

STEMTECH CORPORATION

4851 Tamiami Trail North # 200
Naples, FL 34103
www.Stemtech.com
954 715-6000

Quarterly Report

For the period ending March 31st, 2024 (the “Reporting Period”)

Outstanding Shares

The number of shares outstanding of our Common Stock was:

116,769,707 as of March 31st, 2024

104,988,853 as of December 31st, 2023 (*Most Recent Completed Fiscal Year End*)

Shell Status

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

Yes: No:

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

Yes: No:

Change in Control

Indicate by check mark whether a Change in Control⁴ of the company has occurred during this reporting period:

Yes: No:

1) Name and address(es) of the issuer and its predecessors (if any) 4851 Tamiami Trail North Suite 200, Naples, FL 34103

Current State and Date of Incorporation or Registration: Nevada, active.

Standing in this jurisdiction: (e.g. active, default, inactive): Active

Prior Incorporation Information for the issuer and any predecessors during the past five years: Same.

Describe any trading suspension or halt orders issued by the SEC or FINRA concerning the issuer or its predecessors since inception: None.

List any stock split, dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months: None.

Address of the issuer's principal executive office: 4851 Tamiami Trail North Suite 200, Naples, FL 34103

Address of the issuer's principal place of business: Same.

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

No: Yes: If Yes provide additional details below:

2) Security Information

Transfer Agent

Name: Empire Stock Transfer Inc., 1859 Whitney Mesa Dr, Henderson, NV, 89014,
Brian@Empirestock.com, (702) 818-5898

Publicly Quoted or Traded Securities:

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

| | |
|--|------------------------------|
| Trading symbol: | STEK |
| Exact title and class of securities outstanding: | Common |
| CUSIP: | 85859W 102 |
| Par or stated value: | 0.001 |
| Total shares authorized: | 400,000,000 as of 07/10/2024 |
| Total shares outstanding: | 116,769,707 as of 07/10/2024 |
| Total number of shareholders of record: | 79 as of 07/10/2024 |

Other classes of authorized or outstanding equity securities that do not have a trading symbol: None.

Security Description:

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

None, all common shares, one holder, one vote.

3) Issuance History

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

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

A. Changes to the Number of Outstanding Shares for the two most recently completed fiscal years and any subsequent period.

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

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

| Shares Outstanding <u>Opening Balance</u> : Date <u>12/31/21</u> Common: 44,685,673 Preferred: 0 | | | *Right-click the rows below and select “Insert” to add rows as needed. | | | | | | |
|---|--|--|--|---|--|---|---|---|---------------------------------|
| Date of Transaction | Transaction type (e.g., new issuance, cancellation, shares returned to treasury) | Number of Shares Issued (or cancelled) | Class of Securities | Value of shares issued (\$/per share) at Issuance | Were the shares issued at a discount to market price at the time of issuance? (Yes/No) | Individual/Entity Shares were issued to. ***You must disclose the control person(s) for any entities listed. | Reason for share issuance (e.g. for cash or debt conversion) -OR- Nature of Services Provided | Restricted or Unrestricted as of this filing. | Exemption or Registration Type. |
| 6/8/2022 | NEW ISSUE | 100000 | Common | 3 | No | MCUS LLC | <u>investor</u> | R | |

| | | | | | | | | | |
|------------|-----------|-------------|--------|--------|----|----------------------|---------------------------|----|--|
| | | | | | | | | | |
| 6/8/2022 | NEW ISSUE | 10000 | Common | 3 | No | Lyons Capital LLC | <u>Trade show payment</u> | R | |
| 7/21/2022 | NEW ISSUE | 150000 | Common | 8 | No | Leonite Fund I, L.P. | <u>investor</u> | R | |
| 8/23/2022 | NEW ISSUE | 200000 | Common | 3.75 | No | MCUS LLC | <u>investor</u> | R | |
| 8/23/2022 | NEW ISSUE | 200000 | Common | 3.75 | No | MCUS LLC | <u>investor</u> | R | |
| 8/26/2022 | NEW ISSUE | 370000 | Common | 3.28 | No | Leonite Fund I, L.P. | <u>investor</u> | R | |
| 9/7/2022 | NEW ISSUE | 243586 | Common | 0 | No | CHARLES ARNOLD | <u>investment</u> | RC | |
| 9/7/2022 | NEW ISSUE | 243586 | Common | 0 | No | DANIEL KAPLAN | <u>investment</u> | R | |
| 9/7/2022 | NEW ISSUE | 243586 | Common | 0 | No | ROBERT GRINBERG | <u>investment</u> | RC | |
| 9/7/2022 | NEW ISSUE | 243586 | Common | 0 | No | BENJAMIN KAPLAN | <u>investment</u> | RC | |
| 9/19/2022 | NEW ISSUE | 329670 | Common | 0.455 | | Leonite Fund I, L.P. | <u>Investor</u> | R | |
| 9/20/2022 | NEW ISSUE | 250438 | Common | 0.3993 | No | MCUS LLC | <u>investor</u> | R | |
| 10/4/2022 | NEW ISSUE | 135522 1 | Common | 0.2863 | No | MCUS LLC | <u>investor</u> | R | |
| 12/9/2022 | NEW ISSUE | 256410 | Common | 0.156 | No | Leonite Fund I, L.P. | <u>investor</u> | R | |
| 12/12/2022 | NEW ISSUE | 500000 | Common | 0.15 | No | DANIEL KAPLAN | <u>services</u> | R | |

| | | | | | | | | | |
|------------|-----------------|------------------|---------------|-------------|-----------|----------------------|----------------------------|-------------------|--|
| 12/12/2022 | NEW ISSUE | 37314 | Common | 0.373 | No | RT Aquisitions LLC | <u>investment</u> | R | |
| 12/20/2022 | NEW ISSUE | 1923077 | Common | 0.078 | No | Leonite Fund I, L.P. | <u>investor</u> | R | |
| 12/29/2022 | NEW ISSUE | 300000 | Common | 0 | No | CHARLES ARNOLD | <u>Board services</u> | RC | |
| 12/29/2022 | NEW ISSUE | 300000 | Common | 0 | No | JOHN W. MEYER | <u>Board services</u> | RC | |
| 12/29/2022 | NEW ISSUE | 300000 | Common | 0 | No | John "JT" Thatch | <u>Board services</u> | RC | |
| 12/29/2022 | NEW ISSUE | 300000 | Common | 0 | No | DARRYL V. GREEN | <u>Board services</u> | RC | |
| 12/29/2022 | NEW ISSUE | 300000 | Common | 0 | No | BENJAMIN KAPLAN | <u>Board services</u> | RC | |
| 12/29/2022 | NEW ISSUE | 600000 | Common | 10 | No | DAVID E. PRICE | <u>Legal services</u> | RC | |
| 1/13/2023 | NEW ISSUE | 2600000 | Common | 0.05 | No | MCUS LLC | <u>Contract Obligation</u> | <u>Restricted</u> | |
| 1/23/2023 | <u>Issuance</u> | <u>2,666,763</u> | <u>Common</u> | <u>0.05</u> | <u>No</u> | <u>Leonite I, LP</u> | <u>Conversion</u> | <u>Restricted</u> | |
| 2/1/2023 | Issuance | 449,455 | Common | 0.05 | No | Benjamin Kaplin | Services | Restricted | |
| 2/27/2023 | Issuance | 450,000 | Common | 0.05 | No | RT Sports | Cash | Restricted | |
| 3/7/2023 | Issuance | 587,000 | Common | 0.05 | <u>No</u> | Zia Property | Cash | Restricted | |
| 4/21/2023 | Issuance | 587,000 | Common | 0.05 | <u>No</u> | The Mab | Cash | Restricted | |
| 5/10/2023 | Issuance | 2,560,600 | Common | 0.05 | No | MCUS LLC | Obligation | Restricted | |
| 5/25/2023 | Issuance | 450,000 | Common | 0.05 | No | R&T Sports | Cash | Restricted | |

| | |
|---|--|
| Shares Outstanding on Date of This Report: <p style="text-align: right;"><u>Ending</u></p> Balance: Date <u>12/31/23</u> Common: 60,314,009 Preferred: <u>0</u> | |
|---|--|

Example: A company with a fiscal year end of December 31st 2023, in addressing this item for its Annual Report, would include any events that resulted in changes to any class of its outstanding shares from the period beginning on January 1, 2021 through December 31, 2023 pursuant to the tabular format above.

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

B. Promissory and Convertible Notes

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

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

| Date of Note Issuance | Outstanding Balance (\$) | Principal Amount at Issuance (\$) | Interest Accrued (\$) | Maturity Date | Conversion Terms (e.g. pricing mechanism for determining conversion of instrument to shares) | Name of Noteholder. *** You must disclose the control person(s) for any entities listed. | Reason for Issuance (e.g. Loan, Services, etc.) |
|-----------------------|--------------------------|-----------------------------------|-----------------------|------------------|--|---|---|
| <u>3/27/2023</u> | <u>\$1,773,864</u> | <u>\$1,561,000</u> | <u>\$17,014</u> | <u>3/27/2024</u> | <u>Fixed at \$0.10 per share</u> | <u>Leviston</u> | <u>Loan</u> |
| <u>9/30/2021</u> | <u>\$1,246,848</u> | <u>\$1,400,000</u> | <u>\$10,879</u> | <u>9/9/2024</u> | <u>N/A</u> | <u>Sharing Services Global</u> | <u>Loan</u> |

| | | | | | | | |
|-------------------|------------------|------------------|-----------------|------------------|----------------------------------|----------------------|-------------|
| <u>9/1/2021</u> | <u>\$244,449</u> | <u>\$227,778</u> | <u>\$16,671</u> | <u>5/29/2022</u> | <u>Fixed at \$0.05 per share</u> | <u>MCUS, LLC</u> | <u>Loan</u> |
| <u>7/21/2023</u> | <u>\$34,241</u> | <u>\$173,600</u> | <u>-</u> | <u>6/30/2024</u> | <u>N/A</u> | <u>1800 Diagonal</u> | <u>Loan</u> |
| <u>12/14/2023</u> | <u>\$80,998</u> | <u>\$75,000</u> | <u>-</u> | <u>9/30/2024</u> | <u>N/A</u> | <u>1800 Diagonal</u> | <u>Loan</u> |
| <u>10/25/2023</u> | <u>\$250,000</u> | <u>\$250,000</u> | <u>\$12,157</u> | <u>3/24/2025</u> | <u>*</u> | <u>Vega</u> | <u>Loan</u> |
| <u>11/20/2023</u> | <u>\$200,000</u> | <u>\$200,000</u> | <u>\$6,667</u> | <u>3/24/2025</u> | <u>*</u> | <u>Vega</u> | <u>Loan</u> |

*Convertible at \$0.10 per share at the exclusive option of the holder, once the maturity date arrives.

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

4) Issuer’s Business, Products and Services

The purpose of this section is to provide a clear description of the issuer’s current operations. Ensure that these descriptions are updated on the Company’s Profile on www.OTCMarkets.com.

A. Summarize the issuer’s business operations –

Stemtech Corporation is a leading stemceutical™ company with a direct sales distribution model, founded in 2018, after acquiring the operations from its predecessor Stemtech International, Inc., which was established in 2005. From 2010 through 2015, Stemtech International, Inc., was recognized four separate times on the Inc. 5000 Fastest-Growing Companies list. In 2018, Stemtech underwent an extensive executive reorganization, and continued operations under new leadership as Stemtech Corporation. In August 2021, Stemtech became a publicly traded company (STEK) and has expanded business opportunities for its Independent Business Partners, who may earn incomes by sharing Stemtech products.

B. Stemtech consists of the following fully owned subsidiaries:

Stemtech HealthSciences Corp

Stemtech Malaysia Holding Sdn Bhd

Stemtech Malaysia Sdn Bhd (*subsidiary of Stemtech Malaysia Holding Sdn Bhd*)

Stemtech Canada, Inc.

Stemtech Health Sciecnes S. de R.L. de C.V

Stemtech Services SARL de C.V. (Mexico)

Tecrecel S.A. (Ecuador)

Food & Health Tech Foodhealth SA “FHTF” (Ecuador)

Stemtech Taiwan Holding, Inc. (USA)

Stemtech Taiwan Branch (Taiwan) (*subsidiary of Stemtech Taiwan Holding, Inc. (USA)*)

Stemtech IP Holdings, LLC
Life Factor Research

C. Describe the issuers' principal products or services.

Stem cell nutrition, including our all-natural, plant-based RCM - release, circulate and migration nutritional supplement products, such as Stemrelease™3, Stemflo®, MigraStem®, Collect One® Rapid Renew Stem Cell Peptide Night Cream, and OraStem® all-natural toothpaste.

5) Issuer's Facilities

The Company leases approximately 5,003 square feet of space in Miramar, Florida which has been sublet to another company through September 30, 2024. Stemtech corporate offices are located at 4851 Tamiami Trail North, Suite 200, Naples, FL 34103,

6) All Officers, Directors, and Control Persons of the Company

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

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

If any insiders listed are corporate shareholders or entities, provide the name and address of the person(s) beneficially owning or controlling such corporate shareholders, or the name and contact information (City, State) of an individual representing the corporation or entity. Include Company Insiders who own any outstanding units or shares of any class of any equity security of the issuer.

| Names of All Officers, Directors, and Control Persons | Affiliation with Company (e.g. Officer Title /Director/Owner of 5% or more) | Residential Address (City / State Only) | Number of shares owned | Share type/class | Ownership Percentage of Class Outstanding | Names of control person(s) if a corporate entity |
|---|---|---|------------------------|------------------|---|--|
| <u>John W. Meyer</u> | <u>President/COO</u> | <u>Ave Maria, FL</u> | <u>1,644,302</u> | Common | <u>1.41%</u> | n/a |
| <u>Charles S. Arnold</u> | <u>CEO</u> | <u>Miami, FL</u> | <u>16,474,926</u> | Common | <u>14.11%</u> | n/a |
| <u>JJames S. Cardwell</u> | <u>CFO</u> | <u>Peconic, NY</u> | <u>900,000</u> | Common | <u>0.77</u> | n/a |
| <u>Darryl V. Green</u> | Director | <u>Tarpon Springs, FL</u> | <u>4,963,930</u> | Common | <u>4.25</u> | n/a |

| | | | | | | |
|---------------------|-----------------|--------------------------------|------------------|---------------|-------------|------------|
| <u>Ben Kaplan</u> | <u>Director</u> | <u>Hallandale Beach FL</u> | <u>1,000,000</u> | <u>Common</u> | <u>0.86</u> | n/a |
| John "JT" Thatch | Director | <u>Plano, Tex</u> | <u>1,300,000</u> | <u>Common</u> | <u>1.11</u> | <u>n/a</u> |

7) Legal/Disciplinary History

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

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

None.

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

None.

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

None.

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

None.

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

None.

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

None.

B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party to or of which any of their property is the subject.

Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

None.

8) Third Party Service Providers

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

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

Securities Counsel (must include Counsel preparing Attorney Letters).

David E. Price, Esq.
#3 Bethesda Metro Center, Suite 700
Bethesda, MD 20814
(202) 536-5191

Accountant or Auditor

CFO Squad, a professional accounting firm to the issuer, 1345 6th Ave 33rd floor, New York, NY 10105

9) Disclosure & Financial Information per US GAAP

STEMTECH CORPORATION

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2024

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STEMTECH CORPORATION

Unaudited Condensed Consolidated Statement of Financial Positions

| | <u>March 31, 2024</u> | <u>December 31, 2023</u> |
|---|-----------------------|------------------------------|
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash | \$ 273,999 | \$ 114,166 |
| Accounts receivable, net | 116,704 | 61,494 |
| Inventory, net | 57,508 | 48,325 |
| Prepaid expenses and other current assets | 62,907 | 176,725 |
| TOTAL CURRENT ASSETS | <u>511,118</u> | <u>400,710</u> |
| Property and equipment, net | 6,536 | 10,056 |
| Intangible assets, net | 2,559,951 | 2,710,568 |
| | | |
| Long term deposits | 23,404 | 23,708 |
| Operating lease right-of-use assets - net | 43,635 | 70,820 |
| Goodwill | 467,409 | 467,409 |
| TOTAL ASSETS | <u>\$ 3,612,053</u> | <u>\$ 3,683,271</u> |
| | | |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| CURRENT LIABILITIES: | | |
| Accounts payable and accrued expenses | \$ 3,817,036 | \$ 2,708,906 |
| Notes payable | 1,786,089 | 1,889,321 |
| Convertible debentures, net of discount | 1,939,548 | 1,596,960 |
| Operating lease liabilities - current | 41,174 | 66,866 |
| Deferred revenues | 82,392 | 56,039 |
| Factoring liability | 391,703 | 143,944 |
| TOTAL CURRENT LIABILITIES | <u>8,057,942</u> | <u>6,462,036</u> |
| TOTAL LIABILITIES | <u>8,057,942</u> | <u>6,462,036</u> |
| | | |
| COMMITMENTS AND CONTINGENCIES (Note 10) | | |
| STOCKHOLDERS' EQUITY | | |
| | 116,057 | 104,989 |
| Common stock - \$0.001 par value; 200,000,000 shares authorized; 116,057,207 and 104,988,853 shares issued and outstanding as of March 31, 2024 and December 31, 2023, respectively | | |
| Additional paid in capital | 25,269,072 | 24,726,722 |
| Accumulated other comprehensive loss | (609,410) | 190,503 |
| Accumulated deficit | (28,479,836) | (27,061,486) |
| Stemtech Corporation shareholders' deficit | (3,704,117) | (2,039,272) |
| Non-controlling interest in subsidiaries | (741,772) | (739,493) |
| TOTAL STOCKHOLDERS EQUITY | <u>(4,445,889)</u> | <u>(2,778,765)</u> |
| | | |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | <u>\$ 3,612,053</u> | <u>\$ 3,683,271</u> |

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

STEMTECH CORPORATION

Unaudited Condensed Interim Consolidated Statements of Operations and Comprehensive Loss

| | For The Three Months Ending | |
|---|------------------------------------|-----------------------|
| | March 31, | |
| | 2024 | 2023 |
| NET SALES | <u>\$ 1,382,570</u> | <u>\$ 1,133,341</u> |
| COST OF GOODS SOLD: | | |
| Cost of goods sold | 311,891 | 231,817 |
| Freight-in | <u>33,478</u> | <u>13,000</u> |
| TOTAL COST OF GOODS SOLD | <u>345,369</u> | <u>244,817</u> |
| | 23% | 20.5% |
| GROSS PROFIT | 1,037,201 | 888,524 |
| OPERATING EXPENSES: | | |
| Commissions | 221,261 | 308,087 |
| Selling and marketing | 103,255 | 133,387 |
| General and administrative | 1,723,496 | 1,684,260 |
| Research and development | <u>-</u> | <u>13,800</u> |
| TOTAL OPERATING EXPENSES | <u>2,048,012</u> | <u>2,139,534</u> |
| OPERATING LOSS | <u>(1,010,811)</u> | <u>(1,251,010)</u> |
| OTHER INCOME (EXPENSE): | | |
| Change in fair value of derivative liability | - | 392,355 |
| Interest expense | (430,959) | (1,881,166) |
| Other income and expenses, net | 21,141 | (1,248) |
| Gain on settlement of derivative liabilities | - | - |
| Gain (loss) on extinguishment of debt | - | 468,678 |
| Loss on disposal of assets | <u>-</u> | <u>-</u> |
| TOTAL OTHER INCOME (EXPENSE) | <u>(409,818)</u> | <u>(1,021,381)</u> |
| INCOME (LOSS) BEFORE INCOME TAXES | <u>(1,420,629)</u> | <u>(2,272,391)</u> |
| PROVISION FOR INCOME TAXES | - | 35,417 |
| NET LOSS | <u>\$ (1,420,629)</u> | <u>\$ (2,236,974)</u> |
| NET LOSS ATTRIBUTABLE TO NONCONTROLLING INTERESTS | (2,279) | (244) |
| NET LOSS AVAILABLE TO COMMON STOCKHOLDERS | <u>\$ (1,418,350)</u> | <u>\$ (2,236,730)</u> |

*STEMTECH CORPORATION**Unaudited Condensed Interim Consolidated Statements of Operations and Comprehensive Loss*

| | | |
|---|------------------------------|------------------------------|
| Net loss per common share | | |
| Basic | <u>\$</u> <u>(0.02)</u> | <u>\$</u> <u>(0.04)</u> |
| Diluted | <u>\$</u> <u>(0.02)</u> | <u>\$</u> <u>(0.04)</u> |
| Shares used to compute loss per share | | |
| Basic | <u>\$</u> <u>83,469,544</u> | <u>\$</u> <u>58,307,347</u> |
| Diluted | <u>\$</u> <u>83,469,544</u> | <u>\$</u> <u>58,307,347</u> |
| Comprehensive loss | | |
| Net loss | \$ (1,418,350) | \$ (2,236,730) |
| Change in foreign currency translation adjustments | <u>(799,913)</u> | <u>(13,130)</u> |
| Comprehensive loss available to common stockholders | <u>\$</u> <u>(2,218,263)</u> | <u>\$</u> <u>(2,249,860)</u> |

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

STEMTECH CORPORATION

Unaudited Condensed Interim Consolidated Statements of Operations and Comprehensive Loss

UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

| | Common Stock | | Additional Paid-in Capital | Accumulated Deficit | Comprehensive Income (Loss) | Sub total | Non-controlling Interest | Stockholders' Equity |
|--|--------------------|-------------------|-------------------------------|------------------------|--------------------------------|-----------------------|-----------------------------|-------------------------|
| | No. of Shares | Amount | | | | | | |
| Balance at December 30, 2022 | 53,442,147 | \$ 53,442 | \$ 19,391,400 | \$ (21,631,241) | \$ (247,760) | \$ (2,434,159) | \$ (737,759) | \$ (3,171,918) |
| Stock based compensation | - | - | 108,260 | - | - | 108,260 | - | 108,260 |
| Stock issued for services | 27,898 | 28 | 65,326 | - | - | 65,354 | - | 65,354 |
| Conversion of convertible notes and accrued interest to common: | 5,266,763 | 5,267 | 258,071 | - | - | 263,338 | - | 263,338 |
| Stock issued for LFR Acquisition | 2,400,000 | 2,400 | 269,520 | - | - | 271,920 | - | 271,920 |
| Foreign currency translation adjustment | - | - | - | - | (13,130) | - | - | (13,130) |
| Non-controlling interest | - | - | - | - | - | - | (244) | (244) |
| Net loss | - | - | - | (2,236,730) | - | (2,236,730) | - | (2,236,730) |
| Balance at March 31, 2023 | 61,136,808 | \$ 61,137 | \$ 20,092,577 | \$ (23,867,971) | \$ (260,890) | \$ (3,975,147) | \$ (738,003) | \$ (4,713,150) |
| Balance at December 31, 2023 | 104,988,853 | \$ 104,989 | \$ 24,726,722 | \$ (27,061,486) | \$ 190,503 | \$ (2,039,272) | \$ (739,493) | \$ (2,778,765) |
| Stock based compensation | - | - | - | - | - | - | - | - |
| Stock issued for services | 11,068,354 | 11,068 | 542,350 | - | - | 553,418 | - | 553,418 |
| Conversion of convertible notes and accrued interest to common stock | - | - | - | - | - | - | - | - |
| Settlement of accrued liabilities for common stock | - | - | - | - | - | - | - | - |
| Stock issued for LFR Acquisition | - | - | - | - | - | - | - | - |
| Reclassification of derivative liabilities to APIC | - | - | - | - | - | - | - | - |
| Foreign currency translation adjustment | - | - | - | - | (799,913) | (799,913) | - | (799,913) |
| Non-controlling interest | - | - | - | - | - | - | (2,279) | (2,279) |
| Net loss | - | - | - | (1,418,350) | - | (1,418,350) | - | (1,418,350) |
| Balance at March 31, 2024 | 116,057,207 | \$ 116,057 | \$ 25,269,072 | \$ (28,479,836) | \$ (609,410) | \$ (3,704,117) | \$ (741,772) | \$ (4,445,889) |

UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Three Months Ended March 31,

| | 2024 | 2023 |
|---|----------------|----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net loss | \$ (1,420,629) | \$ (2,236,974) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Depreciation and amortization | 154,135 | 119,598 |
| Amortization of right of use asset | 27,185 | 16,275 |
| Operating lease liabilities | (25,692) | (19,921) |
| Stock compensation expense | - | 108,260 |
| Amortization of debt discount | 441,588 | 1,512,936 |
| Change in fair value of derivative liabilities | - | 381,211 |
| Gain (loss) on settlement of derivative liabilities | - | (392,355) |
| Stock issued for services | 553,418 | 65,354 |
| (Gain) loss on extinguishment of debt | - | (468,678) |
| Accounts receivable | (55,210) | 22,232 |
| Inventory | (9,183) | 48,910 |
| Prepaid expenses and other current assets | 113,818 | 1,203 |

See Accompanying Notes

| | | |
|---|----------------|------------------|
| Accounts payable and accrued expenses | 1,101,935 | 230,897 |
| Long term deposits | 304 | (351) |
| Deferred revenues | 26,353 | 36,737 |
| Net cash used in operating activities | 908,022 | (574,666) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Net cash used in investing activities | - | - |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from notes payable | - | 1,000,000 |
| Net proceeds from factoring arrangement | 154,956 | (194,954) |
| Repayment of note payable | (103,232) | (6,446) |
| Net cash provided (used) by financing activities | 51,724 | 798,600 |
| Effects of currency translation on cash | (799,913) | (13,130) |
| Net increase (decrease) in cash | 159,833 | 210,804 |
| Cash, beginning of period | 114,166 | 132,487 |
| Cash, end of period | \$ 273,999 | \$ 343,291 |

STEMTECH CORPORATION.

UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

Supplemental disclosure cash flow information:

| | | |
|------------------------|----------|----------|
| Cash paid for interest | \$ 6,821 | \$ 3,013 |
|------------------------|----------|----------|

Supplemental noncash transactions

| | | |
|--|------|------------|
| Stock issued for LFR Acquisition | \$ - | \$ 271,920 |
| Issuance of common stock for conversion of debt | \$ - | \$ - |
| Settlement of accrued liabilities for common stock | \$ - | \$ 263,338 |

STEMTECH CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2024

Note 1 – Organization and Basis of Presentation

Stemtech Corporation and its Subsidiaries (collectively, the “**Company**”) was incorporated in the State of Nevada, USA on September 4, 2009 under the previous name Globe Net Wireless Corp. On November 19, 2021, the Company adopted an Amendment to its Articles changing the name of the Corporation to Stemtech Corporation in the state of Nevada, and on April 14, 2022, FINRA gave final approval for said name change, as evidenced by the 8-K filed that date. Stemtech is a global network marketing company that develops science-based products that it believes supports wellness by helping the body maintain healthy stem cell physiology, also known as stem cell enhancers. Known as the Stem Cell Nutrition Company®, the Company is a pioneer in stem cell science, and believes it can demonstrate that adult stem cells function as the natural renewal system of the body. The Company believes its products enhance and support the work of the body’s stem cells by releasing more stem cells, helping to circulate them in the blood and migrate them into tissues, where they can perform their daily function of renewal for optimal health. Our mission is to enhance wellness and prosperity around the world. These products are marketed internationally by the Company’s subsidiaries and through independent distributors. The Company markets its products under the following brands: RCM System, stemrelease3™, Stemflo® MigraStem® and OraStem® (Oral Health Care), and Collect One® Rapid Renew Stem Cell Peptide Night Cream.

On August 19, 2021, Stemtech Corporation (“**Stemtech**”), a Delaware corporation, entered into a Merger Agreement (the “**Merger Agreement**”) with Globe Net Wireless Corp. (“**Globe Net**” or “**GNTW**”). The merger was accounted for as a reverse acquisition and recapitalization in accordance with the Financial Accounting Standards Board (“**FASB**”) Accounting Standards Codification (“**ASC**”) 805, *Business Combinations*. Management evaluated the guidance contained in ASC 805 with respect to the identification of the acquirer in the merger and concluded, based on a consideration of the pertinent facts and circumstances, that Stemtech acquired Globe Net for financial accounting purposes. On November 9, 2021, the Company changed its fiscal year end from a fiscal year end of August 31 to a calendar year-end of December 31.

The consolidated financial statements include the accounts of Stemtech (Parent) and its twelve (12) subsidiaries:

- 1) Stemtech HealthSciences Corp (U.S.A.) (“Stemtech HealthSciences”) – 100%
- 2) Stemtech Canada, Inc. (“Canada”) – 100%
- 3) Stemtech Health Sciences S. de R.L. de C.V. (“Mexico”) – 100%
- 4) Stemtech Services SARL de C.V. (Mexico) (“Stemtech Mexico”) – 100%
- 5) Stemtech Malaysia Holdings Sdn. Bhd. (“Malaysia Holdings”) – 100%
- 6) Stemtech Malaysia Sdn. Bhd. (“Malaysia”) – 70%
- 7) Stemtech Taiwan Holding, Inc. (“Taiwan”) – 100%
- 8) Stemtech Taiwan Branch – 100%
- 9) Tecrecel S.A. (“Ecuador”) – 100%
- 10) Food & Health Tech Foodhealth SA (“Ecuador FHTFH”) – 100%
- 11) Life Factor Research (“LFR”) – 100%
- 12) Stemtech IP Holdings (U.S.A.) – 100%

Note 2 — Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and considering the requirements of the United States Securities and Exchange Commission (“SEC”). All intercompany accounts and transactions have been eliminated in consolidation.

Intangible Assets and Goodwill

The estimated fair values of acquired intangibles are generally determined based upon future economic benefits such as earnings and cash flows. Acquired identifiable intangible assets are recorded at fair value and are amortized over their estimated useful lives. Acquired intangible assets with an indefinite life are not amortized but are reviewed for impairment at least annually or more frequently whenever events or changes in circumstances indicate that the carrying amounts of those assets are below their estimated fair values. Impairment is tested under ASC 350, *Intangibles - Goodwill and Other*.

Goodwill represents the excess of the purchase price over the fair value of the net tangible and intangible assets acquired in a business combination. Goodwill is not amortized but is tested for impairment annually or more frequently if events or changes in circumstances indicate that the asset may be impaired. The fair value of the reporting unit is evaluated on qualitative factors to determine if the reported value may be impaired. If the qualitative factors indicate a likelihood of impairment, we then evaluate carrying value of the reporting unit based on quantitative factors using the income approach. An impairment charge is recognized for the excess of the carrying value of goodwill for the reporting unit over its implied fair value.

Notes Payable and Convertible Debentures

U.S. GAAP requires companies to bifurcate conversion options from their host instruments and account for them as freestanding derivative financial instruments according to certain criteria. The criteria include circumstances in which (a) the economic characteristics and risks of the embedded derivative instrument are not clearly and closely related to the economic characteristics and risks of the host contract, (b) the hybrid instrument that embodies both the embedded derivative instrument and the host contract is not re-measured at fair value under otherwise applicable U.S. GAAP with changes in fair value reported in earnings as they occur, and (c) a separate instrument with the same terms as the embedded derivative instrument would be considered a derivative instrument. An exception to this rule is when the host instrument is deemed to be conventional, as that term is described under ASC 480, *Distinguishing Liabilities From Equity*. See Note 6 – *Notes Payable and Convertible Debentures*

Factoring Liability

We have entered into factoring agreements with various financial institutions to receive cash for our future revenues. These transactions are treated as a debt instrument and are accounted for as a liability because the Company makes weekly payments towards the balance and fees. We utilize factoring arrangements as an integral part of our financing for working capital. Any change in the availability of these factoring arrangements could have a material adverse effect on our consolidated financial condition. See Note 6 – *Notes Payable and Convertible Debentures*.

Derivative Liabilities

The Company classifies as equity any contracts that: (i) require physical settlement or net-share settlement; or (ii) provide the Company with a choice of net-cash settlement or settlement in its own shares (physical settlement or net-share settlement) providing that such contracts are indexed to the Company’s own stock. The Company classifies as assets or liabilities any contracts that: (i) require net-cash settlement (including a requirement to net cash settle the

contract if an event occurs and if that event is outside the Company's control); or (ii) gives the counterparty a choice of net-cash settlement or settlement in shares (physical settlement or net-share settlement). The Company assesses classification of its common stock purchase warrants and other freestanding derivatives at each reporting date to determine whether a change in classification between assets and liabilities is required.

On May 1, 2023, the Company no longer had derivative liabilities associated with the warrants and their cumulative value of \$1,011,451 was reclassified into additional paid in capital on the consolidated statement of stockholders' deficit.

The Company's freestanding derivatives consisted of warrants to purchase common stock that were issued in connection with the issuance of debt and the sale of common shares, and of embedded conversion options within convertible notes. The Company evaluated these derivatives to assess their proper classification in the accompanying consolidated balance sheet as of March 31, 2024, and December 31, 2023 using the applicable classification criteria enumerated under ASC 815, *Derivatives and Hedging*. See Note 7 – *Derivative Liabilities*

Impairment of Long-Lived Assets

The Company assesses, on an annual basis, the recoverability of the carrying amount of intangible assets and long-lived assets used in continuing operations. A loss is recognized when expected future cash flows (undiscounted and without interest) are less than the carrying amount of the asset. The impairment loss is determined as the difference by which the carrying amount of the asset exceeds its fair value. The Company evaluated its long-lived assets for any indications of impairment. The Company concluded that there was no impairment, however there can be no assurance that market conditions will not change or demand for the Company's products will continue which could result in impairment of long-lived assets in the future.

Revenue Recognition

It is the Company's policy that revenues from product sales is recognized in accordance with ASC 606 *Revenues from Contracts with Customers*. Five basic steps must be followed before revenue can be recognized; (1) Identifying the contract(s) with a customer that creates enforceable rights and obligations; (2) Identifying the performance obligations in the contract, such as promising to transfer goods or services to a customer; (3) Determining the transaction price, meaning the amount of consideration in a contract to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer; (4) Allocating the transaction price to the performance obligations in the contract, which requires the Company to allocate the transaction price to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract; and (5) Recognizing revenue when (or as) the entity satisfies a performance obligation by transferring a promised good or service to a customer. The amount of revenue recognized is the amount allocated to the satisfied performance obligation.

Revenues from direct retail sales to consumers and revenues from independent distributors occur when title and risk of loss has passed, which generally occurs at the time the products are shipped. Revenues are recorded net of estimated sales returns and allowances.

We identified returns to be \$500 in the first quarter. We deemed this return to be immaterial.

Comprehensive Loss

The other comprehensive loss in the accompanying consolidated financial statements relates to the net loss of the Company for the respective period as well as unrealized foreign currency translation adjustments.

Foreign Currency Translation

A portion of the Company's business operations occur outside the United States. The local currency of each of the Company's subsidiaries is generally its functional currency. All assets and liabilities are translated into U.S. Dollars at exchange rates existing at the consolidated balance sheet dates, revenue and expenses are translated at weighted-average exchange rates and stockholders' deficit is recorded at historical exchange rates. The resulting foreign

currency translation adjustments are recorded as a separate component of stockholders' deficit in the consolidated balance sheets and as a component of comprehensive loss. Transaction gains and losses are included in other income (expense), net in the consolidated statements of operations and comprehensive loss.

Leases

In February 2016, the FASB issued ASC 842, Leases, ("ASC 842") to increase transparency and comparability among organizations by requiring the recognition of right-of-use ("ROU") assets and lease liabilities on the balance sheet for leases previously classified as operating leases. The Company adopted ASC 842 effective January 1, 2022 and recognized and measured operating leases existing at, or entered into after, January 1, 2021 (the beginning of the earliest comparative period presented) using a modified retrospective approach, with certain practical expedients available (see Note 5). The Company's accounting for finance leases under ASC 842 remained substantially unchanged,

In accordance with ASC 842, the Company determines if an arrangement is a lease at inception. Operating lease assets and liabilities are recognized at the lease commencement date. Operating lease liabilities represent the present value of lease payments not yet paid. Operating lease assets represent the Company's right to use an underlying asset and are based upon the operating lease liabilities adjusted for prepayments or accrued lease payments, initial direct costs, lease incentives, and impairment of operating lease assets. To determine the present value of future lease payments, the Company estimates the incremental borrowing rates corresponding to the reasonably certain lease term. If the estimate of the Company's incremental borrowing rate was changed, the operating lease assets and liabilities could differ materially.

Finance lease assets and liabilities are recognized at the lease commencement date at the present value of the future lease payments not yet paid using the Company's incremental borrowing rate. Assets acquired under finance lease are included in property and equipment, while finance lease obligations are included in other current liabilities and other long-term liabilities on the consolidated balance sheets.

Income Tax

The Company accounts for income taxes in accordance with ASC 74, *Income Taxes*. Accordingly, deferred income taxes are determined utilizing the asset and liability method based on the estimated future tax effects of differences between the financial accounting and the tax bases of assets and liabilities under the applicable tax law. Deferred tax balances are computed using the enacted tax rates expected to be in effect when these differences reverse. Valuation allowances with respect to deferred tax assets are provided for, if necessary, to reduce deferred tax assets to amounts more likely than not to be realized.

The Company accounts for uncertain tax positions in accordance with ASC Topic 740-10, which prescribes detailed guidance for the financial statement recognition, measurement and disclosure of uncertain tax positions recognized in an enterprise's financial statements. According to ASC Topic 740-10, tax positions must meet a more-likely-than-not recognition threshold. The Company's accounting policy is to classify interest and penalties relating to uncertain tax positions under income taxes, however the Company did not recognize such items in its fiscal 2023 and 2022 consolidated financial statements and did not recognize any liability with respect to unrecognized tax positions in its consolidated balance sheet.

Business Combinations

The Company allocates the fair value of purchase consideration to the tangible and intangible assets acquired, net of liabilities assumed, based on their estimated fair values. The excess of the fair value of purchase consideration over the fair values of these identifiable assets and liabilities is recorded as goodwill. Such valuations require management to make significant estimates and assumptions, especially with respect to intangible assets. Significant estimates in valuing certain intangible assets include, but are not limited to, future expected cash flows from acquired customer lists, acquired technology, and trade names from a market participant perspective, useful lives and discount rates. Management's estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from estimates. During the measurement period, which is one year from the acquisition date, the Company may record adjustments to the assets acquired and liabilities

assumed, with the corresponding offset to goodwill. Upon the conclusion of the measurement period, any subsequent adjustments are recorded to earnings.

Fair Value of the Acquired Assets

The Company accounted for the acquisitions discussed in Note 4 as business combinations using the acquisition method of accounting as prescribed in ASC 805 and ASC 820. In accordance with ASC 805 and ASC 820, the Company assigned fair value to the tangible and intangible assets acquired, identifiable intangible assets and liabilities assumed as of the acquisition dates. Goodwill as of the acquisition date is measured as the excess of purchase consideration over the fair value of tangible and identifiable intangible assets acquired and liabilities assumed.

Segment Information

The Company manages its operations in three geographic segments for the purpose of assessing performance and making operating decisions including North America (including its subsidiaries in United States and Canada), Latin America (including subsidiaries in Mexico and Ecuador) and Asia (including its subsidiaries in Malaysia and Taiwan).

Reclassifications

Certain reclassifications have been made to prior year data to conform to the current year's presentation. These reclassifications had no impact on reported income or losses.

Recent Accounting Pronouncements

In July 2023, the FASB issued Accounting Standards Update ("ASU") 2023-03, *Presentation of Financial Statement* (Topic 205), *Income Statement - Reporting Comprehensive Income* (Topic 220), *Distinguishing Liabilities from Equity* (Topic 480), *Equity* (Topic 505), and *Compensation - Stock Compensation* (Topic 718), to amend various SEC paragraphs in the ASC to reflect the issuance of SEC Staff Accounting Bulletin No. 120, among other things. The ASU does not provide any new guidance so there is no transition or effective date associated with it. The Company is currently assessing the impact of adopting ASU 2023-03 on the consolidated financial statements and related disclosures.

In November 2023, FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*, which expands annual and interim disclosure requirements for reportable segments, primarily through enhanced disclosures about significant segment expenses. ASU 2023-07 is effective for the Company's annual periods beginning January 1, 2024, and for interim periods beginning January 1, 2025, with early adoption permitted.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topics 740): Improvements to Income Tax Disclosures* to expand the disclosure requirements for income taxes, specifically relating to the rate reconciliation and income taxes paid. ASU 2023-09 is effective for the Company's annual periods beginning January 1, 2025, with early adoption permitted.

The Company is currently evaluating the potential effects that ASU 2023-07 and ASU 2023-09 will have on the consolidated financial statement disclosures.

Net Loss per Common Share, basic and diluted

Basic net loss per share is computed by dividing net loss available to common shareholders by the weighted average number of common shares outstanding during the period. Diluted loss per share includes potentially dilutive securities such as outstanding options and warrants, using various methods such as the treasury stock or modified treasury stock method in the determination of dilutive shares outstanding during each reporting period.

For the period ended March 31, 2024 and 2023, the dilutive effect of 15,198,206 and 11,275,341, respectively, of common stock warrants have not been included in the average shares outstanding for the calculation of net loss per share as the effect would be anti-dilutive as a result of the Company's net losses in these periods.

Fair Value Measurements

As defined in ASC 820 *Fair Value Measurements*, 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 utilizes market data 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. ASC 820 establishes 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).

The Company determines the level in the fair value hierarchy within which each fair value measurement falls in its entirety, based on the lowest level input that is significant to the fair value measurement in its entirety. In determining the appropriate levels, the Company performs an analysis of the assets and liabilities at each reporting period end.

The Company's financial instruments consist of cash, accounts receivable, accounts payable, accrued interest, notes payable and, convertible debentures. The carrying amounts of these financial instruments are of approximate fair value due to either length of maturity or interest rates that approximate prevailing rates unless otherwise disclosed in these financial statements. The Company's derivative liabilities are valued using option pricing models with Level 3 inputs.

Sequencing

Based upon ASC 815-15-25 *Embedded Derivatives*, the Company has adopted a sequencing approach regarding the application of ASC 815-40 *Contracts in Entity's Own Equity* to its outstanding convertible notes and warrants. Pursuant to the sequencing approach, the Company evaluates its contracts based upon the earliest issuance date.

Note 3 – Inventory

Inventory consists of the following components:
Schedule of inventory

| | March 31, 2024 | December 31, 2023 |
|-----------------|---------------------------|------------------------------|
| Finished goods | \$ 57,508 | \$ 48,325 |
| Raw materials | - | -- |
| Total Inventory | <u>\$ 57,508</u> | <u>\$ 48,325</u> |

Note 4 – Business Combinations, Intangible Assets and Goodwill

Original Acquisition

On May 7, 2018, the Company purchased the assets of Stemtech International, Inc. (the "Former Parent Company"), out of a Chapter 7 Bankruptcy for \$400,000 and the assumption of a \$4,000,000 note acquiring 100% of the issued and outstanding capital stock of Canada, Mexico, Stemtech Mexico, Stemtech New Zealand, Taiwan, Korea and Ecuador; and Stemtech Malaysia Holdings that owns two-thirds of its subsidiary Malaysia. In addition to the net tangible assets, the Company acquired various intangible assets including patent products, licenses and trademarks and customers and distribution lists. The estimated useful lives of the identifiable intangible assets range from six to fourteen years.

The excess purchase price has been recorded as goodwill in the amount of \$467,409 at December 31, 2023 and 2022. The estimated useful life of the identifiable intangible assets is six to fourteen years.

LFR Acquisition

In March 2023, the Company acquired 100% of LFR, a research and development company with expertise in the formulation of products.

The consideration paid was 2.4 million shares of the Company with a fair value of \$271,920. At the time of purchase, LFR's liabilities exceeded its assets by \$15,205, and the difference between the net tangible assets and the purchase
See Accompanying Notes

price, being \$287,125, was allocated to a non-compete agreement and will be amortized over 18 months.

The following table summarizes the allocation of purchase price of the acquisition:

| Allocation of purchase price | |
|--|-------------|
| <i>Tangible Assets Acquired:</i> | |
| Cash and cash equivalents | \$ 2,171 |
| Inventory | 6,099 |
| Accounts payable and Accrued liabilities | (23,475) |
| Net Tangible Assets Acquired | \$ (15,205) |
| <i>Intangible Assets Acquired:</i> | |
| Non-compete Agreement | 287,125 |
| Total Fair Value of Assets Acquired | \$ 271,920 |
| <i>Consideration:</i> | |
| Common Stock | 271,920 |
| Goodwill | \$ = |

The components of all acquired intangible assets were as follows at March 31, 2024 and December 31, 2023:

Schedule of acquired intangible assets

| | March 31, 2024 | December 31, 2023 | Average Estimated Life (Years) |
|----------------------------|---------------------------|------------------------------|---|
| Patent products | \$ 2,344,900 | \$ 2,344,900 | 14 |
| Trade names and trademarks | 1,106,000 | 1,106,000 | Indefinite |
| Customer/distribution list | 1,461,300 | 1,461,300 | 6 |
| Non-compete agreement | 287,125 | 287,125 | 18 months |
| Accumulated amortization | (2,639,374) | (2,488,757) | |
| Total | <u>\$ 2,559,951</u> | <u>\$ 2,710,568</u> | |

Estimated future amortization as of March 31, 2024 is as follows:

Schedule of future amortization

| | |
|--------------------------|---------------------|
| Year ending December 31, | |
| 2024 | \$ 458,898 |
| 2025 | 411,044 |
| 2026 | 411,044 |
| 2027 | 411,044 |
| 2028 | 411,044 |
| Thereafter | 456,877 |
| Total | <u>\$ 2,559,951</u> |

Intellectual Property

The Company has two current patents filed in the US and 3 filed internationally, and as our research and development progresses, plan on filing more patents. Our current patent portfolio includes:

- Patent US 9, 289, 375 – Skin Care Composition Containing Combinations of Natural Ingredients
- Patent AU 201127647 – Methods and Composition for Enhancing Stem Cell Mobilization
- Patent MX 344304 – Metodos y Composiciones para Mejorar las Celulas Madre
- Patent US 10,159,705 – Methods and Composition for Enhancing Stem Cell Mobilization
- Patent MX 358857 – Composiciones para el Cuidado de la Piel que Contienen Combinaciones de Ingredientes Naturales

- Patent MX 358857 (part 1 of 3) - Composiciones para el Cuidado de la Piel que Contienen Combinaciones de Ingredientes Naturales
- Patent MX 358857 (part 2 of 3) - Composiciones para el Cuidado de la Piel que Contienen Combinaciones de Ingredientes Naturales
- Patent MX358857 (part 3 of 3) - Composiciones para el Cuidado de la Piel que Contienen Combinaciones de Ingredientes Naturales

Note 5 – Operating Lease Commitments

On August 16, 2021, the Company extended its office space lease with Sunbeam Properties Inc. to rent approximately 5,000 square feet of space in Miramar, Florida. The Company pays \$9,027 per month in rent until the end of the extended lease September 30, 2024. The Company has sublet the space to a tenant who pays the Company \$9,097 to occupy the space. The Company incurred lease expense for its operating leases of \$73,083 and \$85,629 for the years ended December 31, 2023 and 2022, respectively and Company’s remaining lease term relating to its operating lease terminates on September 30, 2024.

In June 2022, the Company entered into a lease for office space in Mexico which terminates on September 31, 2024.

The following table presents information about the amount and timing of liabilities arising from the Company’s operating leases as of March 31, 2024:

Schedule of maturity operating lease liabilities

Maturity of operating lease liabilities for the following fiscal years:

| | | |
|--|-----------|---------------|
| 2024 | \$ | 42,272 |
| Total undiscounted operating lease payments | | 42,272 |
| Less: imputed interest | | 1,098 |
| Present value of operating lease liabilities | <u>\$</u> | <u>41,174</u> |

The Company’s operating leases do not provide an implicit rate that can readily be determined. Therefore, the Company uses a discount rate based on its incremental borrowing rate of 10%, which is determined using the average of borrowing rates explicitly stated in the Company’s convertible debt.

Note 6 – Notes Payable and Convertible Debentures

Schedule of notes payable as of:

Schedule of notes payable

| | <u>March 31, 2024</u> | <u>December 31, 2023</u> |
|--|---------------------------|------------------------------|
| Secured Royalty Participation Agreements (1) | \$ – | \$ – |
| Vehicle and equipment loans (2) | – | – |
| Notes payable (3) | 1,786,089 | 1,889,321 |
| Total Notes payable | 1,786,089 | 1,889,321 |
| Convertible notes payable, net of discount (4) | 1,939,548 | 1,596,960 |
| Total notes payable, net of discount of \$404,680 and \$1,823,265 as of December 31, 2023 and 2022, respectively | <u>\$ 3,725,637</u> | <u>\$ 3,486,281</u> |

(1) During June 2018, the Company entered into two (2) Secured Royalty Participation Agreements with Profile Solutions, Inc. (“PSI”) in exchange for working capital loans totaling \$150,000. The loan amounts were due in June of 2019, plus an IRR of 18%. In consideration of these loan obligations, The Company agreed to pay a monthly royalty for one year being the greater of: x) 10% of the loan amount or y) 1.5% of the monthly gross revenues. PSI claims that these loans are in default, but the Company contends the loans reflected the terms of

these agreements were usurious and contends that the loans are not legally enforceable obligations. This case was dismissed by the Court March 16, 2023 leaving a gain on extinguishment of \$150,000.

- (2) In 2019, Malaysia borrowed \$27,295 to purchase a car and as of December 31, 2023, the note was paid in full. As of December 31, 2022, there was a balance of \$11,246.
- (3) In 2019, the Company engaged in agreements involving promissory notes with three lenders, collectively amounting to a principal balance of \$375,000. These notes, bearing effective interest rates of 10%, mature within a one-year timeframe. Additionally, the Company allotted 45,000 shares of common stock, cumulatively valued, as a commitment incentive, resulting in an associated debt discount of \$22,500. In the subsequent year, 2020, the Company further entered into promissory note arrangements with four lenders, culminating in an aggregate principal balance of \$225,000. The effective interest rates for these notes range between 8% and 10% annually. As of December 31, 2023 and 2022, the outstanding balance for the notes from both the 2019 and 2020 issuances amounted to \$0 and \$275,000, respectively accompanied by accrued interest totaling \$0 and \$50,819, respectively.

On October 20, 2021, the Company issued a pair of promissory notes to investors, totaling \$10,000. These notes were duly settled in their entirety on January 18, 2023 and April 3, 2023, respectively. Subsequently, on June 12, 2023, a conversion of principal took place, with \$275,000 being converted at a rate of \$0.05 per share, resulting in the issuance of 6,777,121 common shares.

On May 1, 2023, the Company amended its convertible promissory note with Sharing Services Global Corporation (“SHRG”), wherein SHRG capitalized \$222,556 of accrued interest and waived its conversion rights as per the original agreement, see below. The promissory note is no longer convertible and is included in the chart above with plain notes payable. As of December 31, 2023 and 2022, the outstanding balance for the notes amounted to \$1,278,325 and \$1,400,000, respectively accompanied by accrued interest totaling \$0 and \$165,000, respectively.

On July 21, 2023, the Company issued a promissory note with an investor for \$150,000, net of original issue discount of \$22,600. The note matures in eleven months and accrues interest at 13% per annum. The first nine payments will be in installments of \$20,241 and the final 2 payments will be \$7,000 each. On December 14, 2023, the Company entered into another note with the same terms with this investor for \$75,000, net of original issue discount of \$14,600. As of December 31, 2023, the Company made \$101,204 of payments leaving an aggregate principal balance of \$160,996 and \$9,660 of accrued interest.

On October 24, 2023 and November 20, 2023, the Company entered into two notes with an investor for an aggregate principal balance of \$450,000. The notes mature in March 2025 and accrue interest at 12% per annum. There was \$3,500 of accrued interest for these notes recorded in accounts payable and accrued expenses on the balance sheet as of December 31, 2023. As of December 31, 2023 and 2022, the outstanding balance for the notes amounted to \$450,000 and \$0, respectively.

As of December 31, 2023 and 2022, the outstanding balance for these notes stood at \$1,889,321 and \$285,000, respectively.

- (4) During the fiscal year concluding on December 31, 2021, the Company issued a cumulative total of \$2,423,738 in convertible promissory notes to investors. These notes featured varying maturity dates spanning from nine months to three years, coupled with interest rates ranging from 8% to 12% per annum. In addition, the Company distributed 154,173 shares of common stock and granted warrants allowing the purchase of 2,400,000 common stock shares at exercise prices spanning between \$2.685 and \$3.00 per share. The recorded value of both the common stock and warrants was attributed as a discount to the notes, valued at fair market value.

In the second quarter of 2022, one of the notes held by investor MCUS LLC (“MCUS”) was extended by 60 days, until August 1, 2022. As part of the extension agreement, the Company issued 100,000 shares of common stock to the noteholder. Moreover, the conversion price of the note was reduced to the lower of (i) 50% of the lowest volume weighted average prices for common stock over the 30 trading days leading up to the conversion notice date and (ii) the Closing Price on the Closing Date, capped at \$2.25. On August 18, 2022, this note was extended to September 30, 2022, in exchange for 200,000 shares of common stock and in the fourth quarter of 2022, this note was once again extended, this time until May 31, 2023.

On July 13, 2022, another note held by investor Leonite Fund 1, LP ("Leonite"), was extended to September 1, 2022, in exchange for 183,780 warrants, 75,512 common stock shares, and an increased principal amount of \$70,833. The Company recognized \$955,658 loss on extinguishment of this note. On September 8, 2022, the same note was further extended to May 26, 2023, accompanied by a rise in the interest rate from 10% to 18% per annum. The amendment of this note resulted in a recognized loss on extinguishment amounting to \$252,429 (see Note 9 for other gain (loss) amounts on extinguishment in 2022).

Throughout the third and fourth quarters of 2022, the Company issued a collective sum of \$400,000 in convertible notes payable, net of discount, in several installments to MCUS and Leonite. These notes accrued interest varying from 10% to prime plus 8% per annum and possessed maturity dates nine months from their issuance. Additionally, the lenders received 95,115 warrants with an exercise price equivalent to the lower of \$2.685 or 65% of the lowest traded price over the preceding 30 days, and 81,760 warrants with an exercise price equal to the lower of \$2.685 or 50% of the Volume Weighted Average Price ("VWAP") over the preceding 30 days. All the warrants issued were set to expire five years after their issuance date.

During the year ended December 31, 2022, a sum of \$798,526 in principal and \$25,473 in accrued interest was converted into 4,114,816 common shares. As a result, a balance of \$482,885, net of discount and accrued interest of \$381,259 remained outstanding as of December 31, 2022.

In January 2023, the Company issued 5,266,763 upon the conversion of \$263,000 in notes payable. Upon conversion and settlement of the derivative liability, the Company recognized a \$318,678 gain on extinguishment.

On February 28, 2023, the Company entered into a comprehensive settlement and exchange agreement concerning a Senior Secured Convertible Promissory Note with Leonite. Under this agreement, Leonite agreed to settle its outstanding liability and cancel its warrants in exchange for 10,648,152 common stock shares of the Company to purchase common stock at \$0.05 per share. As the debt was settled, the Company recognized a loss on extinguishment worth \$132,142 and owed \$637,684 worth of common shares. In the second quarter of 2023, the Company issued 6,340,591 common shares, leaving a payable balance of 4,307,561 shares of common stock valued at \$573,336, which is included in accounts payable and accrued expenses on the consolidated balance sheet as of June 30, 2023. On September 21, 2023, the Company issued the remaining 4,307,561 shares of common stock.

On March 27, 2023, the Company executed an investment agreement with an institutional investor ("Holder") for up to \$7,000,000 through a convertible promissory note, share purchase agreement, and warrant agreement (the "2023 Note"). The 2023 Note, with a principal amount reaching up to \$7,000,000, carried an original issue discount of 12% and was structured to be disbursed in four installments. These installments included a first disbursement of \$1,000,000 on March 27, 2023, a second disbursement of \$200,000 within three days after filing an S-1 registration statement, a third disbursement of \$500,000 forty-five days after the effectiveness of the S-1 registration statement, and a fourth disbursement of \$120,000 forty-five days after the third disbursement. The S-1 Registration Statement was filed on May 9, 2023. The 2023 Note bore an interest rate of seven percent (7%) per annum and could be redeemed by the Company at any time for an amount equivalent to one hundred twenty-five percent (125%) of the outstanding principal and interest on the Note. Additional disbursements were discretionary on the Holder's part and could be executed at any time. Should the Holder's broker decline custody of the issued securities, the Holder would have no obligation to adhere to the disbursement schedule, yet the option to make such disbursement would remain.

On April 11, 2023, the Company amended its Promissory Note with MCUS, resulting in the conversion price being fixed at \$0.05. Since the Promissory Note is not significantly different after the amendment, the note was treated using modification accounting. After eliminating the bifurcated derivative liability, the Company recorded a gain of \$171,362 on settlement of derivative liabilities. On May 1, 2023, the Company partially settled its debt with MCUS by agreeing to issue 7,739,938 shares of common stock, of which 5,121,200 were issued, resulting in a loss on extinguishment of \$79,212. The Company retains an obligation towards MCUS, entailing the issuance of 2,618,738 shares of common stock valued at \$130,987, which is included in accounts payable and accrued expenses as of June 30, 2023. On August 11, 2023, the Company issued the remaining 2,559,600 shares of common stock.

Similarly, on May 1, 2023, the Company amended its convertible promissory note with SHRG, wherein SHRG capitalized \$222,556 of accrued interest and waived its conversion rights as per the original agreement. However, this amendment was contingent upon the Company making a payment of \$222,556 to SHRG, which was duly fulfilled in May 2023. This amendment was treated using extinguishment accounting which eliminated the bifurcated derivative liability and added additional debt discount resulted in a recorded gain of \$557,793 on extinguishment (see Note 9 for other gain (loss) amounts on extinguishment in 2023).

As of December 31, 2023, the outstanding gross principal balance for the three convertible notes, net of discounts was \$1,369,182, \$227,778 and \$0, and the remaining unamortized debt discount for each note was \$0, \$0, and \$0, respectively.

As of March 31, 2024, the outstanding gross principal balance for the two convertible notes was \$1,773,863, \$227,777, and the remaining unamortized debt discount for each note was \$0.00

The aggregate balance of convertible notes payable, net of discount, as of December 31, 2024 and 2023 was \$2,001,641.19 and \$1,596,960, respectively.

Note 7 – Derivative Liabilities

The Company issued debt instruments that consist of the issuance of convertible notes with variable conversion provisions. The conversion terms of the convertible notes are variable based on certain factors, such as the future price of the Company's common stock, which gives rise to a derivative liability which is a non-cash liability. The number of shares of common stock to be issued is based on the future price of the Company's common stock. The number of shares of common stock issuable upon conversion of the promissory note is indeterminate. Pursuant to ASC Subtopic 815-15 *Embedded Derivatives* ("ASC 815-15"), the fair values of the variable conversion options and warrants and shares to be issued were recorded as derivative liabilities on the issuance date and revalued at each reporting period. Based upon ASC 840-15-25, the Company has adopted a sequencing approach regarding the application of ASC 815-40 to its outstanding convertible notes and warrants. Pursuant to the sequencing approach, the Company evaluates its contracts based upon the earliest issuance date.

Schedule of Derivative Liabilities

Schedule of derivative liabilities

| | Derivative Liability - Convertible Notes | Derivative Liability - Warrants | Total |
|---------------------------------|---|--|--------------------|
| Balance as of January 1, 2022 | \$ 1,252,397 | \$ 2,972,188 | \$ 4,224,585 |
| Change due to issuances | 3,401,528 | 1,964,761 | 5,366,289 |
| Change due to redemptions | (2,850,311) | (7,246,201) | (10,096,512) |
| Change in fair value | <u>840,180</u> | <u>2,383,091</u> | <u>3,223,271</u> |
| Balance as of December 31, 2022 | 2,643,794 | 73,839 | 2,717,633 |
| Change due to issuances | 1,279,735 | 1,233,201 | 2,512,936 |
| Change due to redemptions | (2,533,464) | (1,015,307) | (3,548,771) |
| Change in fair value | <u>(1,390,065)</u> | <u>(291,733)</u> | <u>(1,681,798)</u> |
| Balance as of December 31, 2023 | <u>\$</u> = | <u>\$</u> = | <u>\$</u> = |

The Company used a Monte Carlo model to estimate the fair value of its derivatives. A summary of quantitative information with respect to valuation methodology and significant unobservable inputs used for the fair value of derivative liabilities during the following periods:

Schedule of fair value of derivative liabilities assumptions

| | December 31, | |
|-----------------------------|---------------------|------------------|
| | 2023 | 2022 |
| Stock price | N/A | \$0.09 - \$10.85 |
| Contractual term (in years) | N/A | 0.00 - 5.00 |
| Volatility (annual) | N/A | 47.4% - 236% |
| Risk-free rate | N/A | 0.19% - 4.38% |

On May 1, 2023, the Company no longer had derivative liabilities associated with the warrants and their cumulative value of \$1,011,451 was reclassified into additional paid in capital on the consolidated statement of stockholders' deficit.

Note 8 – Financing Arrangement - Factoring Liability

During the year ended December 31, 2022, the Company entered into five non-recourse agreements for the sale of future receipts receiving gross proceeds of \$528,984 which provides the Company with the ability to convert our account receivables into cash. Under the terms of the agreements, the Company must pay a specified amount each day until the financed receivables are fully paid. The agreements have an effective interest rate within the range of approximately 36% and 40%, which includes a discount of \$143,446. The outstanding balance is secured by an interest in virtually all assets of the Company, with a first security interest in accounts receivable.

During the year ended December 31, 2023, the Company entered into various non-recourse agreements for the sale of future receipts for gross proceeds of \$382,286, receiving \$317,111 in cash, which provided the Company with the ability to convert its account receivables into cash.

During the quarter ended March 31, 2024, the Company entered into various non-recourse agreements for the sale of future receipts for gross proceeds of \$506,378, receiving \$470,100 in cash, which provided the Company with the ability to convert its account receivables into cash.

The Company accounts for these agreements as a financing arrangement, with the purchase price recorded as a liability and daily repayments made are a reduction of the liability. As of March 31, 2024, there was an outstanding balance of \$542,922 (December 31, 2024 - \$156,194) which is presented net of a discount of \$151,192 (December 31, 2022 - \$12,250).

Note 9 – Stockholders' Deficit

On May 5, 2023, the Company amended its articles of incorporation to increase the number of authorized shares of common stock of the Company to 400,000,000.

Stock issuance for services and stock based compensation

During the year ended December 31, 2023, the Company issued 6,115,200 shares of common stock, to officers, employees and vendors for services valued at \$434,025.

During the year ended December 31, 2023, the Company also recognized \$439,054 of expense relating to the vesting of common stock issued to the Company's Chairman and CEO.

On March 19, 2024, the Company issued 1,000,000 shares to five directors for a total of 5,000,000 shares at a fair value of \$0.03 per share or a total of \$150,000.

On March 19, 2024, the Company issued 5,168,354 shares to various consultants and employees as stock compensation at a fair value of \$0.03 per share or a total of \$155,051.

On March 19, 2024, the Company issued 900,000 shares to the Chief Financial Officer as stock compensation in lieu of cash for services for a fair value of \$0.03 per share for a total of \$27,000.

Settlement of accrued liabilities for common stock

During the year ended December 31, 2023, the Company issued 12,149,670 shares of common stock to officers, employees and vendors for accumulated past services of \$807,076, including \$416,667 to its Chairman and CEO, see note 10. The Company owes 140,361 shares of common stock to a vendor for services, leaving a payable of \$98,650, which is included in accounts payable and accrued expenses on the consolidated balance sheet as of December 31, 2023.

Stock issued for LFR Acquisition

During the year ended December 31, 2023, the Company issued 2,400,000 shares of common stock for the acquisition of LFR with a fair value of \$271,920 (see Note 4).

Conversion of convertible notes and accrued interest to common stock

On January 13, 2023, the Company, under the terms of the note, issued 2,600,000 common shares upon the conversion of \$130,000 in notes payable. Upon conversion and settlement of the derivative liability, the Company recognized a \$155,870 gain on extinguishment.

On January 23, 2023, the Company, under the terms of the note, issued 2,666,763 common shares upon the conversion of \$133,000 in notes payable. Upon conversion and settlement of the derivative liability, the Company recognized a \$162,808 gain on extinguishment.

On April 26, 2023 and June 7, 2023, the Company issued 6,340,591 common shares valued at \$843,933 upon the conversion of notes payable. Upon conversion of the note and settlement and derivative liability, the Company recognized a \$132,142 loss on extinguishment, see Note 6.

On May 1, 2023 and June 21, 2023, the Company issued 5,120,200 common shares valued at \$250,889, resulting in a loss on extinguishment of \$79,212, see Note 6.

On June 12, 2023, the Company issued 5,522,303 common shares upon the conversion of \$276,115 in notes payable and accrued interest. Upon conversion, the Company recognized a \$5,516 loss on extinguishment.

On August 8, 2023 and August 11, 2023, the Company issued 3,814,418 common shares valued at \$190,721.

On September 21, 2023, the Company issued 4,307,561 common shares upon the conversion of \$573,336 in notes payable and accrued interest.

Note 10 – Related Parties

Notes Payable and Accrued Interest – Related Parties

During the period ended December 31, 2023, the Company entered into the following related party transactions:

- Issued 8,333,333 shares of common stock at \$0.05 per share for \$416,667 in accrued salary for its Chairman and CEO and in addition the Company amortized \$439,054 of previous stock compensation granted to its Chairman and CEO that is being amortized over 82 months;
- The Company paid \$120,000 in salary to its President and COO.
- The Company accrued \$3,500 in fees payable and issued 2,685,180 shares of common stock at \$0.05 per share for \$134,259, and \$7,500 in cash to its Corporate Secretary for legal services.

- The Company paid \$10,500 in fees to its CFO and accrued \$18,000 in fees payable. The CFO is also the COO of CFO Squad LLC providing financial reporting services to the Company.
- The Company issued 3,663,636 shares of common stock to one of its board members to settle notes payable of \$150,000 and accrued interest of \$33,182.
- A company with a common director advanced the Company \$1,400,000 at 10% on September 1, 2021 for which the Company accrued \$144,358 in interest during the year ended December 31, 2023. There was \$0 and \$165,000 of accrued interest in accounts payable and accrued liabilities on the consolidated balance sheet as of December 31, 2023 and 2022, respectively. This note is also described in Note 6.

During the year ended December 31, 2022, the Company entered into the following related party transactions:

Note 11 – Commitments and Contingencies

Legal proceedings

On August 6, 2019, Ray Carter, the former CEO prior to the Company's Bankruptcy, filed a lawsuit against the Company's subsidiary Stemtech HealthSciences, alleging unpaid salary and vacation time dating to a period predating the Company's current management team taking control in 2018. Mr. Carter's claim is in the amount of \$267,000. The Company has counter-sued Ray Carter personally and deems this matter non-meritorious. At the same time, the Company has accrued \$267,000 which is included in accounts payable and accrued liabilities in the consolidated balance sheets at March 31, 2024, and December 31, 2023. Mr. Carter's request for Summary Judgment was dismissed by the Court on March 3, 2023.

In the opinion of management, the resolution of this matter, if any, will not have a material adverse impact on the Company's consolidated financial position or consolidated results of operations.

Note 12 – Subsequent Events

Management of the Company has performed a review of events and transactions occurring after the consolidated balance sheet date to determine if there were any such events or transactions requiring adjustment to or disclosure in the accompanying consolidated financial statements, noting none other than the following:

On April 1, 2024, the Company issued a promissory note with an investor for \$80,000, net of original issue discount of \$15,200. The note accrues interest at 13% per annum and will be paid in four payments through December 30, 2024.

On April 2, 2024, the Company issued 712,500 shares common stock to settle for a stock payable owed as of December 31, 2023.

On May 14, 2024, the Company issued a promissory note with a lender for \$107,000, net of original issue discount of \$17,120. The note accrues interest at 13% per annum and will be paid in ten payments of \$14,026 due monthly through March 30, 2025 and in the event of a default, the lender has the right to convert of any amounts due to Common Stock at a conversion price of \$0.01 per share.

MANAGEMENT DISCUSSION AND ANALYSIS

Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion should be read in conjunction with our audited financial statements and the related notes that appear elsewhere in this quarterly report. The following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to such differences include those discussed below and elsewhere in this quarterly report.

FORWARD-LOOKING STATEMENTS

This quarterly report on Form 10-Q contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and other Federal securities laws and is subject to the safe-harbor created by such Act and laws. Forward-looking statements may include statements regarding our goals, beliefs, strategies, objectives, plans, including product and technology developments, future financial conditions, results or projections or current expectations. These forward-looking statements involve known or unknown risks, uncertainties and other factors that may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "may," "should," "potential," "continue," "expects," "anticipates," "intends," "plans," "believes," "estimates," and similar expressions. These statements are based on our current beliefs, expectations, and assumptions and are subject to a number of risks and uncertainties. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Our actual results may differ materially from those anticipated in these forward-looking statements. These forward-looking statements are made as of the date of this report, and we assume no obligation to update these forward-looking statements whether as a result of new information, future events, or otherwise, other than as required by law. In light of these assumptions, risks, and uncertainties, the forward-looking events discussed in this report might not occur and actual results and events may vary significantly from those discussed in the forward-looking statements.

Implications of Being an Emerging Growth Company

Emerging Growth Company - We are an emerging growth company as defined in Section 2(a)(19) of the Securities Act of 1933, as amended, or the Securities Act. We will continue to be an emerging growth company until: (i) the last day of our fiscal year during which we had total annual gross revenues of at least

\$1.07 billion; (ii) the last day of our fiscal year following the fifth anniversary of the date of the first sale of our common stock pursuant to an effective registration statement under the Securities Act; (iii) the date on which we have, during the previous 3-year period, issued more than \$1.0 billion in nonconvertible debt; or (iv) the date on which we are deemed to be a large accelerated filer, as defined in Section 12b-2 of the Securities Exchange Act of 1934, as amended, or the Exchange Act, which means the market value of our common stock that is held by non-affiliates exceeds \$700 million as of the prior June 30.

As an emerging growth company, we are exempt from:

- Sections 14A(a) and (b) of the Exchange Act, which require companies to hold stockholder advisory votes on executive compensation and golden parachute compensation;
- The requirement to provide, in any registration statement, periodic report or other report to be filed with the Securities and Exchange Commission, or the “Commission” or “SEC”, certain modified executive compensation disclosure under Item 402 of Regulation S-K or selected financial data under Item 301 of Regulation S-K for any period before the earliest audited period presented in our initial registration statement;
- Compliance with new or revised accounting standards until those standards are applicable to private companies;
- The requirement under Section 404(b) of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, to provide auditor attestation of our internal controls and procedures; and
- Any Public Company Accounting Oversight Board, or “PCAOB”, rules regarding mandatory audit firm rotation or an expanded auditor report, and any other PCAOB rules subsequently adopted unless the Commission determines the new rules are necessary for protecting the public.

We have elected to use the extended transition period for complying with new or revised accounting standards under Section 102(b)(1) of the Jumpstart Our Business Startups Act. We are also a smaller reporting company as defined in Rule 12b-2 of the Exchange Act. As a smaller reporting company, we are not required to provide selected financial data pursuant to Item 301 of Regulation S-K, nor are we required to comply with the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act of 2002. We are also permitted to provide certain modified executive compensation disclosure under Item 402 of Regulation S-K.

Company Overview

Stemtech Corporation was incorporated under the laws of the State of Nevada, U.S. on March 4, 2009. Our registration statement on Form S-1 was filed with the SEC was declared effective on May 15, 2013. On August 19, 2021, the Company entered into a Merger Agreement with Stemtech Corporation by which the Company acquired one hundred percent of the shares of STEMTECH CORPORATION in exchange for the issuance of 37,060,000 shares of the Company, approximately 85% of the issued and outstanding shares of the Company. On November 19, 2021, the Company

adopted an Amendment to its Articles changing the name of the Corporation to Stemtech Corporation in the state of Nevada, and on April 14, 2022, FINRA gave final approval for said name change. Stemtech has pioneered and patented a whole new category of dietary supplements. Stemtech's advanced Stem Cell Nutrition formulations are one-of-a-kind natural products designed to help support the three most important aspects of stem cell physiology: 1) Releasing more stem cells; 2) their circulation in the blood; and 3) Migration into tissues, where they can perform their daily function of renewal and rejuvenation for optimal health. We actually harness the incredible power of adult stem cells. How does this work? Adult stem cells are released from your bone marrow into the bloodstream, they then Circulate in the bloodstream and flow to the tissues most in need. As they arrive, the adult stem cells migrate into the tissues, reproduce and become new, healthy cells of those tissues. This process takes place every single day, even without tissue damage, as part of the natural renewal system of the body. It is important to understand that Stemtech's products do not contain stem cells. They are composed of natural botanicals and other ingredients that have been clinically documented to support the performance of your own adult stem cells. Stemtech also offers our all-natural OraStem toothpaste, which is a tooth whitener, breath freshener, antimicrobial, stem cell attracting and promotes good gum health. In December 2022, our new Collect One™ Rapid Renew Stem Cell Peptide Night Cream. Collect One is a Stemtech proprietary formula containing an FDA patented ingredient, Red Oak Bark, which enables deep penetration to promote good skin health. While sales of products obviously create the cash flow, our real business model is not just "sales", but lateral penetration. We do this through our IBPs Independent Business Partner" Sales Forces, and we invest much energy in growing our IBPs. Post funding, Stemtech is projecting the addition of 30,000 new independent business partner reps over the next 12 to 24 months, adding to the existing IBPs. With an enhanced compensation plan, IBPs will be even more incentivized to build their network, attracting additional industry leaders. IBPs are a testimonial to our product and business model, lowering our customer acquisition costs. We have reinstating contests, travel incentives, cruises, other trips, Business Academies (Aguas Calientes, Mexico in May 2023; Las Vegas, U.S. in June, 2023) for Training, regional conferences, our Annual Convention with new product launches. Our IBPs offer highly flexible yet steady income which is most adapted to today's "Laptop & Cellphone Lifestyle", with structured and organized weekly Corporate training calls, a personalized website, back-office tracking, oversight and management Tools, Reports, Training Materials and Social Sharing. Stemtech also launched the Stemtech AdvanceOffice Mobile App, in March 2022, improving communication, sharing of information, training videos and other content for recruiting, onboarding, customer retention and measuring key performance indicators for the IBP business. Stemtech launched a new marketing program in January 2022, with sales continuing to come in from returning consumers who believe in the quality products. Until March 2021, the Company had operated on an extremely tight budget, with inadequate working capital and difficulties fulfilling orders. Since the cash infusions noted in "Financing" infra, the company now has the resources to contact and re-engage the over 200,000 former distributors. With this new cash infusion, the Company has engaged experienced marketing and social media professionals to initiate new marketing strategies which are expected to bring increased activity. Management conservatively believes that given the cash on hand and working expenditures as describe above, we can reinvigorate sales to be more consistent with the company's previous revenue historically, as we were recognized 4 times in the Inc 5000 Magazine's list of fastest

growing companies. Below this IBP level, we plan to have our “DTC” (Direct To Consumer) network marketing Distribution model. This integrative model allows us an immediate global presence and ability to operate in multiple countries on any continent. We are uniquely positioned in this post pandemic economy beset by supply chain issues, as this method requires no up-front or required buy-in of inventory, with monthly shipments available for known recurring sales. This platform has us now operating at the intersection of the ecommerce economy, social economy and gig economy.

The Company has been making great strides the past year, having filed our “Orastem” trademark registration in Mexico as noted in our press release of August 23, 2022. In addition, Stemtech filed our new ‘stemceuticals’ trademark registration. Stemtech has worked to reduce overhead costs by outsourcing U.S. order fulfillment services to a third-party partner who will also be responsible for inventory planning and production scheduling, since August 7, 2023. Further, beginning August 1, 2023, the customer service function for the U.S. was transitioned to our Mexico offices in Guadalajara at a cost savings and improved synergistic benefits by expanding service hours from 8 to 12 hours in the U.S. Also, U.S. health insurance coverage ended with the release of employees. With the new inventory process, the cost of insurance coverage will be reduced to lower rates.

RESULTS OF OPERATIONS

Our consolidated financial statements have been prepared assuming that we will continue as a going concern and, accordingly, do not include adjustments relating to the recoverability and realization of assets and classification of liabilities that might be necessary should we be unable to continue in operation. We expect we will require additional capital to meet our long-term operating requirements. We expect to raise additional capital through, among other things, the sale of equity or debt securities.

Cash Flows from Financing Activities

We have financed our operations primarily from the issuance of notes payable. For the three-month period ended March 31, 2024, net cash provided from financing activities of \$51,724 mainly consisted of proceeds from factoring agreements of \$154,956 partially offset by payments on notes payable of \$103,232. For the three-month period ended March 31, 2023, \$798,600 cash provided from financing activities mainly consisted of proceeds from notes payable of \$1,000,000 partially offset by payments on factoring agreements of \$194,954.

Plan of Operation and Funding

We expect that working capital requirements will continue to be funded through a combination of our existing funds and further issuances of securities. Our working Existing working capital, further advances and debt instruments, and anticipated cash flow are expected to be adequate to fund our operations over the next three months. We have no lines of credit or other bank financing arrangements. Generally, we have financed operations to date through the proceeds of the private placement of equity and debt instruments. In connection with our business plan, management anticipates additional increases in operating expenses and capital expenditures relating to: (i)

acquisition of inventory; (ii) developmental expenses associated with a start-up business; (iii) marketing expenses; and (iv) IT website development. We intend to finance these expenses with further issuances of securities and loans. Thereafter, we expect we will need to raise additional capital and generate revenues to meet long-term operating requirements. Additional issuances of equity or convertible debt securities will result in dilution to our current shareholders. Further, such securities might have rights, preferences or privileges senior to our common stock. Additional financing may not be available upon acceptable terms, or at all. If adequate funds are not available or are not available on acceptable terms, we may not be able to take advantage of prospective new business endeavors or opportunities, which could significantly and materially restrict our business operations.

Stemtech has experienced continued growth and with more awareness of the benefits of stem cells for improving health naturally. Demand is expected to continue to rise. During the past year, we experienced several out-of-stock situations. With additional capital, the Company will be able to sustain uninterrupted growth, increasing sales revenue and profitability. The overall stem cell global market, including stem cell therapy and pharma are projected to be \$30 billion by 2030 per "Research and Marketing", an independent publication. As the pioneer in stem cell nutrition, Stemtech is well positioned for growth as awareness increases.

Basis of Presentation

The accompanying unaudited financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") for interim financial statement presentation and in accordance with Form 10-Q. Accordingly, they do not include all of the information and footnotes required in annual financial statements. In the opinion of management, the unaudited financial statements contain all adjustments (consisting only of normal recurring accruals) necessary to present fairly the financial position and results of operations and cash flows. The results of operations presented are not necessarily indicative of the results to be expected for any other interim period or for the entire year.

Off-Balance Sheet Arrangements

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

Effective May 5, 2023, the Company is authorized to issue up to 400,000,000 shares of common stock, \$0.001 par value. Prior to May 5, 2023, the Company was authorized to issue up to 200,000,000 shares (see Note 9). Each outstanding share of common stock entitles the holder to one vote per share on all matters submitted to a stockholder vote. All shares of common stock are non-assessable and non-cumulative, with no pre-emptive rights.

Commitments and Contingencies

None.

Financing

On March 27, 2023, the Company and an institutional investor (the "Holder") executed an investment agreement for up to \$7,000,000 through a convertible promissory note, share purchase agreement and warrant agreement (the "2023 Note"). The 2023 Note has a principal amount of up to \$7,000,000 with an original issue discount of 12% and is to be disbursed in four (4) disbursements as set forth as follows: (i) the first disbursement in the amount of \$1,000,000 occurred on March 27, 2023; (ii) the second disbursement in the amount of \$200,000 is due within three (3) days after the filing of an S-1 registration statement; (iii) the third disbursement in the amount of \$500,000 is due forty-five (45) days after effectiveness of an S-1 registration statement; and (iv) \$120,000 is due forty-five (45) days after the third disbursement. The 2023 Note carries an interest rate equal to seven percent (7%) per annum and is redeemable by the Company at any time at an amount equal to one hundred twenty-five percent (125%) of the then outstanding principal and interest accrued on the Note. All additional disbursements will be made at the Holder's discretion, at any time, and if the Holder's broker refuses to custody the securities issued in connection therewith, the Holder will have no obligation to make a disbursement under the disbursement schedule but will have the option to make such disbursement. Future financing through equity investments is likely to be dilutive to existing stockholders. Also, the terms of securities we may issue in future capital transactions may be more favorable for our new investors. Newly issued securities may include preferences, superior voting rights, and the issuance of warrants or other derivative securities, which may have additional dilutive effects. Further, we may incur substantial costs in pursuing future capital and financing, including investment banking fees, legal fees, accounting fees, and other costs. We may also be required to recognize non-cash expenses in connection with certain securities we may issue, such as convertible notes and warrants, which will adversely impact our financial condition. Our ability to obtain needed financing may be impaired by such factors as the capital markets, both generally and specifically in the nutraceutical industry, which could impact the availability or cost of future financing. If the amount of capital we are able to raise from financing activities, together with our revenue from operations, is not sufficient to satisfy our capital needs, even to the extent that we reduce our operations accordingly, we may be required to cease operations. We have no plans, arrangements or contingencies in place in the event that we cease operations.

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

Name: David E. Price, Secretary Corp. Counsel to Issuer

- A. The following financial statements were prepared by the CFO Squad, a professional accounting firm to the issuer, 1345 6th Ave 33rd floor, New York, NY 10105

10) Issuer Certification

Principal Executive Officer:

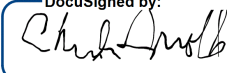
The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles but having the same responsibilities) in each Quarterly Report or Annual Report.

The certifications shall follow the format below:

I, Charles S. Arnold certify that:

1. I have reviewed this Disclosure Statement for Stemtech Corp.
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

July 10th, 2024

DocuSigned by:

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Charles S. Arnold, CEO

Principal Financial Officer:

I, James S. Cardwell, certify that:

1. I have reviewed this Disclosure Statement for Stemtech Corp.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

July 10th, 2024

DocuSigned by:

James S. Cardwell

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James S. Cardwell, CFO