** shall have the meaning set forth in Section 2.2.

## SECTION II PURCHASE AND SALE OF COMMON STOCK

2.1 **PURCHASE AND SALE OF COMMON STOCK.** Subject to the terms and conditions set forth herein, the Company shall issue and sell to the Investor, and the Investor shall purchase from the Company, up to that number of Shares having an aggregate Purchase Price of Thirty Million Dollars (\$30,000,000).

2.2 **DELIVERY OF PUT NOTICES.** Subject to the terms and conditions herein, and from time to time during the Open Period, the Company may, in its sole discretion, deliver a Put Notice to the Investor which states the dollar amount (designated in U.S. Dollars), which the Company intends to sell to the Investor on a Closing Date (the “**Put**”). The Put Notice shall be in the form attached hereto as Exhibit C and incorporated herein by reference. The Purchase Price of the Put shall be ninety percent (92%) of the Market Price. During the Open Period, the Company shall not be entitled to submit a Put Notice until after the previous Closing has been completed. There will be a minimum of five (5) trading days between Put Notices and a Closing Date. No Put will be made in an amount equaling less than ten thousand dollars (\$10,000) or greater than three million dollars (\$3,000,000).

2.3 **CONDITIONS TO INVESTOR’S OBLIGATION TO PURCHASE SHARES.** Notwithstanding anything to the contrary in this Agreement, the Company shall not be entitled to deliver a Put Notice and the Investor shall not be obligated to purchase any Shares at a Closing unless each of the following conditions are satisfied:

- i. a Registration Statement shall have been declared effective and shall remain effective and available for the resale of all the Registrable Securities (as defined in the Registration Rights Agreement) at all times until the Closing with respect to the subject Put Notice;
- ii. at all times during the period beginning on the related Put Notice Date and ending on and including the related Closing Date, the Common Stock shall have been listed or quoted for trading on the Principal Market and shall not have been suspended from trading thereon for a period of two (2) consecutive Trading Days during the Open Period and the Company shall not have been notified of any pending or threatened proceeding or other action to suspend the trading of the Common Stock;

- iii. the Company has complied with its obligations and is otherwise not in breach of or in default under, this Agreement, the Registration Rights Agreement or any other agreement executed between the parties, which has not been cured prior to delivery of the Put Notice;
- iv. no injunction shall have been issued and remain in force, or action commenced by a governmental authority which has not been stayed or abandoned, prohibiting the purchase or the issuance of the Securities; and
- v. the issuance of the Securities will not violate any requirements of the Principal Market.

If any of the events described in clauses (i) through (v) above occurs during a Pricing Period, then the Investor shall have no obligation to purchase the Put Amount of Common Stock set forth in the applicable Put Notice.

2.4 **MECHANICS OF PURCHASE OF SHARES BY INVESTOR.** Subject to the satisfaction of the conditions set forth in Sections 2.5, 7 and 8 of this Agreement, at the end of the Pricing Period, the Purchase Price shall be established and an amount of Shares equaling one hundred percent (110%) of the Put Amount (the “**Put Shares**”) shall be delivered to the Investor’s broker for a particular Put.

The Closing of a Put shall occur upon the first Trading Day following the confirmation of receipt and approval for trading by Investor’s broker of the Put Shares, whereby the Company shall have caused the Transfer Agent to electronically transmit, prior to the applicable Closing Date, the applicable Put Shares by crediting the account of the Investor’s broker with DTC through its Deposit Withdrawal Agent Commission (“**DWAC**”) system. The Investor shall deliver the Purchase Amount specified in the Put Notice, less deposit and clearing fees, by wire transfer of immediately available funds to an account designated by the Company if the aforementioned receipt and approval are confirmed before 9:30 AM ET or on the following Trading Day if receipt and approval by the Investor’s broker is made after 9:30 AM ET (“**Closing Date**” or “**Closing**”). In addition, on or prior to such Closing Date, each of the Company and Investor shall deliver to each other all documents, instruments and writings required to be delivered or reasonably requested by either of them pursuant to this Agreement in order to implement and effect the transactions contemplated herein.

2.5 **OVERALL LIMIT ON COMMON STOCK ISSUABLE.** Notwithstanding anything contained herein to the contrary, if during the Open Period the Company becomes listed on an exchange which limits the number of shares of Common Stock that may be issued without shareholder approval, then the number of Shares issuable by the Company and purchasable by the Investor, shall not exceed that number of the shares of Common Stock that may be issuable without shareholder approval (the “**Maximum Common Stock Issuance**”). If such issuance of shares of Common Stock could cause a delisting on the Principal Market then the Maximum Common Stock Issuance shall first be approved by the Company’s shareholders in accordance with applicable law and the By-laws and the Certificate of Incorporation of the Company. The parties understand and agree that the Company’s failure to seek or obtain such shareholder approval shall in no way adversely affect the validity and due authorization of the issuance and sale of Securities or the Investor’s obligation in accordance with the terms and conditions hereof to purchase a number of Shares in the aggregate up to the Maximum Common Stock Issuance, and that such approval pertains only to the applicability of the Maximum Common Stock Issuance limitation provided in this Section 2.5.

2.6 **LIMITATION ON AMOUNT OF OWNERSHIP.** Notwithstanding anything to the contrary in this Agreement, in no event shall the Investor be entitled to purchase that number of Shares, which when added to the sum of the number of shares of Common Stock beneficially owned (as such term is defined under Section 13(d) and Rule 13d-3 of the 1934 Act), by the Investor, would exceed 4.99% of the number of shares of Common Stock outstanding on the Closing Date, as determined in accordance with Rule 13d-1(j) of the 1934 Act.

### **SECTION III** **INVESTOR’S REPRESENTATIONS, WARRANTIES AND COVENANTS**

The Investor represents and warrants to the Company, and covenants, that to the best of the Investor’s knowledge:

3.1 **SOPHISTICATED INVESTOR.** The Investor has, by reason of its business and financial experience, such knowledge, sophistication and experience in financial and business matters and in making investment decisions of this type that it is capable of (I) evaluating the merits and risks of an investment in the Securities and making an informed investment decision; (II) protecting its own interest; and (III) bearing the economic risk of such investment for an indefinite period of time.

3.2 **AUTHORIZATION; ENFORCEMENT.** This Agreement has been duly and validly authorized, executed and delivered on behalf of the Investor and is a valid and binding agreement of the Investor enforceable against the Investor in accordance with its terms, subject as to enforceability to general principles of equity and to applicable bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws relating to, or affecting generally, the enforcement of applicable creditors’ rights and remedies.

3.3 **SECTION 9 OF THE 1934 ACT.** During the term of this Agreement, the Investor will comply with the provisions of Section 9 of the 1934 Act, and the rules

promulgated thereunder, with respect to transactions involving the Common Stock.

3.4 **ACCREDITED INVESTOR.** Investor is an “Accredited Investor” as that term is defined in Rule 501(a) of Regulation D of the 1933 Act.

3.5 **NO CONFLICTS.** The execution, delivery and performance of the Documents by the Investor and the consummation by the Investor of the transactions contemplated hereby and thereby will not result in a violation of Partnership Agreement or other organizational documents of the Investor.

3.6 **OPPORTUNITY TO DISCUSS.** The Investor has received all materials relating to the Company’s business, finance and operations which it has requested. The Investor has had an opportunity to discuss the business, management and financial affairs of the Company with the Company’s management.

3.7 **INVESTMENT PURPOSES.** The Investor is purchasing the Securities for its own account for investment purposes and not with a view towards distribution and agrees to resell or otherwise dispose of the Securities solely in accordance with the registration provisions of the 1933 Act (or pursuant to an exemption from such registration provisions).

3.8 **GOOD STANDING.** The Investor is a limited liability company, duly organized, validly existing and in good standing in the State of Nevada.

3.9 **TAX LIABILITIES.** The Investor understands that it is liable for its own tax liabilities.

3.10 **REGULATION M.** The Investor will comply with Regulation M under the 1934 Act, if applicable.

3.11 **PROHIBITED TRADING.** No short sales shall be permitted by the Investor or its affiliates during the period commencing on the Execution Date and continuing through the termination of this Agreement.

#### **SECTION IV REPRESENTATIONS AND WARRANTIES OF THE COMPANY**

Except as set forth in the Schedules attached hereto, or as disclosed on the Company’s SEC Documents, the Company represents and warrants to the Investor that:

4.1 **ORGANIZATION AND QUALIFICATION.** The Company is a corporation duly organized and validly existing in good standing under the laws of the State of Delaware, and has the requisite corporate power and authorization to own its properties and to carry on its business as now being conducted. Both the Company and the companies it owns or controls (“**Subsidiaries**”) are duly qualified to do business and are in good standing in every jurisdiction in which its ownership of property or the nature of the business conducted by it makes such qualification necessary, except to the extent that the failure to be so qualified or be in good standing would not have a Material Adverse Effect. As used in this Agreement, “**Material Adverse Effect**” means a change, event, circumstance, effect or state of facts that has had or is reasonably likely to have, a material adverse effect on the business, properties, assets, operations, results of operations, financial condition or prospects of the Company and its Subsidiaries, if any, taken as a whole, or on the transactions contemplated hereby or by the agreements and instruments to be entered into in connection herewith, or on the authority or ability of the Company to perform its obligations under the Registered offering Transaction Documents.

4.2 **AUTHORIZATION; ENFORCEMENT; COMPLIANCE WITH OTHER INSTRUMENTS.**

- i. The Company has the requisite corporate power and authority to enter into and perform this Agreement and the Registration Rights Agreement (collectively, the “**Registered Offering Transaction Documents**”), and to issue the Securities in accordance with the terms hereof and thereof.
- ii. The execution and delivery of the Registered Offering Transaction Documents by the Company and the consummation by it of the transactions contemplated hereby and thereby, including without limitation the issuance of the Securities pursuant to this Agreement, have been duly and validly authorized by the Company’s Board of Directors and no further consent or authorization is required by the Company, its Board of Directors, or its shareholders.
- iii. The Registered Offering Transaction Documents have been duly and validly executed and delivered by the Company.
- iv. The Registered Offering Transaction Documents constitute the valid and binding obligations of the Company enforceable against the Company in accordance with their terms, except as such enforceability may be limited by general principles of equity or applicable bankruptcy, insolvency, reorganization, moratorium, liquidation or similar laws relating to, or affecting generally, the enforcement of creditors’ rights and remedies.

4.3 **CAPITALIZATION.** As of the date hereof, the authorized capital stock of the Company consists of: (i) 20,000,000,000 shares of the Common Stock, par value \$0.0001 per share, of which as of the date hereof 4,976,669,407 shares are issued and outstanding; and, (ii) 2,000,000 shares of Preferred Stock, par value \$0.01 of which as of the date hereof 88,235 shares of Preferred Stock are issued and outstanding. All of such outstanding shares have been, or upon issuance will be, validly issued and are fully paid and nonassessable. Except as disclosed in the Company’s publicly available filings with the SEC and as will be disclosed in the Registration Statement, and based on the best information available and efforts of the Company’s management, or as otherwise set forth on Schedule 4.3:

- i. no shares of the Company’s capital stock are subject to preemptive rights or any other similar rights or any liens or encumbrances suffered or permitted by the Company;
- ii. there are no outstanding debt securities;
- iii. there are no outstanding shares of capital stock, options, warrants, scrip, rights to subscribe to, calls or commitments of any character whatsoever relating to, or securities or rights convertible into, any shares of capital stock of the Company or any of its Subsidiaries, or contracts, commitments, understandings or arrangements by which the Company or any of its Subsidiaries is or may become bound to issue additional shares of capital stock of the Company or any of its Subsidiaries or options, warrants, scrip, rights to subscribe to, calls or commitments of any character whatsoever relating to, or securities or rights convertible into, any shares of capital stock of the Company or any of its Subsidiaries;
- iv. there are no agreements or arrangements under which the Company or any of its Subsidiaries is obligated to register the sale of any of their securities under the 1933 Act (except the Registration Rights Agreement);

- v. there are no outstanding securities of the Company or any of its Subsidiaries which contain any redemption or similar provisions, and there are no contracts, commitments, understandings or arrangements by which the Company or any of its Subsidiaries is or may become bound to redeem a security of the Company or any of its Subsidiaries;
- vi. there are no securities or instruments containing anti-dilution or similar provisions that will be triggered by the issuance of the Securities as described in this Agreement;
- vii. the Company does not have any stock appreciation rights or “phantom stock” plans or agreements or any similar plan or agreement; and
- viii. there is no dispute as to the classification of any shares of the Company’s capital stock.

The Company has furnished to the Investor, or the Investor has had access through EDGAR to, true and correct copies of the Company’s Certificate of Incorporation and all amendments thereto, as in effect on the date hereof (the “**Certificate of Incorporation**”), and the Company’s By-laws and all amendments thereto, as in effect on the date hereof (the “**By-laws**”), and the terms of all securities convertible into or exercisable for Common Stock and the material rights of the holders thereof in respect thereto.

**4.4 ISSUANCE OF SHARES.** As of the filing of the Registration Statement the Company will have reserved the amount of Shares included in the Registration Statement for issuance pursuant to the Registered Offering Transaction Documents, which have been duly authorized and reserved (subject to adjustment pursuant to the Company’s covenant set forth in [Section 5.5](#) below) pursuant to this Agreement. Upon issuance in accordance with this Agreement, the Securities will be validly issued, fully paid for and non-assessable and free from all taxes, liens and charges with respect to the issuance thereof. In the event the Company cannot register a sufficient number of Shares for issuance pursuant to this Agreement, the Company will use its best efforts to authorize and reserve for issuance the number of Shares required for the Company to perform its obligations hereunder as soon as reasonably practicable.

**4.5 NO CONFLICTS.** The execution, delivery and performance of the Registered Offering Transaction Documents by the Company and the consummation by the Company of the transactions contemplated hereby and thereby will not (i) result in a violation of the Certificate of Incorporation, any Certificate of Designations, Preferences and Rights of any outstanding series of preferred stock of the Company or the By-laws; or (ii) conflict with, or constitute a material default (or an event which with notice or lapse of time or both would become a material default) under, or give to others any rights of termination, amendment, acceleration or cancellation of, any material agreement, contract, indenture mortgage, indebtedness or instrument to which the Company or any of its Subsidiaries is a party, or to the Company’s knowledge result in a violation of any law, rule, regulation, order, judgment or decree (including United States federal and state securities laws and regulations and the rules and regulations of the Principal Market or principal securities exchange or trading market on which the Common Stock is traded or listed) applicable to the Company or any of its Subsidiaries or by which any property or asset of the Company or any of its Subsidiaries is bound or affected. Neither the Company nor its Subsidiaries is in violation of any term of, or in default under, the Certificate of Incorporation, any Certificate of Designations, Preferences and Rights of any outstanding series of preferred stock of the Company or the By-laws or their organizational charter or by-laws, respectively, or any contract, agreement, mortgage, indebtedness, indenture, instrument, judgment, decree or order or any statute, rule or regulation applicable to the Company or its Subsidiaries, except for possible conflicts, defaults, terminations, amendments, accelerations, cancellations and violations that would not individually or in the aggregate have or constitute a Material Adverse Effect. The business of the Company and its Subsidiaries is not being conducted, and shall not be conducted, in violation of any law, statute, ordinance, rule, order or regulation of any governmental authority or agency, regulatory or self-regulatory agency, or court, except for possible violations the sanctions for which either individually or in the aggregate would not have a Material Adverse Effect. Except as specifically contemplated by this Agreement and as required under the 1933 Act or any securities laws of any states, to the Company’s knowledge and except as disclosed in the Company’s publicly available filings with the SEC, the Company is not required to obtain any consent, authorization, permit or order of, or make any filing or registration (except the filing of a registration statement as outlined in the Registration Rights Agreement between the parties) with, any court, governmental authority or agency, regulatory or self-regulatory agency or other third party in order for it to execute, deliver or perform any of its obligations under, or contemplated by, the Registered Offering Transaction Documents in accordance with the terms hereof or thereof. All consents, authorizations, permits, orders, filings and registrations which the Company is required to obtain pursuant to the preceding sentence have been obtained or effected on or prior to the date hereof and are in full force and effect as of the date hereof. The Company and its Subsidiaries are unaware of any facts or circumstances which might give rise to any of the foregoing. The Company is not, and will not be, in violation of the listing requirements of the Principal Market as in effect on the date hereof and on each of the Closing Dates and is not aware of any facts which would reasonably lead to delisting of the Common Stock by the Principal Market in the foreseeable future.

**4.6 SEC DOCUMENTS: FINANCIAL STATEMENTS.** Within forty-five (45) calendar days of the execution of the Agreement and from the date thereafter as long as this Agreement is in place, the Company will have filed all reports, schedules, forms, statements and other documents required to be filed by it with the SEC pursuant to the reporting requirements of the 1934 Act (all of the foregoing filed prior to the date hereof and all exhibits included therein and financial statements and schedules thereto and documents incorporated by reference therein, and amendments thereto, being hereinafter referred to as the “**SEC Documents**”). The Company has delivered to the Investor or its representatives, or they have had access through EDGAR to, true and complete copies of the SEC Documents. As of their respective filing dates, the SEC Documents complied in all material respects with the requirements of the 1934 Act and the rules and regulations of the SEC promulgated thereunder applicable to the SEC Documents, and none of the SEC Documents, at the time they were filed with the SEC or the time they were amended, if amended, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. As of their respective dates, the financial statements of the Company included in the SEC Documents complied as to form in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto. Such financial statements have been prepared in accordance with generally accepted accounting principles, by a firm that is a member of the Public Companies Accounting Oversight Board (“**PCAOB**”) consistently applied, during the periods involved (except (i) as may be otherwise indicated in such financial statements or the notes thereto, or (ii) in the case of unaudited interim statements, to the extent they may exclude footnotes or may be condensed or summary statements) and fairly present in all material respects the financial position of the Company as of the dates thereof and the results of its operations and cash flows for the periods then ended (subject, in the case of unaudited statements, to normal year-end audit adjustments). No other written information provided by or on behalf of the Company to the Investor which is not included in the SEC Documents, including, without limitation, information referred to in [Section 4.3](#) of this Agreement, contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstance under which they are or were made, not misleading. Neither the Company nor any of its Subsidiaries or any of their officers, directors, employees or agents have provided the Investor with any material, nonpublic information which was not publicly disclosed prior to the date hereof and any material, nonpublic information provided to the Investor by the Company or its Subsidiaries or any of their officers, directors, employees or agents prior to any Closing Date shall be publicly disclosed by the Company prior to such Closing Date.

**4.7 ABSENCE OF CERTAIN CHANGES.** Except as otherwise set forth in the SEC Documents, the Company does not intend to change the business operations of the Company in any material way. The Company has not taken any steps, and does not currently expect to take any steps, to seek protection pursuant to any bankruptcy law nor does the Company or its Subsidiaries have any knowledge or reason to believe that its creditors intend to initiate involuntary bankruptcy proceedings.

**4.8 ABSENCE OF LITIGATION AND/OR REGULATORY PROCEEDINGS.** Except as set forth in the SEC Documents, there is no action, suit, proceeding, inquiry

or investigation before or by any court, public board, government agency, self-regulatory organization or body pending or, to the knowledge of the executive officers of Company or any of its Subsidiaries, threatened against or affecting the Company, the Common Stock or any of the Company's Subsidiaries or any of the Company's or the Company's Subsidiaries' officers or directors in their capacities as such, in which an adverse decision could have a Material Adverse Effect.

4.9 **ACKNOWLEDGMENT REGARDING INVESTOR'S PURCHASE OF SHARES.** The Company acknowledges and agrees that the Investor is acting solely in the capacity of an arm's length investor with respect to the Registered Offering Transaction Documents and the transactions contemplated hereby and thereby. The Company further acknowledges that the Investor is not acting as a financial advisor or fiduciary of the Company (or in any similar capacity) with respect to the Registered Offering Transaction Documents and the transactions contemplated hereby and thereby and any advice given by the Investor or any of its respective representatives or agents in connection with the Registered Offering Transaction Documents and the transactions contemplated hereby and thereby is merely incidental to the Investor's purchase of the Securities, and is not being relied on by the Company. The Company further represents to the Investor that the Company's decision to enter into the Registered Offering Transaction Documents has been based solely on the independent evaluation by the Company and its representatives.

4.10 **NO UNDISCLOSED EVENTS, LIABILITIES, DEVELOPMENTS OR CIRCUMSTANCES.** Except as set forth in the SEC Documents, as of the date hereof, no event, liability, development or circumstance has occurred or exists, or to the Company's knowledge is contemplated to occur, with respect to the Company or its Subsidiaries or their respective business, properties, assets, prospects, operations or financial condition, that would be required to be disclosed by the Company under applicable securities laws on a registration statement filed with the SEC relating to an issuance and sale by the Company of its Common Stock and which has not been publicly announced.

4.11 **EMPLOYEE RELATIONS.** Neither the Company nor any of its Subsidiaries is involved in any union labor dispute nor, to the knowledge of the Company or any of its Subsidiaries, is any such dispute threatened. Neither the Company nor any of its Subsidiaries is a party to a collective bargaining agreement, and the Company and its Subsidiaries believe that relations with their employees are good. No executive officer (as defined in Rule 501(f) of the 1933 Act) has notified the Company that such officer intends to leave the Company's employ or otherwise terminate such officer's employment with the Company.

4.12 **INTELLECTUAL PROPERTY RIGHTS.** The Company and its Subsidiaries own or possess adequate rights or licenses to use all trademarks, trade names, service marks, service mark registrations, service names, patents, patent rights, copyrights, inventions, licenses, approvals, governmental authorizations, trade secrets and rights necessary to conduct their respective businesses as now conducted. Except as set forth in the SEC Documents, none of the Company's trademarks, trade names, service marks, service mark registrations, service names, patents, patent rights, copyrights, inventions, licenses, approvals, government authorizations, trade secrets or other intellectual property rights necessary to conduct its business as now or as proposed to be conducted have expired or terminated, or are expected to expire or terminate within two (2) years from the date of this Agreement. The Company and its Subsidiaries do not have any knowledge of any infringement by the Company or its Subsidiaries of trademark, trade name rights, patents, patent rights, copyrights, inventions, licenses, service names, service marks, service mark registrations, trade secret or other similar rights of others, or of any such development of similar or identical trade secrets or technical information by others and, except as set forth in the SEC Documents, there is no claim, action or proceeding being made or brought against, or to the Company's knowledge, being threatened against, the Company or its Subsidiaries regarding trademark, trade name, patents, patent rights, invention, copyright, license, service names, service marks, service mark registrations, trade secret or other infringement; and the Company and its Subsidiaries are unaware of any facts or circumstances which might give rise to any of the foregoing. The Company and its Subsidiaries have taken commercially reasonable security measures to protect the secrecy, confidentiality and value of all of their intellectual properties.

4.13 **ENVIRONMENTAL LAWS.** The Company and its Subsidiaries (i) are, to the knowledge of the management and directors of the Company and its Subsidiaries, in compliance with any and all applicable foreign, federal, state and local laws and regulations relating to the protection of human health and safety, the environment or hazardous or toxic substances or wastes, pollutants or contaminants ("Environmental Laws"); (ii) have, to the knowledge of the management and directors of the Company, received all permits, licenses or other approvals required of them under applicable Environmental Laws to conduct their respective businesses; and (iii) are in compliance, to the knowledge of the management and directors of the Company, with all terms and conditions of any such permit, license or approval where, in each of the three (3) foregoing cases, the failure to so comply would have, individually or in the aggregate, a Material Adverse Effect.

4.14 **TITLE.** The Company and its Subsidiaries have good and marketable title to all personal property owned by them which is material to the business of the Company and its Subsidiaries, in each case free and clear of all liens, encumbrances and defects except such as are described in the SEC Documents or such as do not materially affect the value of such property and do not interfere with the use made and proposed to be made of such property by the Company or any of its Subsidiaries. Any real property and facilities held under lease by the Company or any of its Subsidiaries are held by them under valid, subsisting and enforceable leases with such exceptions as are not material and do not interfere with the use made and proposed to be made of such property and buildings by the Company and its Subsidiaries.

4.15 **INSURANCE.** Within one hundred (100) calendar days of the execution of this Agreement, each of the Company's Subsidiaries will be insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as management of the Company reasonably believes to be prudent and customary in the businesses in which the Company and its Subsidiaries are engaged. Neither the Company nor any of its Subsidiaries has been refused any insurance coverage sought or applied for and neither the Company nor its Subsidiaries has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not have a Material Adverse Effect.

4.16 **REGULATORY PERMITS.** The Company and its Subsidiaries have in full force and effect all certificates, approvals, authorizations and permits from the appropriate federal, state, local or foreign regulatory authorities and comparable foreign regulatory agencies, necessary to own, lease or operate their respective properties and assets and conduct their respective businesses, and neither the Company nor any such Subsidiary has received any notice of proceedings relating to the revocation or modification of any such certificate, approval, authorization or permit, except for such certificates, approvals, authorizations or permits which if not obtained, or such revocations or modifications which, would not have a Material Adverse Effect.

4.17 **INTERNAL ACCOUNTING CONTROLS.** Except as otherwise set forth in the SEC Documents, the Company and each of its Subsidiaries maintain a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles by a firm with membership to the PCAOB and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. The Company's management has determined that the Company's internal accounting controls were not effective as of the date of this Agreement as further described in the SEC Documents.

4.18 **NO MATERIALLY ADVERSE CONTRACTS, ETC.** Neither the Company nor any of its Subsidiaries is subject to any charter, corporate or other legal restriction, or any judgment, decree, order, rule or regulation which in the judgment of the Company's officers has or is expected in the future to have a Material Adverse Effect. Neither the Company nor any of its Subsidiaries is a party to any contract or agreement which in the judgment of the Company's officers has or is expected to have a Material Adverse Effect.

4.19 **TAX STATUS.** Within one hundred and thirty (130) days of the execution of this Agreement, the Company and each of its Subsidiaries will have made or filed all United States federal and state income and all other tax returns, reports and declarations required by any jurisdiction to which it is subject (unless and only to the extent that the Company and each of its Subsidiaries has set aside on its books provisions reasonably adequate for the payment of all unpaid and unreported taxes) and will have paid all taxes and other governmental assessments and charges that are material in amount, shown or determined to be due on such returns, reports and declarations, except those being contested in good faith and will have set aside on its books provision reasonably adequate for the payment of all taxes for periods subsequent to the periods to which such returns, reports or declarations apply. Within one hundred (100) days of the execution of this Agreement, there will be no unpaid taxes in any material amount claimed to be due by the taxing authority of any jurisdiction, and the officers of the Company will know of no basis for any such claim.

4.20 **CERTAIN TRANSACTIONS.** Except as set forth in the SEC Documents filed at least ten (10) days prior to the date hereof and except for arm's length transactions pursuant to which the Company makes payments in the ordinary course of business upon terms no less favorable than the Company could obtain from disinterested third parties, none of the officers, directors, or employees of the Company is presently a party to any transaction with the Company or any of its Subsidiaries (other than for services as employees, officers and directors), including any contract, agreement or other arrangement providing for the furnishing of services to or by, providing for rental of real or personal property to or from, or otherwise requiring payments to or from any officer, director or such employee or, to the knowledge of the Company, any corporation, partnership, trust or other entity in which any officer, director, or any such employee has a substantial interest or is an officer, director, trustee or partner, such that disclosure would be required in the SEC Documents..

4.21 **DILUTIVE EFFECT.** The Company understands and acknowledges that the number of shares of Common Stock issuable upon purchases pursuant to this Agreement will increase in certain circumstances including, but not necessarily limited to, the circumstance wherein the trading price of the Common Stock declines during the period between the Effective Date and the end of the Open Period. The Company's executive officers and directors have studied and fully understand the nature of the transactions contemplated by this Agreement and recognize that they have a potential dilutive effect on the shareholders of the Company. The Board of Directors of the Company has concluded, in its good faith business judgment, and with full understanding of the implications, that such issuance is in the best interests of the Company. The Company specifically acknowledges that, subject to such limitations as are expressly set forth in the Registered Offering Transaction Documents, its obligation to issue shares of Common Stock upon purchases pursuant to this Agreement is absolute and unconditional regardless of the dilutive effect that such issuance may have on the ownership interests of other shareholders of the Company.

4.22 **NO GENERAL SOLICITATION.** Neither the Company, nor any of its affiliates, nor any person acting on its behalf, has engaged in any form of general solicitation or general advertising (within the meaning of Regulation D) in connection with the offer or sale of the Common Stock to be offered as set forth in this Agreement.

4.23 **NO BROKERS, FINDERS OR FINANCIAL ADVISORY FEES OR COMMISSIONS.** Other than J.H. Darbie & Co., Inc., no brokers, finders or financial advisory fees or commissions will be payable by the Company, its agents or Subsidiaries, with respect to the transactions contemplated by this Agreement.

4.24 **EXCLUSIVITY.** The Company shall not pursue a similar equity financing transaction as envisioned hereunder (the "Equity Financing") with any other party unless and until good faith negotiations have terminated between the Investor and the Company or until such time as the Registration Statement has been declared effective by the SEC.

## SECTION V COVENANTS OF THE COMPANY

5.1 **BEST EFFORTS.** The Company shall use all commercially reasonable efforts to timely satisfy each of the conditions set forth in Section 7 of this Agreement.

5.2 **REPORTING STATUS.** Until one of the following occurs, the Company shall file all reports required to be filed with the SEC pursuant to the 1934 Act, and the Company shall not terminate its status, or take an action or fail to take any action, which would terminate its status as a reporting company under the 1934 Act: (i) this Agreement terminates pursuant to Section 8 and the Investor has the right to sell all of the Securities without restrictions pursuant to Rule 144 promulgated under the 1933 Act, or such other exemption, or (ii) the date on which the Investor has sold all the Securities and this Agreement has been terminated pursuant to Section 8.

5.3 **USE OF PROCEEDS.** The Company will use the proceeds from the sale of the Put Shares (excluding amounts paid by the Company for fees as set forth in the Registered Offering Transaction Documents) for general corporate and working capital purposes and acquisitions or assets, businesses or operations or for other purposes that the Board of Directors, in good faith, deem to be in the best interest of the Company.

5.4 **FINANCIAL INFORMATION.** During the Open Period, the Company agrees to make available to the Investor via EDGAR or other electronic means the following documents and information on the forms set forth: (i) within five (5) Trading Days after the filing thereof with the SEC, a copy of its Annual Reports on Form 10-K, its Quarterly Reports on Form 10-Q, any Current Reports on Form 8-K and any Registration Statements or amendments filed pursuant to the 1933 Act; (ii) copies of any notices and other information made available or given to the shareholders of the Company generally, contemporaneously with the making available or giving thereof to the shareholders; and (iii) within two (2) calendar days of filing or delivery thereof, copies of all documents filed with, and all correspondence sent to, the Principal Market, any securities exchange or market, or the Financial Industry Regulatory Association, unless such information is material nonpublic information.

5.5 **RESERVATION OF SHARES.** The Company shall take all action necessary to at all times have authorized, and reserved the amount of Shares included in the Company's registration statement for issuance pursuant to the Registered Offering Transaction Documents. In the event that the Company determines that it does not have a sufficient number of authorized shares of Common Stock to reserve and keep available for issuance as described in this Section 5.5, the Company shall use all commercially reasonable efforts to increase the number of authorized shares of Common Stock by seeking shareholder approval for the authorization of such additional shares.

5.6 **LISTING.** The Company shall promptly secure and maintain the listing of all of the Registrable Securities (as defined in the Registration Rights Agreement) on the Principal Market and each other national securities exchange and automated quotation system, if any, upon which shares of Common Stock are then listed (subject to official notice of issuance) and shall maintain, such listing of all Registrable Securities from time to time issuable under the terms of the Registered Offering Transaction Documents. Neither the Company nor any of its Subsidiaries shall take any action which would be reasonably expected to result in the delisting or suspension of the Common Stock on the Principal Market (excluding suspensions of not more than one (1) Trading Day resulting from business announcements by the Company). The Company shall promptly provide to the Investor copies of any notices it receives from the Principal Market regarding the continued eligibility of the Common Stock for listing on such automated quotation system or securities exchange. The Company shall pay all fees and expenses in connection with satisfying its obligations under this Section 5.6.

5.7 **TRANSACTIONS WITH AFFILIATES.** The Company shall not, and shall cause each of its Subsidiaries not to, enter into, amend, modify or supplement, or permit any Subsidiary to enter into, amend, modify or supplement, any agreement, transaction, commitment or arrangement with any of its or any Subsidiary's officers, directors, persons who were officers or directors at any time during the previous two (2) years, shareholders who beneficially own 5% or more of the Common Stock, or Affiliates or with any individual related by blood, marriage or adoption to any such individual or with any entity in which any such entity or individual owns a 5% or more beneficial interest (each a "Related Party"), except for (i) customary employment arrangements and benefit programs on reasonable terms, (ii) any agreement, transaction, commitment or arrangement on an arms-length basis on terms no less favorable than terms which would have been obtainable from a disinterested third party other than such Related Party, or (iii) any agreement, transaction, commitment or arrangement which is approved by a majority of the disinterested directors of the Company. For purposes hereof, any director who is also an officer of the Company or any Subsidiary of the Company shall not be a disinterested director with respect to any such agreement, transaction, commitment or arrangement. "Affiliate" for purposes hereof means, with respect to any person or entity, another person or entity that, directly or indirectly, (i) has a 5% or more equity interest in that person or entity, (ii) has 5% or more common ownership with that person or entity, (iii) controls that person or entity, or (iv) is under common control with that person or entity. "Control" or "Controls" for purposes hereof means that a person or entity has the power, directly or indirectly, to conduct or govern the policies of another person or entity.

5.8 **FILING OF FORM 8-K.** On or before the date which is four (4) Trading Days after the Execution Date, the Company shall file a Current Report on Form 8-K with the SEC describing the terms of the transaction contemplated by the Registered Offering Transaction Documents in the form required by the 1934 Act, if such filing is required.

5.9 **CORPORATE EXISTENCE.** The Company shall use all commercially reasonable efforts to preserve and continue the corporate existence of the Company.

5.10 **NOTICE OF CERTAIN EVENTS AFFECTING REGISTRATION; SUSPENSION OF RIGHT TO MAKE A PUT.** The Company shall promptly notify the Investor upon the occurrence of any of the following events in respect of a Registration Statement or related prospectus in respect of an offering of the Securities: (i) receipt of any request for additional information by the SEC or any other federal or state governmental authority during the period of effectiveness of the Registration Statement for amendments or supplements to the Registration Statement or related prospectus; (ii) the issuance by the SEC or any other federal or state governmental authority of any stop order suspending the effectiveness of any Registration Statement or the initiation of any proceedings for that purpose; (iii) receipt of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Securities for sale in any jurisdiction or the initiation or notice of any proceeding for such purpose; (iv) the happening of any event that makes any statement made in such Registration Statement or related prospectus or any document incorporated or deemed to be incorporated therein by reference untrue in any material respect or that requires the making of any changes in the Registration Statement, related prospectus or documents so that, in the case of a Registration Statement, it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, and that in the case of the related prospectus, it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and (v) the Company's reasonable determination that a post-effective amendment or supplement to the Registration Statement would be appropriate, and the Company shall promptly make available to Investor any such supplement or amendment to the related prospectus. The Company shall not deliver to Investor any Put Notice during the continuation of any of the foregoing events in this Section 5.10.

5.11 **TRANSFER AGENT.** The Company shall deliver instructions to its transfer agent to issue Shares to the Investor that are issued to the Investor pursuant to the Equity Financing and transactions contemplated herein.

5.12 **ACKNOWLEDGEMENT OF TERMS.** The Company hereby represents and warrants to the Investor that: (i) it is voluntarily entering into this Agreement of its own free will, (ii) it is not entering this Agreement under economic duress, (iii) the terms of this Agreement are reasonable and fair to the Company, and (iv) the Company has had independent legal counsel of its own choosing review this Agreement, advise the Company with respect to this Agreement, and represent the Company in connection with this Agreement.

## **SECTION VI** **CONDITIONS OF THE COMPANY'S OBLIGATION TO SELL**

The obligation hereunder of the Company to issue and sell the Securities to the Investor is further subject to the satisfaction, at or before each Closing Date, of each of the following conditions set forth below. These conditions are for the Company's sole benefit and may be waived by the Company at any time in its sole discretion.

6.1 The Investor shall have executed this Agreement and the Registration Rights Agreement and delivered the same to the Company.

6.2 The Investor shall have delivered to the Company the Purchase Price for the Securities being purchased by the Investor.

6.3 No statute, rule, regulation, executive order, decree, ruling or injunction shall have been enacted, entered, promulgated or endorsed by any court or governmental authority of competent jurisdiction which prohibits the consummation of any of the transactions contemplated by this Agreement.

## **SECTION VII** **FURTHER CONDITIONS OF THE INVESTOR'S OBLIGATION TO PURCHASE**

The obligation of the Investor hereunder to purchase Securities is subject to the satisfaction, on or before each Closing Date, of each of the following conditions set forth below.

7.1 The Company shall have executed the Registered Offering Transaction Documents and delivered the same to the Investor.

7.2 The representations and warranties of the Company shall be true and correct as of the date when made and as of the applicable Closing Date as though made at that time and the Company shall have performed, satisfied and complied with the covenants, agreements and conditions required by the Registered Offering Transaction Documents to be performed, satisfied or complied with by the Company on or before such Closing Date. The Investor may request an update as of such Closing Date regarding the representation contained in Section 4.3.

7.3 The Company shall have executed and delivered to the Investor via DWAC the Securities (in such denominations as the Investor shall request) being

purchased by the Investor at such Closing.

7.4 The Board of Directors of the Company shall have adopted resolutions consistent with Section 4.2(ii) (the “**Resolutions**”) and such Resolutions shall not have been amended or rescinded prior to such Closing Date.

7.5 No statute, rule, regulation, executive order, decree, ruling or injunction shall have been enacted, entered, promulgated or endorsed by any court or governmental authority of competent jurisdiction which prohibits the consummation of any of the transactions contemplated by this Agreement.

7.6 Within forty-five (45) calendar days after the Agreement is executed, the Company agrees to use its best efforts to file with the SEC the Registration Statement covering the shares of stock underlying the Equity Financing contemplated herein. Such Registration Statement shall conform to the requirements of the rules and regulations of the SEC, and be subject to the reasonable approval of the Investor. The Company will take any and all steps necessary to have its Registration Statement declared effective by the SEC within thirty (30) calendar days but no more than ninety (90) calendar days after the Company has filed its Registration Statement. The Registration Statement shall be effective on each Closing Date and no stop order suspending the effectiveness of the Registration statement shall be in effect or to the Company’s knowledge shall be pending or threatened. Furthermore, on each Closing Date (I) neither the Company nor the Investor shall have received notice that the SEC has issued or intends to issue a stop order with respect to such Registration Statement or that the SEC otherwise has suspended or withdrawn the effectiveness of such Registration Statement, either temporarily or permanently, or intends or has threatened to do so (unless the SEC’s concerns have been addressed), and (II) no other suspension of the use or withdrawal of the effectiveness of such Registration Statement or related prospectus shall exist.

7.7 At the time of each Closing, the Registration Statement (including information or documents incorporated by reference therein) and any amendments or supplements thereto shall not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading or which would require public disclosure or an update supplement to the prospectus.

7.8 If applicable, the shareholders of the Company shall have approved the issuance of any Shares in excess of the Maximum Common Stock Issuance in accordance with Section 2.5 or the Company shall have obtained appropriate approval pursuant to the requirements of applicable state and federal laws and the Company’s Certificate of Incorporation and By-laws.

7.9 The conditions to such Closing set forth in Section 2.3 shall have been satisfied on or before such Closing Date.

7.10 The Company shall have certified to the Investor the number of Shares of Common Stock outstanding when a Put Notice is given to the Investor. The Company’s delivery of a Put Notice to the Investor constitutes the Company’s certification of the existence of the necessary number of shares of Common Stock reserved for issuance.

## **SECTION VIII** **TERMINATION**

This Agreement shall terminate upon any of the following events:

- 8.1 when the Investor has purchased an aggregate of Thirty Million Dollars (\$30,000,000) in the Common Stock of the Company pursuant to this Agreement; or
- 8.2 twenty-four (24) months from the date of this Agreement’s execution have elapsed.
- 8.3 upon written consent of the parties hereto.

Any and all shares, or penalties, if any, due under this Agreement shall be immediately payable and due upon termination of this Agreement.

## **SECTION IX** **SUSPENSION**

This Agreement shall be suspended upon any of the following events, and shall remain suspended until such event is rectified:

- i. The trading of the Common Stock is suspended by the SEC, the Principal Market or FINRA for a period of two (2) consecutive Trading Days during the Open Period; or
- ii. The Common Stock ceases to be quoted, listed or traded on the Principal Market or the Registration Statement is no longer effective (except as permitted hereunder). Immediately upon the occurrence of one of the above-described events, the Company shall send written notice of such event to the Investor.

## **SECTION X** **INDEMNIFICATION**

In consideration of the parties mutual obligations set forth in the Transaction Documents, the Company (the “**Indemnitor**”) shall defend, protect, indemnify and hold harmless the Investor and all of the investor’s shareholders, officers, directors, employees, counsel, and direct or indirect investors and any of the foregoing person’s agents or other representatives (including, without limitation, those retained in connection with the transactions contemplated by this Agreement) (collectively, the “**Indemnitees**”) from and against any and all actions, causes of action, suits, claims, losses, costs, penalties, fees, liabilities and damages, and reasonable expenses in connection therewith (irrespective of whether any such Indemnitee is a party to the action for which indemnification hereunder is sought), and including reasonable attorneys’ fees and disbursements (the “**Indemnified Liabilities**”), incurred by any Indemnitee as a result of, or arising out of, or relating to (I) any misrepresentation or breach of any representation or warranty made by the Indemnitor or any other certificate, instrument or document contemplated hereby or thereby; (II) any breach of any covenant, agreement or obligation of the Indemnitor contained in the Registered Offering Transaction Documents or any other certificate, instrument or document contemplated hereby or thereby; or (III) any cause of action, suit or claim brought or made against such Indemnitee by a third party and arising out of or resulting from the execution, delivery, performance or enforcement of the Registered Offering Transaction Documents or any other certificate, instrument or document contemplated hereby or thereby, except insofar as any such misrepresentation, breach or any untrue statement, alleged untrue statement, omission or alleged omission is made in reliance upon and in conformity with information furnished to Indemnitor which is specifically intended for use in the preparation of any such Registration Statement, preliminary prospectus, prospectus or amendments to the prospectus. To the extent that the foregoing undertaking by the Indemnitor may be unenforceable for any reason, the Indemnitor shall make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities which is permissible under applicable law. The indemnity provisions contained herein shall be in addition to any cause of action or similar rights Indemnitor may have, and any liabilities the Indemnitor or the Indemnitees may be subject to.

**SECTION XI**  
**GOVERNING LAW; DISPUTES SUBMITTED TO ARBITRATION.**

11.1 **LAW GOVERNING THIS AGREEMENT.** This Agreement shall be governed by and construed in accordance with the laws of the State of Nevada without regard to principles of conflicts of laws. Any action brought by either party against the other concerning the transactions contemplated by this Agreement shall be brought only in the state or federal courts located in New York City, New York State. The parties to this Agreement hereby irrevocably waive any objection to jurisdiction and venue of any action instituted hereunder and shall not assert any defense based on lack of jurisdiction or venue or based upon *forum non conveniens*. **The parties executing this Agreement and other agreements referred to herein or delivered in connection herewith on behalf of the Company agree to submit to the in personam jurisdiction of such courts and hereby irrevocably waive trial by jury.** The prevailing party shall be entitled to recover from the other party its reasonable attorney's fees and costs. In the event that any provision of this Agreement or any other agreement delivered in connection herewith is invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform with such statute or rule of law. Any such provision which may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provision of any agreement. Each party hereby irrevocably waives personal service of process and consents to process being served in any suit, action or proceeding in connection with this Agreement or any other Transaction Documents by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by law.

11.2 **LEGAL FEES; AND MISCELLANEOUS FEES.** Except as otherwise set forth in the Registered Offering Transaction Documents (including but not limited to Section V of the Registration Rights Agreement), the Company has agreed to reimburse the Investor \$10,000 for its legal fees in connection with the transactions contemplated by the Registered Offering Transaction Documents, which such amount may be withheld from the Investor's Purchase Amount at the initial Closing. Except as set forth above, each party shall pay the fees and expenses of its advisers, counsel, the accountants and other experts, if any, and all other expenses incurred by such party incident to the negotiation, preparation, execution, delivery and performance of this Agreement. Any attorneys' fees and expenses incurred by either the Company or the Investor in connection with the preparation, negotiation, execution and delivery of any amendments to this Agreement or relating to the enforcement of the rights of any party, after the occurrence of any breach of the terms of this Agreement by another party or any default by another party in respect of the transactions contemplated hereunder, shall be paid on demand by the party which breached the Agreement and/or defaulted, as the case may be. The Company shall pay all stamp and other taxes and duties levied in connection with the issuance of any Securities.

11.3 **COUNTERPARTS.** This Agreement may be executed in any number of counterparts and by the different signatories hereto on separate counterparts, each of which, when so executed, shall be deemed an original, but all such counterparts shall constitute but one and the same instrument. This Agreement may be executed by facsimile transmission, PDF, electronic signature or other similar electronic means with the same force and effect as if such signature page were an original thereof.

11.4 **HEADINGS: SINGULAR/PLURAL.** The headings of this Agreement are for convenience of reference and shall not form part of, or affect the interpretation of, this Agreement. Whenever required by the context of this Agreement, the singular shall include the plural and masculine shall include the feminine.

11.5 **SEVERABILITY.** If any provision of this Agreement shall be invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall not affect the validity or enforceability of the remainder of this Agreement in that jurisdiction or the validity or enforceability of any provision of this Agreement in any other jurisdiction.

11.6 **ENTIRE AGREEMENT; AMENDMENTS.** This Agreement is the FINAL AGREEMENT between the Company and the Investor with respect to the terms and conditions set forth herein, and, the terms of this Agreement may not be contradicted by evidence of prior, contemporaneous, or subsequent oral agreements of the Parties. No provision of this Agreement may be amended other than by an instrument in writing signed by the Company and the Investor, and no provision hereof may be waived other than by an instrument in writing signed by the party against whom enforcement is sought. The execution and delivery of the Registered Offering Transaction Documents shall not alter the force and effect of any other agreements between the Parties, and the obligations under those agreements.

11.7 **NOTICES.** Any notices or other communications required or permitted to be given under the terms of this Agreement must be in writing and will be deemed to have been delivered (I) upon receipt, when delivered personally; (II) upon receipt, when sent by email; or (III) one (1) day after deposit with a nationally recognized overnight delivery service, in each case properly addressed to the party to receive the same. The addresses for such communications shall be:

If to the Company:

DarkPulse, Inc.  
1345 Avenue of Americas, 2<sup>nd</sup> Floor  
New York, NY 10105  
Attn: Dennis O'Leary, CEO

With a copy to  
(which copy shall not constitute notice):

Business Legal Advisors, LLC  
Attn: Brian Higley  
brian@businesslegaladvisor.com

If to the Investor:

GHS Investments, LLC  
420 Jericho Turnpike,  
Suite 102  
Jericho, NY 11753

Each party shall provide five (5) days prior written notice to the other party of any change in address.

11.8 **NO ASSIGNMENT.** This Agreement may not be assigned.

11.9 **NO THIRD-PARTY BENEFICIARIES.** This Agreement is intended for the benefit of the parties hereto and is not for the benefit of, nor may any provision hereof be enforced by, any other person, except that the Company acknowledges that the rights of the Investor may be enforced by its general partner.

11.10 **SURVIVAL.** The representations and warranties of the Company and the Investor contained in Sections 3 and 4, the agreements and covenants set forth in Sections 5 and 6, and the indemnification provisions set forth in Section 10, shall survive each of the Closings and the termination of this Agreement.

11.11 **PUBLICITY.** The Investor acknowledges that this Agreement and all or part of the Registered Offering Transaction Documents may be deemed to be "material contracts" as that term is defined by Item 601(b)(10) of Regulation S-K, and that the Company may therefore be required to file such documents as exhibits to reports or registration statements filed under the 1933 Act or the 1934 Act. The Investor further agrees that the status of such documents and materials as material contracts shall be determined solely by the Company, in consultation with its counsel.

11.12 **FURTHER ASSURANCES.** Each party shall do and perform, or cause to be done and performed, all such further acts and things, and shall execute and deliver all such other agreements, certificates, instruments and documents, as the other party may reasonably request in order to carry out the intent and accomplish the purposes of this Agreement and the consummation of the transactions contemplated hereby.

11.13 **PLACEMENT AGENT.** If so required, the Company agrees to pay a registered broker dealer, to act as placement agent. The Investor shall have no obligation with respect to any fees or with respect to any claims made by or on behalf of other persons or entities for fees of a type contemplated in this Section that may be due in connection with the transactions contemplated by the Registered Offering Transaction Documents. The Company shall indemnify and hold harmless the Investor, their employees, officers, directors, agents, and partners, and their respective affiliates, from and against all claims, losses, damages, costs (including the costs of preparation and attorney's fees) and expenses incurred in respect of any such claimed or existing fees, as such fees and expenses are incurred.

11.14 **NO STRICT CONSTRUCTION.** The language used in this Agreement will be deemed to be the language chosen by the parties to express their mutual intent, and no rules of strict construction will be applied against any party, as the parties mutually agree that each has had a full and fair opportunity to review this Agreement and seek the advice of counsel on it.

11.15 **REMEDIES.** The Investor shall have all rights and remedies set forth in this Agreement and the Registration Rights Agreement and all rights and remedies which such holders have been granted at any time under any other agreement or contract and all of the rights which the Investor has by law. Any person having any rights under any provision of this Agreement shall be entitled to enforce such rights specifically (without posting a bond or other security), to recover damages by reason of any default or breach of any provision of this Agreement, including the recovery of reasonable attorney's fees and costs, and to exercise all other rights granted by law.

11.16 **PAYMENT SET ASIDE.** To the extent that the Company makes a payment or payments to the Investor hereunder or under the Registration Rights Agreement or the Investor enforces or exercises its rights hereunder or thereunder, and such payment or payments or the proceeds of such enforcement or exercise or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside, recovered from, disgorged by or are required to be refunded, repaid or otherwise restored to the Company, a trustee, receiver or any other person under any law (including, without limitation, any bankruptcy law, state or federal law, common law or equitable cause of action), then to the extent of any such restoration the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such enforcement or setoff had not occurred.

11.17 **PRICING OF COMMON STOCK.** For purposes of this Agreement, the price of the Common Stock shall be as reported by Quotestream Media.

## SECTION XII NON-DISCLOSURE OF NON-PUBLIC INFORMATION

The Company shall not disclose non-public information to the Investor, its advisors, or its representatives.

Nothing herein shall require the Company to disclose non-public information to the Investor or its advisors or representatives, and the Company represents that it does not disseminate non-public information to any investors who purchase stock in the Company in a public offering, to money managers or to securities analysts, provided, however, that notwithstanding anything herein to the contrary, the Company will, as hereinabove provided, immediately notify the advisors and representatives of the Investor and, if any, underwriters, of any event or the existence of any circumstance (without any obligation to disclose the specific event or circumstance) of which it becomes aware, constituting non-public information (whether or not requested of the Company specifically or generally during the course of due diligence by such persons or entities), which, if not disclosed in the prospectus included in the Registration Statement would cause such prospectus to include a material misstatement or to omit a material fact required to be stated therein in order to make the statements, therein, in light of the circumstances in which they were made, not misleading. Nothing contained in this Section 12 shall be construed to mean that such persons or entities other than the Investor (without the written consent of the Investor prior to disclosure of such information) may not obtain non-public information in the course of conducting due diligence in accordance with the terms of this Agreement and nothing herein shall prevent any such persons or entities from notifying the Company of their opinion that based on such due diligence by such persons or entities, that the Registration Statement contains an untrue statement of material fact or omits a material fact required to be stated in the Registration Statement or necessary to make the statements contained therein, in light of the circumstances in which they were made, not misleading.

## SECTION XIII ACKNOWLEDGEMENTS OF THE PARTIES

Notwithstanding anything in this Agreement to the contrary, the parties hereto hereby acknowledge and agree to the following: (i) the Investor makes no representations or covenants that it will not engage in trading in the securities of the Company, other than as provided in Section 3.12 of this Agreement; (ii) the Company shall, by 8:30 a.m. EST on the fourth Trading Day following the date hereof, file a current report on Form 8-K disclosing the material terms of the transactions contemplated hereby and in the other Registered Offering Transaction Documents; (iii) the Company has not and shall not provide material non-public information to the Investor unless prior thereto the Investor shall have executed a written agreement regarding the confidentiality and use of such information; and (iv) the Company understands and confirms that the Investor will be relying on the acknowledgements set forth in clauses (i) through (iii) above if the Investor effects any transactions in the securities of the Company.

[Signature page follows]

Your signature on this Signature Page evidences your agreement to be bound by the terms and conditions of the Investment Agreement as of the date first written above. The undersigned signatory hereby certifies that he has read and understands the Investment Agreement, and the representations made by the undersigned in this Investment Agreement are true and accurate, and agrees to be bound by its terms.

**GHS INVESTMENTS, LLC**

By: /s/ Mark Grober  
Name: Mark Grober  
Title: Member

**DARKPULSE, INC.**

By: /s/ Dennis O'Leary  
Name: Dennis O'Leary  
Title: CEO

[SIGNATURE PAGE OF EQUITY FINANCING AGREEMENT]

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**LIST OF EXHIBITS**

EXHIBIT A	Registration Rights Agreement
EXHIBIT B	Notice of Effectiveness
EXHIBIT C	Put Notice
EXHIBIT D	Put Settlement Sheet

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**EXHIBIT A**

**REGISTRATION RIGHTS AGREEMENT**

See attached.

**EXHIBIT B****FORM OF NOTICE OF EFFECTIVENESS  
OF REGISTRATION STATEMENT**

Date: \_\_\_\_\_

[TRANSFER AGENT]

Re: DarkPulse, Inc.

Ladies and Gentlemen:

We are counsel to DarkPulse, Inc., a Delaware corporation (the "Company"), and have represented the Company in connection with that certain Equity Financing Agreement (the "Investment Agreement") entered into by and among the Company and GHS Investments, LLC (the "Investor") pursuant to which the Company has agreed to issue to the Investor shares of the Company's common stock, \$0.0001 par value per share (the "Common Stock") on the terms and conditions set forth in the Investment Agreement. Pursuant to the Investment Agreement, the Company also has entered into a Registration Rights Agreement with the Investor (the "Registration Rights Agreement") pursuant to which the Company agreed, among other things, to register the Registrable Securities (as defined in the Registration Rights Agreement), including the shares of Common Stock issued or issuable under the Investment Agreement under the Securities Act of 1933, as amended (the "1933 Act"). In connection with the Company's obligations under the Registration Rights Agreement, on \_\_\_\_\_, 20\_\_\_\_\_, the Company filed a Registration Statement on Form S-1 (File No. \_\_\_\_-\_\_\_\_\_) (the "Registration Statement") with the Securities and Exchange Commission (the "SEC") relating to the Registrable Securities which names the Investor as a selling shareholder thereunder.

In connection with the foregoing, we advise you that a member of the SECs staff has advised us by telephone that the SEC has entered an order declaring the Registration Statement effective under the 1933 Act at \_\_\_\_\_ on \_\_\_\_\_, 20\_\_\_\_\_, and we have no knowledge, after telephonic inquiry of a member of the SECs staff, that any stop order suspending its effectiveness has been issued or that any proceedings for that purpose are pending before, or threatened by, the SEC and the Registrable Securities are available for sale under the 1933 Act pursuant to the Registration Statement

Very truly yours,

[Company Counsel]

**EXHIBIT C****FORM OF PUT NOTICE**

Date:

RE: Put Notice Number \_\_\_\_

Dear Mr./Ms. \_\_\_\_\_,

This is to inform you that as of today, DarkPulse, Inc., a Delaware corporation (the "Company"), hereby elects to exercise its right pursuant to the Equity Financing Agreement to require GHS Investments LLC to purchase shares of its common stock. The Company hereby certifies that:

The amount of this put is \$\_\_\_\_\_.

The Pricing Period runs from \_\_\_\_\_ until \_\_\_\_\_.

The Purchase Price is: \$\_\_\_\_\_.

The number of Put Shares due: \_\_\_\_\_.

The current number of shares of common stock issued and outstanding is: \_\_\_\_\_.

The number of shares currently available for issuance on the S-1 is: \_\_\_\_\_.

Regards,

DarkPulse, Inc.

By: \_\_\_\_\_

Name:

Title:

**EXHIBIT D**

**PUT SETTLEMENT SHEET**

Date: \_\_\_\_\_

Dear Mr. \_\_\_\_\_,

Pursuant to the Put given by DarkPulse, Inc., to GHS Investments LLC ("GHS") on \_\_\_\_\_ 202\_\_\_\_\_, we are now submitting the amount of common shares for you to issue to GHS.

Please have a certificate bearing no restrictive legend totaling \_\_\_\_\_ shares issued to GHS immediately and send via DWAC to the following account:

[INSERT]

If not DWAC eligible, please send FedEx Priority Overnight to:

[INSERT ADDRESS]

Once these shares are received by us, we will have the funds wired to the Company.

Regards,

**GHS INVESTMENTS LLC**

By: \_\_\_\_\_

Name:

Title

## REGISTRATION RIGHTS AGREEMENT

This REGISTRATION RIGHTS AGREEMENT (the “**Agreement**”), dated as of November 9, 2021 (the “**Execution Date**”), is entered into by and between **DarkPulse, Inc.**, a Delaware corporation with its principal executive office at 1345 Avenue of the Americas, 2<sup>nd</sup> Floor, New York, NY 10105 (the “**Company**”), and **GHS Investments LLC**, a Nevada limited liability company, with offices at 420 Jericho Turnpike, Suite 102 Jericho, NY 11753 (the “**Investor**”).

### RECITALS:

WHEREAS, pursuant to the Equity Financing Agreement entered into by and between the Company and the Investor of even date (the “**Equity Financing Agreement**”), the Company has agreed to issue and sell to the Investor an indeterminate number of shares of the Company’s common stock, par value \$0.0001 per share (the “**Common Stock**”), up to an aggregate purchase price of Thirty Million Dollars (\$30,000,000);

WHEREAS, as an inducement to the Investor to execute and deliver the Equity Financing Agreement, the Company has agreed to provide certain registration rights under the Securities Act of 1933, as amended, and the rules and regulations thereunder, or any similar successor statute (collectively, the “**1933 Act**”), and applicable state securities laws, with respect to the shares of Common Stock issuable pursuant to the Equity Financing Agreement.

NOW THEREFORE, in consideration of the foregoing promises and the mutual covenants contained hereinafter and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Investor hereby agree as follows:

### SECTION I DEFINITIONS

As used in this Agreement, the following terms shall have the following meanings:

“**Execution Date**” shall have the meaning set forth in the preambles.

“**Investor**” shall have the meaning set forth in the preambles.

“**Person**” means a corporation, a limited liability company, an association, a partnership, an organization, a business, an individual, a governmental or political subdivision thereof or a governmental agency.

“**Register**,” “**Registered**” and “**Registration**” refer to the Registration effected by preparing and filing one (1) or more Registration Statements in compliance with the 1933 Act and pursuant to Rule 415 under the 1933 Act or any successor rule providing for offering securities on a continuous basis (“**Rule 415**”), and the declaration or ordering of effectiveness of such Registration Statement(s) by the United States Securities and Exchange Commission (the “**SEC**”).

“**Registrable Securities**” means (i) the shares of Common Stock issued or issuable pursuant to the Equity Financing Agreement, and (ii) any shares of capital stock issued or issuable with respect to such shares of Common Stock, if any, as a result of any stock split, stock dividend, recapitalization, exchange or similar event or otherwise, which have not been (x) included in the Registration Statement that has been declared effective by the SEC, or (y) sold under circumstances meeting all of the applicable conditions of Rule 144 (or any similar provision then in force) under the 1933 Act.

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“**Registration Statement**” means the registration statement of the Company filed under the 1933 Act covering the Registrable Securities.

“**Registered Offering Transaction Documents**” shall mean this Agreement and the Equity Financing Agreement between the Company and the Investor as of the date hereof.

All capitalized terms used in this Agreement and not otherwise defined herein shall have the same meaning ascribed to them as in the Equity Financing Agreement.

### SECTION II REGISTRATION

2.1 The Company shall, within forty-five (45) calendar days upon the date of execution of this Agreement, use its best efforts to file with the SEC a Registration Statement or Registration Statements (as is necessary) on Form S-1 (or, if such form is unavailable for such a registration, on such other form as is available for such registration), covering the resale of all of the Registrable Securities, which Registration Statement(s) shall state that, in accordance with Rule 416 promulgated under the 1933 Act, such Registration Statement also covers such indeterminate number of additional shares of Common Stock as may become issuable upon stock splits, stock dividends or similar transactions. The Company shall initially register for resale all of the Registrable Securities which would be issuable on the date preceding the filing of the Registration Statement based on the closing bid price of the Company’s Common Stock on such date and the amount reasonably calculated that represents Common Stock issuable to other parties as set forth in the Equity Financing Agreement except to the extent that the SEC requires the share amount to be reduced as a condition of effectiveness.

2.2 The Company shall use all commercially reasonable efforts to have the Registration Statement(s) declared effective by the SEC within thirty (30) calendar days, but no more than ninety (90) calendar days after the Company has filed the Registration Statement.

2.3 The Company agrees not to include any other securities in the Registration Statement covering the Registrable Securities without Investor’s prior written consent which Investor may withhold in its sole discretion. Furthermore, the Company agrees that it will not file any other Registration Statement for other securities, until thirty (30) calendar days after the Registration Statement for the Registrable Securities is declared effective by the SEC.

2.4 Notwithstanding the registration obligations set forth in Section 2.1, if the staff of the SEC (the “**Staff**”) or the SEC informs the Company that all of the unregistered Registrable Securities cannot, as a result of the application of Rule 415, be registered for resale as a secondary offering on a single Registration Statement, the Company agrees to promptly (i) inform the Investor and use its commercially reasonable efforts to file amendments to the Registration Statement as required by the SEC and/or (ii) withdraw the Registration Statement and file a new registration statement (the “**New Registration Statement**”), in either case covering the maximum number of Registrable Securities permitted to be registered by the SEC, on Form S-1 to register for resale the Registrable Securities as a secondary offering. If the Company amends the Registration Statement or files a New Registration Statement, as the case may be, under clauses (i) or (ii) above, the Company will use its commercially reasonable efforts to file with the SEC, as promptly as allowed by the Staff or SEC, one or more registration statements on Form S-1 to register for resale those Registrable Securities that were not registered for resale on the Registration Statement, as amended, or the New Registration Statement (each, an “**Additional Registration Statement**”).

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### SECTION III RELATED OBLIGATIONS

At such time as the Company is obligated to prepare and file the Registration Statement with the SEC pursuant to Section 2.1, the Company will affect the registration of the Registrable Securities in accordance with the intended method of disposition thereof and, with respect thereto, the Company shall have the following obligations:

3.1 The Company shall use all commercially reasonable efforts to cause such Registration Statement relating to the Registrable Securities to become effective and shall keep such Registration Statement effective until the earlier to occur of the date on which (A) the Investor shall have sold all the Registrable Securities; or (B) the Investor has no right to acquire any additional shares of Common Stock under the Equity Financing Agreement (the “**Registration Period**”). The Registration Statement (including any amendments or supplements thereto and prospectuses contained therein) shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein, or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading. The Company shall use all commercially reasonable efforts to respond to all SEC comments within ten (10) business days from receipt of such comments by the Company. The Company shall use all commercially reasonable efforts to cause the Registration Statement relating to the Registrable Securities to become effective no later than three (3) business days after notice from the SEC that the Registration Statement may be declared effective. The Investor agrees to provide all information which is required by law to provide to the Company, including the intended method of disposition of the Registrable Securities, and the Company’s obligations set forth above shall be conditioned on the receipt of such information.

3.2 The Company shall prepare and file with the SEC such amendments (including post-effective amendments) and supplements to the Registration Statement and the prospectus used in connection with such Registration Statement, which prospectus is to be filed pursuant to Rule 424 promulgated under the 1933 Act, as may be necessary to keep such Registration Statement effective during the Registration Period, and, during such period, comply with the provisions of the 1933 Act with respect to the disposition of all Registrable Securities of the Company covered by such Registration Statement until such time as all of such Registrable Securities shall have been disposed of in accordance with the intended methods of disposition by the Investor thereof as set forth in such Registration Statement. In the event the number of shares of Common Stock covered by the Registration Statement filed pursuant to this Agreement is at any time insufficient to cover all of the Registrable Securities, the Company shall amend such Registration Statement, or file a new Registration Statement (on the short form available therefor, if applicable), or both, so as to cover all of the Registrable Securities, in each case, as soon as practicable, but in any event within thirty (30) calendar days after the necessity therefor arises (based on the then Purchase Price of the Common Stock and other relevant factors on which the Company reasonably elects to rely), assuming the Company has sufficient authorized shares at that time, and if it does not, within thirty (30) calendar days after such shares are authorized. The Company shall use commercially reasonable efforts to cause such amendment and/or new Registration Statement to become effective as soon as practicable following the filing thereof.

3.3 The Company shall make available to the Investor and its legal counsel without charge (i) promptly after the same is prepared and filed with the SEC at least one (1) copy of such Registration Statement and any amendment(s) thereto, including financial statements and schedules, all documents incorporated therein by reference and all exhibits, the prospectus included in such Registration Statement (including each preliminary prospectus) and, with regards to such Registration Statement(s), any correspondence by or on behalf of the Company to the SEC or the staff of the SEC and any correspondence from the SEC or the staff of the SEC to the Company or its representatives; (ii) upon the effectiveness of any Registration Statement, the Company shall make available copies of the prospectus, via EDGAR, included in such Registration Statement and all amendments and supplements thereto; and (iii) such other documents, including copies of any preliminary or final prospectus, as the Investor may reasonably request from time to time to facilitate the disposition of the Registrable Securities.

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3.4 The Company shall use commercially reasonable efforts to (i) register and qualify the Registrable Securities covered by the Registration Statement under such other securities or “blue sky” laws of such states in the United States as the Investor reasonably requests; (ii) prepare and file in those jurisdictions, such amendments (including post-effective amendments) and supplements to such registrations and qualifications as may be necessary to maintain the effectiveness thereof during the Registration Period; (iii) take such other actions as may be necessary to maintain such registrations and qualifications in effect at all times during the Registration Period, and (iv) take all other actions reasonably necessary or advisable to qualify the Registrable Securities for sale in such jurisdictions; provided, however, that the Company shall not be required in connection therewith or as a condition thereto to (x) qualify to do business in any jurisdiction where it would not otherwise be required to qualify but for this Section 3.4, or (y) subject itself to general taxation in any such jurisdiction. The Company shall promptly notify the Investor of the receipt by the Company of any notification with respect to the suspension of the registration or qualification of any of the Registrable Securities for sale under the securities or “blue sky” laws of any jurisdiction in the United States or its receipt of actual notice of the initiation or threatening of any proceeding for such purpose.

3.5 As promptly as practicable after becoming aware of such event, the Company shall notify Investor in writing of the happening of any event as a result of which the prospectus included in the Registration Statement, as then in effect, includes an untrue statement of a material fact or omission to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (“**Registration Default**”) and use all diligent efforts to promptly prepare a supplement or amendment to such Registration Statement and take any other necessary steps to cure the Registration Default (which, if such Registration Statement is on Form S-3, may consist of a document to be filed by the Company with the SEC pursuant to Section 13(a), 13(c), 14 or 15(d) of the 1934 Act (as defined below) and to be incorporated by reference in the prospectus) to correct such untrue statement or omission, and make available copies of such supplement or amendment to the Investor. The Company shall also promptly notify the Investor (i) when a prospectus or any prospectus supplement or post-effective amendment has been filed, and when the Registration Statement or any post-effective amendment has become effective (the Company will prepare notification of such effectiveness which shall be delivered to the Investor on the same day of such effectiveness and by overnight mail), additionally, the Company will promptly provide to the Investor, a copy of the effectiveness order prepared by the SEC once it is received by the Company; (ii) of any request by the SEC for amendments or supplements to the Registration Statement or related prospectus or related information, (iii) of the Company’s reasonable determination that a post-effective amendment to the Registration Statement would be appropriate, (iv) in the event the Registration Statement is no longer effective, or (v) if the Registration Statement is stale as a result of the Company’s failure to timely file its financials or otherwise

3.6 The Company shall use all commercially reasonable efforts to prevent the issuance of any stop order or other suspension of effectiveness of the Registration Statement, or the suspension of the qualification of any of the Registrable Securities for sale in any jurisdiction and, if such an order or suspension is issued, to obtain the withdrawal of such order or suspension at the earliest possible moment and to notify the Investor holding Registrable Securities being sold of the issuance of such order and the resolution thereof or its receipt of actual notice of the initiation or threat of any proceeding concerning the effectiveness of the registration statement.

amendments and supplements thereto at least one (1) calendar day prior to their filing with the SEC. However, any postponement of a filing of a Registration Statement or any postponement of a request for acceleration or any postponement of the effective date or effectiveness of a Registration Statement by written request of the Investor (collectively, the “**Investor’s Delay**”) shall not act to trigger any penalty of any kind, or any cash amount due or any in-kind amount due the Investor from the Company under any and all agreements of any nature or kind between the Company and the Investor. The event(s) of an Investor’s Delay shall act to suspend all obligations of any kind or nature of the Company under any and all agreements of any nature or kind between the Company and the Investor.

3.8 At the request of the Investor, the Company’s counsel shall furnish to the Investor, within two (2) business days, an opinion letter confirming the effectiveness of the registration statement. Such opinion letter shall be issued as of the date of the effectiveness of the registration statement, in a form suitable to the Investor.

3.9 The Company shall hold in confidence and not make any disclosure of information concerning the Investor unless (i) disclosure of such information is necessary to comply with federal or state securities laws, (ii) the disclosure of such information is necessary to avoid or correct a misstatement or omission in any Registration Statement, or (iii) the release of such information is ordered pursuant to a subpoena or other final, non-appealable order from a court or governmental body of competent jurisdiction. The Company agrees that it shall, upon learning that disclosure of such information concerning the Investor is sought in or by a court or governmental body of competent jurisdiction or through other means, give prompt written notice to the Investor and allow the Investor, at the Investor’s expense, to undertake appropriate action to prevent disclosure of, or to obtain a protective order covering such information.

3.10 The Company shall use all commercially reasonable efforts to maintain designation and quotation of all the Registrable Securities covered by any Registration Statement on the Principal Market. If, despite the Company’s commercially reasonable efforts, the Company is unsuccessful in satisfying the preceding sentence, it shall use commercially reasonable efforts to cause all the Registrable Securities covered by any Registration Statement to be listed on each other national securities exchange and automated quotation system, if any, on which securities of the same class or series issued by the Company are then listed, if any, if the listing of such Registrable Securities is then permitted under the rules of such exchange or system. The Company shall pay all fees and expenses in connection with satisfying its obligation under this Section 3.10.

3.11 The Company shall cooperate with the Investor to facilitate the prompt preparation and delivery of the Registrable Securities to be offered pursuant to the Registration Statement and enable such Registrable Securities to be in such denominations or amounts, as the case may be, as the Investor may reasonably request.

3.12 The Company shall provide a transfer agent for all the Registrable Securities not later than the effective date of the first Registration Statement filed pursuant hereto.

3.13 If requested by the Investor, the Company shall (i) as soon as reasonably practical incorporate in a prospectus supplement or post-effective amendment such information as the Investor reasonably determines should be included therein relating to the sale and distribution of Registrable Securities, including, without limitation, information with respect to the offering of the Registrable Securities to be sold in such offering; (ii) make all required filings of such prospectus supplement or post-effective amendment as soon as reasonably possible after being notified of the matters to be incorporated in such prospectus supplement or post-effective amendment; and (iii) supplement or make amendments to any Registration Statement if reasonably requested by the Investor.

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3.14 The Company shall use all commercially reasonable efforts to cause the Registrable Securities covered by the applicable Registration Statement to be registered with or approved by such other governmental agencies or authorities as may be necessary to facilitate the disposition of such Registrable Securities.

3.15 The Company shall otherwise use all commercially reasonable efforts to comply with all applicable rules and regulations of the SEC in connection with any registration hereunder.

3.16 Within three (3) business day after the Registration Statement is declared effective by the SEC, the Company shall deliver to the transfer agent for such Registrable Securities, with copies to the Investor, confirmation that such Registration Statement has been declared effective by the SEC.

3.17 The Company shall take all other reasonable actions necessary to expedite and facilitate disposition by the Investor of Registrable Securities pursuant to the Registration Statement.

#### **SECTION IV OBLIGATIONS OF THE INVESTOR**

4.1 At least five (5) calendar days prior to the first anticipated filing date of the Registration Statement, the Company shall notify the Investor in writing of the information the Company requires from the Investor for the Registration Statement. It shall be a condition precedent to the obligations of the Company to complete the registration pursuant to this Agreement with respect to the Registrable Securities and the Investor agrees to furnish to the Company that information regarding itself, the Registrable Securities and the intended method of disposition of the Registrable Securities as shall reasonably be required to effect the registration of such Registrable Securities and the Investor shall execute such documents in connection with such registration as the Company may reasonably request. The Investor covenants and agrees that, in connection with any sale of Registrable Securities by it pursuant to the Registration Statement, it shall comply with the “Plan of Distribution” section of the then current prospectus relating to such Registration Statement.

4.2 The Investor, by its acceptance of the Registrable Securities, agrees to cooperate with the Company as reasonably requested by the Company in connection with the preparation and filing of any Registration Statement hereunder, unless the Investor has notified the Company in writing of an election to exclude all of the Investor’s Registrable Securities from such Registration Statement.

4.3 The Investor agrees that, upon receipt of written notice from the Company of the happening of any event of the kind described in Section 3.6 or the first sentence of 3.5, the Investor will immediately discontinue disposition of Registrable Securities pursuant to any Registration Statement(s) covering such Registrable Securities until the Investor’s receipt of the copies of the supplemented or amended prospectus contemplated by Section 3.6 or the first sentence of 3.5.

#### **SECTION V EXPENSES OF REGISTRATION**

All legal expenses, other than underwriting discounts and commissions and other than as set forth in the Equity Financing Agreement, incurred in connection with registrations including comments, filings or qualifications pursuant to Sections 2 and 3, including, without limitation, all registration, listing and qualifications fees, and printing fees shall be paid by the Company.

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## SECTION VI INDEMNIFICATION

In the event any Registrable Securities are included in the Registration Statement under this Agreement:

6.1 To the fullest extent permitted by law, the Company, under this Agreement, will, and hereby does, indemnify, hold harmless and defend the Investor who holds Registrable Securities, the directors, officers, partners, employees, counsel, agents, representatives of, and each Person, if any, who controls, any Investor within the meaning of the 1933 Act or the Securities Exchange Act of 1934, as amended (the “1934 Act”) (each, an “**Indemnified Person**”), against any losses, claims, damages, liabilities, judgments, fines, penalties, charges, costs, attorneys’ fees, amounts paid in settlement or expenses, joint or several (collectively, “**Claims**”), incurred in investigating, preparing or defending any action, claim, suit, inquiry, proceeding, investigation or appeal taken from the foregoing by or before any court or governmental, administrative or other regulatory agency, body or the SEC, whether pending or threatened, whether or not an indemnified party is or may be a party thereto (“**Indemnified Damages**”), to which any of them may become subject insofar as such Claims (or actions or proceedings, whether commenced or threatened, in respect thereof) arise out of or are based upon: (i) any untrue statement or alleged untrue statement of a material fact in the Registration Statement or any post-effective amendment thereto or in any filing made in connection with the qualification of the offering under the securities or other “blue sky” laws of any jurisdiction in which the Investor has requested in writing that the Company register or qualify the Shares (“**Blue Sky Filing**”), or the omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which the statements therein were made, not misleading, (ii) any untrue statement or alleged untrue statement of a material fact contained in the final prospectus (as amended or supplemented, if the Company files any amendment thereof or supplement thereto with the SEC) or the omission or alleged omission to state therein any material fact necessary to make the statements made therein, in light of the circumstances under which the statements therein were made, not misleading, or (iii) any violation or alleged violation by the Company of the 1933 Act, the 1934 Act, any other law, including, without limitation, any state securities law, or any rule or regulation thereunder relating to the offer or sale of the Registrable Securities pursuant to the Registration Statement (the matters in the foregoing clauses (i) through (iii) being, collectively, “**Violations**”). Subject to the restrictions set forth in Section 6.3 the Company shall reimburse the Investor and each such controlling person, promptly as such expenses are incurred and are due and payable, for any reasonable legal fees or other reasonable expenses incurred by them in connection with investigating or defending any such Claim. Notwithstanding anything to the contrary contained herein, the indemnification agreement contained in this Section 6.1: (i) shall not apply to a Claim arising out of or based upon a Violation which is due to the inclusion in the Registration Statement of the information furnished to the Company by any Indemnified Person expressly for use in connection with the preparation of the Registration Statement or any such amendment thereof or supplement thereto; (ii) shall not be available to the extent such Claim is based on (a) a failure of the Investor to deliver or to cause to be delivered the prospectus made available by the Company or (b) the Indemnified Person’s use of an incorrect prospectus despite being promptly advised in advance by the Company in writing not to use such incorrect prospectus; (iii) any claims based on the manner of sale of the Registrable Securities by the Investor or of the Investor’s failure to register as a dealer under applicable securities laws; (iv) any omission of the Investor to notify the Company of any material fact that should be stated in the Registration Statement or prospectus relating to the Investor or the manner of sale; and (v) any amounts paid in settlement of any Claim if such settlement is effected without the prior written consent of the Company, which consent shall not be unreasonably withheld. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of the Indemnified Person and shall survive the resale of the Registrable Securities by the Investor pursuant to the Registration Statement.

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6.2 In connection with any Registration Statement in which Investor is participating, the Investor agrees to severally and jointly indemnify, hold harmless and defend, to the same extent and in the same manner as is set forth in Section 6.1, the Company, each of its directors, each of its officers who signs the Registration Statement, each Person, if any, who controls the Company within the meaning of the 1933 Act or the 1934 Act and the Company’s agents (collectively and together with an Indemnified Person, an “**Indemnified Party**”), against any Claim or Indemnified Damages to which any of them may become subject, under the 1933 Act, the 1934 Act or otherwise, insofar as such Claim or Indemnified Damages arise out of or are based upon any Violation, in each case to the extent, and only to the extent, that such Violation is due to the inclusion in the Registration Statement of the written information furnished to the Company by the Investor expressly for use in connection with such Registration Statement; and, subject to Section 6.3, the Investor will reimburse any legal or other expenses reasonably incurred by them in connection with investigating or defending any such Claim; *provided, however,* that the indemnity agreement contained in this Section 6.2 and the agreement with respect to contribution contained in Section 7 shall not apply to amounts paid in settlement of any Claim if such settlement is effected without the prior written consent of the Investor, which consent shall not be unreasonably withheld; *provided, further, however,* that the Investor shall only be liable under this Section 6.2 for that amount of a Claim or Indemnified Damages as does not exceed the net proceeds to such Investor as a result of the sale of Registrable Securities pursuant to such Registration Statement. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of such Indemnified Party and shall survive the resale of the Registrable Securities by the Investor pursuant to the Registration Statement. Notwithstanding anything to the contrary contained herein, the indemnification agreement contained in this Section 6.2 with respect to any preliminary prospectus shall not inure to the benefit of any Indemnified Party if the untrue statement or omission of material fact contained in the preliminary prospectus were corrected on a timely basis in the prospectus, as then amended or supplemented. This indemnification provision shall apply separately to each Investor and liability hereunder shall not be joint and several.

6.3 Promptly after receipt by an Indemnified Person or Indemnified Party under this Section 6 of notice of the commencement of any action or proceeding (including any governmental action or proceeding) involving a Claim, such Indemnified Person or Indemnified Party shall, if a Claim in respect thereof is to be made against any indemnifying party under this Section 6, deliver to the indemnifying party a written notice of the commencement thereof, and the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume control of the defense thereof with counsel mutually satisfactory to the indemnifying party and the Indemnified Person or the Indemnified Party, as the case may be; *provided, however,* that an Indemnified Person or Indemnified Party shall have the right to retain its own counsel with the fees and expenses to be paid by the indemnifying party, if, in the reasonable opinion of counsel retained by the Indemnified Person or Indemnified Party, the representation by counsel of the Indemnified Person or Indemnified Party and the indemnifying party would be inappropriate due to actual or potential differing interests between such Indemnified Person or Indemnified Party and any other party represented by such counsel in such proceeding. The indemnifying party shall pay for only one (1) separate legal counsel for the Indemnified Persons or the Indemnified Parties, as applicable, and such counsel shall be selected by the Investor, if the Investor is entitled to indemnification hereunder, or the Company, if the Company is entitled to indemnification hereunder, as applicable. The Indemnified Party or Indemnified Person shall cooperate fully with the indemnifying party in connection with any negotiation or defense of any such action or Claim by the indemnifying party and shall furnish to the indemnifying party all information reasonably available to the Indemnified Party or Indemnified Person which relates to such action or Claim. The indemnifying party shall keep the Indemnified Party or Indemnified Person fully apprised at all times as to the status of the defense or any settlement negotiations with respect thereto. No indemnifying party shall be liable for any settlement of any action, claim or proceeding affected without its written consent, *provided, however,* that the indemnifying party shall not unreasonably withhold, delay or condition its consent. No indemnifying party shall, without the consent of the Indemnified Party or Indemnified Person, consent to entry of any judgment or enter into any settlement or other compromise which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party or Indemnified Person of a release from all liability in respect to such Claim. Following indemnification as provided for hereunder, the indemnifying party shall be subrogated to all rights of the Indemnified Party or Indemnified Person with respect to all third parties, firms or corporations relating to the matter for which indemnification has been made. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action shall not relieve such indemnifying party of any liability to the Indemnified Person or Indemnified Party under this Section 6, except to the extent that the indemnifying party is prejudiced in its ability to defend such action.

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6.4 The indemnity agreements contained herein shall be in addition to (i) any cause of action or similar right of the Indemnified Party or Indemnified Person against

the indemnifying party or others, and (ii) any liabilities the indemnifying party may be subject to pursuant to the law.

## SECTION VII CONTRIBUTION

7.1 To the extent any indemnification by an indemnifying party is prohibited or limited by law, the indemnifying party agrees to make the maximum contribution with respect to any amounts for which it would otherwise be liable under Section 6 to the fullest extent permitted by law; provided, however, that: (i) no contribution shall be made under circumstances where the maker would not have been liable for indemnification under the fault standards set forth in Section 6; (ii) no seller of Registrable Securities guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any seller of Registrable Securities who was not guilty of fraudulent misrepresentation; and (iii) contribution by any seller of Registrable Securities shall be limited in amount to the net amount of proceeds received by such seller from the sale of such Registrable Securities.

## SECTION VIII REPORTS UNDER THE 1934 ACT

8.1 With a view to making available to the Investor the benefits of Rule 144 promulgated under the 1933 Act or any other similar rule or regulation of the SEC that may at any time permit the Investor to sell securities of the Company to the public without registration ("Rule 144"), provided that the Investor holds any Registrable Securities are eligible for resale under Rule 144, the Company agrees to:

- a. make and keep adequate current public information available, as those terms are understood and defined in Rule 144;
- b. file with the SEC in a timely manner all reports and other documents required of the Company under the 1933 Act and the 1934 Act so long as the Company remains subject to such requirements (it being understood that nothing herein shall limit the Company's obligations under Section 5(c) of the Equity Financing Agreement) and the filing of such reports and other documents is required for the applicable provisions of Rule 144; and
- c. furnish to the Investor, promptly upon request, (i) a written statement by the Company that it has complied with the reporting requirements of Rule 144, the 1933 Act and the 1934 Act, (ii) a copy of the most recent annual or quarterly report of the Company and such other reports and documents so filed by the Company, and (iii) such other information as may be reasonably requested to permit the Investor to sell such securities pursuant to Rule 144 without registration.

## SECTION X MISCELLANEOUS

9.1 **NOTICES.** Any notices or other communications required or permitted to be given under the terms of this Agreement that must be in writing will be deemed to have been delivered (i) upon receipt, when delivered personally; (ii) upon receipt, when sent by email; or (iii) one (1) day after deposit with a nationally recognized overnight delivery service, in each case properly addressed to the party to receive the same. The addresses for such communications shall be:

If to the Company:

DarkPulse, Inc.  
1345 Avenue of the Americas, 2<sup>nd</sup> Floor  
New York, NY 10105  
Attn: Dennis O'Leary

With Copy to:

(which copy shall not constitute notice

Business Legal Advisors, LLC  
Attn: Brian Higley  
brian@businesslegaladvisor.com

If to the Investor:

GHS Investments, LLC  
420 Jericho Turnpike, Suite 102  
Jericho, NY 11753

Each party shall provide five (5) business days prior notice to the other party of any change in address, phone number or facsimile number.

9.2 **NO WAIVERS.** Failure of any party to exercise any right or remedy under this Agreement or otherwise, or delay by a party in exercising such right or remedy, shall not operate as a waiver thereof.

9.3 **NO ASSIGNMENTS.** The rights and obligations under this Agreement shall not be assignable.

9.4 **ENTIRE AGREEMENT/AMENDMENT.** This Agreement and the Registered Offering Transaction Documents constitute the entire agreement among the parties hereto with respect to the subject matter hereof and thereof. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein and therein. This Agreement and the Registered Offering Transaction Documents supersede all prior agreements and understandings among the parties hereto with respect to the subject matter hereof and thereof. The provisions of this Agreement may be amended only with the written consent of the Company and Investor.

9.5 **HEADINGS.** The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof. Whenever required by the context of this Agreement, the singular shall include the plural and masculine shall include the feminine. This Agreement shall not be construed as if it had been prepared by one of the parties, but rather as if all the parties had prepared the same.

9.6 **COUNTERPARTS.** This Agreement may be executed in any number of counterparts and by the different signatories hereto on separate counterparts, each of which, when so executed, shall be deemed an original, but all such counterparts shall constitute but one and the same instrument. This Agreement may be executed by facsimile transmission, PDF, electronic signature or other similar electronic means with the same force and effect as if such signature page were an original thereof.

9.7 **FURTHER ASSURANCES.** Each party shall do and perform, or cause to be done and performed, all such further acts and things, and shall execute and deliver all such other agreements, certificates, instruments and documents, as the other party may reasonably request in order to carry out the intent and accomplish the purposes of this Agreement and the consummation of the transactions contemplated hereby.

9.8 **SEVERABILITY.** In case any provision of this Agreement is held by a court of competent jurisdiction to be excessive in scope or otherwise invalid or unenforceable, such provision shall be adjusted rather than voided, if possible, so that it is enforceable to the maximum extent possible, and the validity and enforceability of the remaining provisions of this Agreement will not in any way be affected or impaired thereby.

9.9 **LAW GOVERNING THIS AGREEMENT.** This Agreement shall be governed by and construed in accordance with the laws of the State of Nevada without regard to principles of conflicts of laws. Any action brought by either party against the other concerning the transactions contemplated by this Agreement shall be brought only in the state or federal courts located in New York City, New York. The parties to this Agreement hereby irrevocably waive any objection to jurisdiction and venue of any action instituted hereunder and shall not assert any defense based on lack of jurisdiction or venue or based upon forum non conveniens. **The parties executing this Agreement and other agreements referred to herein or delivered in connection herewith on behalf of the Company agree to submit to the in personam jurisdiction of such courts and hereby irrevocably waive trial by jury.** The prevailing party shall be entitled to recover from the other party its reasonable attorney's fees and costs. In the event that any provision of this Agreement or any other agreement delivered in connection herewith is invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform with such statute or rule of law. Any such provision which may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provision of any agreement. Each party hereby irrevocably waives personal service of process and consents to process being served in any suit, action or proceeding in connection with this Agreement or any other Registered Offering Transaction Documents by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by law.

9.10 **NO THIRD-PARTY BENEFICIARIES.** This Agreement is intended for the benefit of the parties hereto and is not for the benefit of, nor may any provision hereof be enforced by, any other person, except that the Company acknowledges that the rights of the Investor may be enforced by its general partner.

[Signature page follows]

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Your signature on this Signature Page evidences your agreement to be bound by the terms and conditions of the Registration Rights Agreement as of the date first written above. The undersigned signatory hereby certifies that he has read and understands the Registration Rights Agreement, and the representations made by the undersigned in this Registration Rights Agreement are true and accurate, and agrees to be bound by its terms.

**GHS INVESTMENTS, LLC.**

By: /s/ Mark Grober  
Name: Mark Grober  
Title: Member

**DARKPULSE, INC.**

By: /s/ Dennis O'Leary  
Name: Dennis O'Leary  
Title: CEO

[SIGNATURE PAGE OF REGISTRATION RIGHTS AGREEMENT]

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**LIST OF SUBSIDIARIES**  
**DARKPULSE, INC.**

DarkPulse, Inc., a Delaware corporation, has the following subsidiaries:

1. DarkPulse Technologies Inc., a New Brunswick corporation (“**DTI**”) (wholly-owned).
2. Optilan HoldCo 3 Limited, a private company incorporated in England and Wales (wholly-owned).
3. TJM Electronics West, Inc., an Arizona corporation (wholly-owned)
4. Remote Intelligence, Limited Liability Company, a Pennsylvania limited liability company (60% owned).
5. Wildlife Specialists, LLC, a Pennsylvania limited liability company (60% owned).
6. TerraData Unmanned, PLLC, a Florida limited liability company (60% owned).
7. DTI owns 100% of DarkPulse Technology Holdings Inc., a New York corporation.
8. DTI owns a controlling interest in DarkPulse Technologies International Inc., a New York corporation.
9. DTI owns 37.572% of the shares of common stock of DarkPulse Technologies International Inc., a Delaware corporation (“**DTIIF**”), and 100% of the issued shares of Series A Preferred Stock of DTIIF.
10. DTI owns 60% of DarkPulse BVTK, LLC, a Virginia limited liability company.

**Boyle CPA, LLC**  
Certified Public Accountants & Consultants

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the inclusion in this Registration Statement of DarkPulse, Inc. (the “Company”) on Form S-1 of our report dated April 15, 2021, which includes an explanatory paragraph as to the Company’s ability to continue as a going concern, relating to the consolidated financial statements, appearing in the Annual Report on Form 10-K of DarkPulse, Inc. for the year ended December 31, 2020, which report appears in the Prospectus, which is part of this Registration Statement.

We also consent to the reference to us under the caption “Experts” in the Registration Statement.

/s/ Boyle CPA, LLC

Boyle CPA, LLC  
Red Bank, NJ  
December 1, 2021