

**Can B Corp.**

906 South Broadway, Suite 118

Hicksville, NY 11801

(516) 595-9544

marco@canbiola.com

## Annual Report

For the period ending December 31, 2024 (the "Reporting Period")

### **Outstanding Shares**

The number of shares outstanding of our Common Stock was:

877,984,157 as of December 31, 2024

4,422,584 as of December 31, 2024

### **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 Control<sup>4</sup> of the company has occurred during this reporting period:

Yes:  No:

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<sup>4</sup> "Change in Control" shall mean any events resulting in:

- (i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities;
- (ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets;
- (iii) A change in the composition of the Board occurring within a two (2)-year period, as a result of which fewer than a majority of the directors are directors immediately prior to such change; or
- (iv) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

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

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

Can B Corp. (name change effective January 16, 2020).  
Canbiola, Inc. (former name - change effective May 15, 2017).  
WrapMail, Inc. (former name)

Current State and Date of Incorporation or Registration: Florida – October 18, 2005  
Standing in this jurisdiction: (e.g. active, default, inactive): Active

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

Not Applicable.

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:

On October 25, 2025, the Issuer implemented a legal reorganization which resulted in Nascent Pharma Holdings, Inc. (“NPH”) owning all of its outstanding stock. Consequently, the issuer became a direct, wholly owned subsidiary of NPH. Each share of each class of the issuer’s stock issued and outstanding immediately prior to the legal reorganization automatically converted into an equivalent corresponding share of NPH stock, having the same designations, rights, powers and preferences and the qualifications, limitations and restrictions as the corresponding share of the stock being converted. As a result, the Issuer’s stockholders immediately prior to the consummation of the legal reorganization became stockholders of NPH.

The change in the name of the publicly traded company and the issuance of a new trading symbol is currently being processed by FINRA. Shares of the publicly traded company will continue to trade under the symbol “CANB” until the processing of the name change is complete and the new trading symbol is issued.

Address of the issuer’s principal executive office:

960 South Broadway, Suite 118  
Hicksville, New York 11801

Address of the issuer’s principal place of business:

*Check if principal executive office and principal place of business are the same address:*

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

No:  Yes:  If Yes, provide additional details below:

## 2) Security Information

**Transfer Agent**

Name: TranShare  
Phone: (303) 662-1112  
Email: kwhiteside@transhare.com  
Address: 17755 North US Highway 19, Suite 140, Clearwater, Florida 33764

**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:	CANB
Exact title and class of securities outstanding:	Common Stock
CUSIP:	13470W103
Par or stated value:	No par value
Total shares authorized:	1,500,000,000 <u>as of December 31, 2024</u>
Total shares outstanding:	90,216,664 <u>as of December 31, 2024</u>
Total number of shareholders of record:	257 <u>as of December 31, 2024</u>

*Please provide the above-referenced information for all other publicly quoted or traded securities of the issuer.*

None

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

*The goal of this section is to provide a clear understanding of the share information for its other classes of authorized or outstanding equity securities (e.g., preferred shares that do not have a trading symbol). Use the fields below to provide the information, as applicable, for all other authorized or outstanding equity securities.*

Exact title and class of the security:	Series A Preferred Stock
CUSIP (if applicable):	N/A
Par or stated value:	\$0.001
Total shares authorized:	20 <u>as of December 31, 2024</u>
Total shares outstanding (if applicable):	15 <u>as of December 31, 2024</u>
Total number of shareholders of record (if applicable):	4 <u>as of December 31, 2024</u>

*Please provide the above-referenced information for all other classes of authorized or outstanding equity securities.*

Exact title and class of the security:	Series B Preferred Stock
CUSIP (if applicable):	N/A
Par or stated value:	\$0.001
Total shares authorized:	500,000 <u>as of December 31, 2024</u>
Total shares outstanding (if applicable):	-0- <u>as of December 31, 2024</u>
Total number of shareholders of record (if applicable):	-0- <u>as of December 31, 2024</u>

Exact title and class of the security:	Series C Preferred Stock
CUSIP (if applicable):	N/A

Par or stated value:	\$0.001	
Total shares authorized:	2,000	<u>as of December 31, 2024</u>
Total shares outstanding (if applicable):	1,097	<u>as of December 31, 2024</u>
Total number of shareholders of record (if applicable):	8	<u>as of December 31, 2024</u>
Exact title and class of the security:	Series D Preferred Stock	
CUSIP (if applicable):	N/A	
Par or stated value:	\$0.001	
Total shares authorized:	4,000	<u>as of December 31, 2024</u>
Total shares outstanding (if applicable):	4,000	<u>as of December 31, 2024</u>
Total number of shareholders of record (if applicable):	4	<u>as of December 31, 2024</u>

**Security Description:**

*The goal of this section is to provide a clear understanding of the material rights and privileges of the securities issued by the company. Please provide the below information for each class of the company's equity securities, as applicable:*

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

Holders of Common Stock are entitled to one vote per share on all matters submitted to a vote of the Company's stockholders. Holders of common stock do not have cumulative voting rights. Holders of Common Stock will be entitled to receive ratably such dividends as may be declared by the Board of Directors out of funds legally available therefore, which may be paid in cash, property, or in shares of the Company's capital stock. There are no preemptive or other subscription rights applicable to the Company's Common Stock.

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

**Series A Preferred Stock**

Each share of Series A Preferred Stock is convertible into 218 shares of CANB common stock and is entitled to 4,444 votes. Shares of Series A Preferred rank senior to all shares of Common Stock of the Issuer with respect to liquidation preferences and shall rank pari passu to all current and future series of preferred stock, unless otherwise stated in the certificate of designation for such preferred stock. In the event of a Liquidation Event, whether voluntary or involuntary, each holder may elect (i) to receive, in preference to the holders of Common Stock, a one-time liquidation preference on a per-share amount equal to the per-share value of preferred shares on the issuance date, as recorded in the Issuer's financial records, or (ii) to participate pari passu with the Common Stock on an as-converted basis. Subject to any adjustments, the Series A holders shall be entitled to receive such dividends paid and distributions made to the holders of shares of Common Stock on an as converted basis.

**Series C Preferred Stock**

Each share of Series C Preferred Stock has preference to payment of dividends, if and when declared by the Issuer, compared to shares of common stock and rank pari passu with respect to the payment of dividends to all current and future series of preferred stock, unless otherwise stated in the certificate of designation for such preferred stock. Each share of Series C Preferred Stock is convertible into 1,667 shares of common stock. The shares of Series C Preferred Stock have voting rights as if fully converted and are not entitled to share in any distributions upon the liquidation of the Issuer.

## Series D Preferred Stock

Shares of Series D Preferred rank senior to all shares of Common Stock of the Issuer with respect to liquidation preferences and shall rank pari passu to all current and future series of preferred stock, unless otherwise stated in the certificate of designation for such preferred stock. Holders of Series D Preferred Stock are entitled to 667 votes per shares of voting rights and ranks equal to common stock upon liquidation. Shares of Series D Preferred Stock. Holders of Series D Preferred Stock have no conversion rights and are not entitled to share in any distributions upon the liquidation of the Issuer. The Issuer can redeem Series D Preferred Stock at any time for par value.

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

Not Applicable

4. **Describe any material modifications to rights of holders of the company's securities that have occurred over the reporting period covered by this report.**

Not Applicable

### 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 Opening Balance:

Date 01/01/2023

Common: 4,422,584

Preferred: 5,157

\*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.
1/6/2023	New Issuance	120,000	Common	\$1.00	No	Accutus Consulting Group LLC, Steven Medina, Mgr	Retainer for Consulting Services	Restricted	Private Offering
1/6/2023	New Issuance	6,540	Common	\$.48	No	Ernest Pelegrino	Consulting Services	Restricted	Private Offering
1/6/2023	New Issuance	6,540	Common	\$.48	No	Terry Brodt	Consulting Services	Restricted	Private Offering
1/6/2023	New Issuance	3,270	Common	\$.48	No	Garden State Securities, Inc., Ernest Pelegrino, Mgr	Consulting Services	Restricted	Private Offering
3/11/2023	New Issuance	17,438	Common	\$.48	No	Ernest Pelegrino	Consulting Services	Restricted	Private Offering
3/11/2023	New Issuance	17,438	Common	\$.48	No	Terry Brodt	Consulting Services	Restricted	Private Offering
3/11/2023	New Issuance	11,624	Common	\$.48	No	Garden State Securities, Inc. , Ernest Pelegrino. Mgr.	Consulting Services	Restricted	Private Offering
3/11/2023	New Issuance	22,500	Common	\$1.00	No	Tysadco Partners, LLC, Jeffrey Hart, Manager	IR Services	Restricted	Private Offering
3/11/2023	New Issuance	22,500	Common	\$1.00	No	Tysadco Partners, LLC, Jeffrey Hart, Manager	IR Services	Restricted	Private Offering

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.
3/11/2023	New Issuance	20,000	Common	\$0	Yes	Tysadco Partners, LLC, Jeffrey Hart, Manager	Incentive Shares under Promissory Note	Restricted	Private Offering
3/11/2023	New Issuance	100,000	Common	\$0	Yes	Tysadco Partners, LLC, Jeffrey Hart, Manager	Advisory Services	Restricted	Private Offering
3/11/2023	New Issuance	130,000	Common	\$0	Yes	Clear Think Capital Partners, LLC, Jeffrey Hart, Mgr	Note Extension	Restricted	Private Offering
1/27/2023	New Issuance	50,000	Common	\$0	Yes	Arin LLC, Dennis Ringer, President	Consulting Services	Restricted	Private Offering
3/20/2023	New Issuance	50,000	Common	\$0	Yes	Spartan Capital Securities, LLC, Jason Diamond Mgr Dir	Investment Banking Services	Restricted	Private Offering
2/1/2023	New Issuance	230,000	Common	\$.10	No	Mast Hill Fund LP, Patrick Hissani, Chief Invest Off	Conversion of Note	Restricted	Private Offering
2/21/2023	New Issuance	130,000	Common	\$.09	No	Fourth Man, LLC, Ken Hall Mgr	Conversion of Note	Restricted	Private Offering
5/1/2023	New Issuance	50,000	Common	\$0	Yes	Spartan Capital Securities, LLC, Jason Diamond Mgr Dir	Investment Banking Services	Restricted	Private Offering
5-1-2023	New Issuance	50,000	Common	\$0	Yes	One Bad Moon Rising LLC, J.	Forbearance Agreement	Restricted	Private Offering

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.
						Patrick Barry CIO			
5-16-2023	New Issuance	50,000	Common	\$0	Yes	Spartan Capital Securities, LLC, Jason Diamond Mgr Dir	Investment Banking Services	Restricted	Private Offering
5/16/2023	New Issuance	125,000	Common	\$.38	No	Rickey Minton	Settlement Agreement	Restricted	Private Offering
6/14/2023	New Issuance	65,358	Common	\$.11	No	Walleye Special Opportunities Fund, William England, CEO of Mgr	Conversion of Note	Restricted	Private Offering
7/10/2023	New Issuance	50,000	Common	\$0	Yes	Spartan Capital Securities, LLC, Jason Diamond Mgr Dir	Investment Banking Services	Restricted	Private Offering
7/10/2023	New Issuance	675,000	Common	\$4.00	No	One Bad Moon Rising LLC, J. Patrick Barry CIO	Hemp Purchase Agreement Payment	Restricted	Private Offering
7/10/2023	New Issuance	400,000	Common	\$0	Yes	White Hair Solutions, LLC, Adam DeCleen, Mgr	Forbearance Agreement	Restricted	Private Offering
7/10/2023	New Issuance	257,867	Common	\$.28	No	Brian Mclain	Consulting Services	Restricted	Private offering
7/10/2023	New Issuance	200,000	Common	\$.15	No	Mountain View Trust, Stephen Cloyes Trustee	Consulting Services	Restricted	Private Offering

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.
7/10/2023	New Issuance	9,167	Common	\$1.00	No	Viobin LLC, William Streeter, Member	Settlement Agreement Payment	Restricted	Private offering
7/10/2023	New Issuance	9,167	Common	\$1.00	No	Viobin LLC, William Streeter, Member	Settlement Agreement Payment	Restricted	Private Offering
7/10/2023	New Issuance	9,167	Common	\$1.00	No	Viobin LLC, William Streeter, Member	Settlement Agreement Payment	Restricted	Private offering
7/20/2023	New Issuance	50,000	Common	\$0	Yes	Spartan Capital Securities, LLC, Jason Diamond Mgr Dir	Investment Banking Services	Restricted	Private Offering
7/27/2023	New Issuance	300,000	Common	\$.14	No	Walleye Special Opportunities Fund, William England, CEO of Mgr	Conversion of Note	Restricted	Private Offering
8/4/2023	New Issuance	586,461	Common	\$.11	No	Clear Think Capital Partners, LLC, Jeffrey Hart, Mgr	Conversion of Note	Restricted	Private Offering
8/7/2023	New Issuance	250,000	Common	\$.09	No	Walleye Special Opportunities Fund, William England, CEO of Mgr	Conversion of Note	Restricted	Private Offering
7/6/2023	<b>New Issuance</b>	400,000	<b>Common</b>	<b>\$.09</b>	<b>No</b>	Walleye Special Opportunities Fund, William England, CEO of Mgr	Conversion of Note	Restricted	Private Offering

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.
8/7/2023	<b>New Issuance</b>	250,000	Common	<b>\$0</b>	<b>Yes</b>	Walleye Special Opportunities Fund, William England, CEO of Mgr	Conversion of Note	Restricted	Private Offering
8/7/2023	<b>New Issuance</b>	250,000	Common	<b>\$0</b>	<b>Yes</b>	Clear Think Capital Partners, LLC, Jeffrey Hart, Mgr	Incentive Shares	<b>Restrict</b> <b>d</b>	<b>Private Offering</b>
8/31/2023	<b>New Issuance</b>	479,000	<b>Common</b>	<b>\$.09</b>	<b>No</b>	Blue Lake Partners LLC, Craig Kesselman, Member	Conversion of Note	<b>Restrict</b> <b>d</b>	Private Offering
9/13/2023	New Issuance	500,000	Common	\$.08	No	Blue Lake Partners LLC, Craig Kesselman, Member	Conversion of Note	Restricted	Private Offering
9/12/2023	New Issuance	450,000	Common	\$.08	No	Walleye Special Opportunities Fund, William England, CEO of Mgr	Conversion of Note	Restricted	Private Offering
9/13/2023	New Issuance	50,000	Common	\$0	Yes	Spartan Capital Securities, LLC, Jason Diamond Mgr Dir	Investment Banking Services	Restricted	Private Offering
9/13/2023	New Issuance	9.167	Common	\$4.00	No	Viobin LLC, William Streeter, Member	Settlement Agreement Payment	Restricted	Private offering

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.
9/13/2023	New Issuance	50,000	Common	\$0	Yes	Spartan Capital Securities, LLC, Jason Diamond Mgr Dir	Investment Banking Services	Restricted	Private Offering
9/13/2023	New Issuance	9,167	Common	\$4.00	No	Viobin LLC, William Streeter, Member	Settlement Agreement Payment	Restricted	Private offering
9/13/2023	New Issuance	2,212,744	Common	\$.08	No	Marco Alfosi	Compensation Settlement	Restricted	Private Offering
9/13/2023	New Issuance	2,312,721	Common	\$.08	No	Pasquale Ferro	Compensation Settlement	Restricted	Private offering
9/13/2023	New Issuance	2,414,653	Common	\$.08	No	Stanley Teeple	Compensation Settlement	Restricted	Private Offering
9/13/2023	New Issuance	1,538,577	Common	\$.13	No	Fred Finocchiaro	Settlement Payment	Restricted	Private offering
9/13/2023	New Issuance	1,862,055	Common	\$.13	No	Todd Hackett	Settlement Payment	Restricted	Private Offering
9/13/2023	New Issuance	2,027,270	Common	\$.13	No	Kaarl Zarze	Settlement Payment	Restricted	Private offering
9/13/2023	New Issuance	1,000,000	Common	\$.11	No	Clear Think Capital Partners, LLC, Jeffrey Hart, Mgr	Conversion of Note	Restricted	Private Offering
9/14/2023	New Issuance	238,235	Common	\$.11	No	Mast Hill Fund LP, Patrick Hissani, Chief Investment Off	Conversion of Note	Restricted	Private Offering
9/18/2023	New Issuance	,25,719	Common	\$.11	No	Mast Hill Fund LP, Patrick Hissani, Chief	Conversion of Note	Restricted	Private Offering

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.
						Investment Off			
9/26/2023	New Issuance	464,409	Common	\$.11	No	Arin LLC, Adam Ringer, Mgr	Conversion of Note	Restricted	Private Offering
9/26/2023	New Issuance	962,027	Common	\$.14	No	Reinhold Hotlkamp	Settlement Agreement Payment	Restricted	Private Offering
10/5/2023	New Issuance	1,300,000	Common	\$.08	No	Mast Hill Fund LP, Patrick Hissani, Chief Invest Off	Conversion of Note	Restricted	Private Offering
12/14/2023	New Issuance	50,000	Common	\$0	Yes	Spartan Capital Securities, LLC, Jason Diamond Mgr Dir	Investment Banking Services	Restricted	Private Offering
12/14/2023	New Issuance	9,167	Common	\$4.00	No	Viobin LLC, William Streeter, Member	Settlement Agreement Payment	Restricted	Private offering
12/14/2023	New Issuance	83,025	Common	\$.27	No	Clear Think Capital Partners, LLC, Jeffrey Hart, Mgr	Incentive Shares	Restricted	Private Offering
12/14/2023	New Issuance	100,000	Common	\$0	Yes	Clear Think Capital Partners, LLC, Jeffrey Hart, Mgr	Incentive Shares	Restricted	Private Offering
12/14/2023	New Issuance	50,000	Common	\$0	Yes	Spartan Capital Securities, LLC, Jason Diamond Mgr Dir	Investment Banking Services	Restricted	Private Offering

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.
12/14/2023	New Issuance	50,000	Common	\$0	Yes	Spartan Capital Securities, LLC, Jason Diamond Mgr Dir	Investment Banking Services	Restricted	Private Offering
12/15/2023	New Issuance	1,000,000	Common	\$.08	No	Clear Think Capital Partners, LLC, Jeffrey Hart, Mgr	Conversion of Note	Restricted	Private Offering
12/15/2023	New Issuance	1,364,154	Common	\$.13	No	168 Capital, Inc. Alex Kozlovski, Director	Settlement Agreement Paymentt	Restricted	Private Offering
12/26/2023	New Issuance	1,000,000	Common	\$.08	No	Mast Hill Fund LP, Patrick Hissani, Chief Invest Off	Conversion of Note	Restricted	Private Offering
12/29/2023	New Issuance	500,000	Common	\$0	Yes	Clear Think Capital Partners, LLC, Jeffrey Hart, Mgr	Incentive Shares	Restricted	Private Offering
12/29/2023	New Issuance	1,000,000	Common	\$.12	No	Accutus, LLC, Steven Medina, Mgr	Consulting Services	Restricted	Private Offering
12/26/2023	New Issuance	464,409	Common	\$.13	No	Arin LLC, Dennis ringer, Mgr	Interest payment	Restricted	Private Offering
12/26/2023	New Issuance	962,027	Common	\$.14	No	Reinhold Holdkamp Jr.	Debt Repayment/ Settlement	Restricted	Private Offering
2/1/2024	New Issuance	260,000	Common	\$.08	No	Mast Hill Fund LP, Patrick Hissani, Chief Invest Off	Conversion of Note	Restricted	Private Offering

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.
2/5/2024	New Issuance	1,600,000	Common	\$.08	No	Clear Think Capital Partners, LLC, Jeffrey Hart, Mgr	Conversion of Note	Restricted	Private Offering
2/12/2024	New Issuance	260,000	Common	\$.08	No	Mast Hill Fund LP, Patrick Hissani, Chief Invest Officer	Conversion of Note	Restricted	Private Offering
2/15/2024	New Issuance	2,500,000	Common	\$.08	No	Clear Think Capital Partners, LLC, Jeffrey Hart, Mgr	Conversion of Note	Restricted	Private Offering
2/21/2024	New Issuance	594,056	Common	\$.08	No	Mast Hill Fund LP, Patrick Hissani, Chief Invest Off	Conversion of Note	Unrestricted	Private Offering
3/1/2024	New Issuance	2,700,000	Common	\$.08	No	Clear Think Capital Partners, LLC, Jeffrey Hart, Mgr	Conversion of Note	Restricted	Private Offering
3/14/2024	New Issuance	1,101,331	Common	\$.13	No	Ray Vollentine	Conversion of Note	Restricted	Private Offering
3/7/2024	New Issuance	1,000,000	Common	\$.08	No	Walleye Special Opportunities Fund, William England, CEO of Mgr	Conversion of Note	Restricted	Private Offering
3/13/2024	New Issuance	2,030,000	Common	\$.08	No	Blue Lake Partners LLC, Craig	Conversion of Note s	Restricted	Private Offering

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.
						Kesselman, Member			
4/2/2024	New Issuance	1,749,699	Common	\$.12	No	17171 Co Rd. 21, LLC, Rocky Finocchiaro, Member	Lease Deposit Shares	Restricted	Private offering
4/2/2024	New Issuance	1,749,699	Common	\$.12	No	12555 Energy Rd, LLC, Rocky Finocchiaro, Mgr	Lease Deposit	Restricted	Private Offering
4/2/2024	New Issuance	1,000,000	Common	\$0	Yes	Clear Think Capital Partners, LLC, Jeffrey Hart, Mgr	Incentive Shares	Restricted	Private Offering
4/19/2024	New Issuance	3,000,000	Common	\$.08	No	Clear Think Capital Partners, LLC, Jeffrey Hart, Mgr	Conversion of Note	Restricted	Private Offering
5/3/2024	New Issuance	2,250,000	Common	\$.10	No	Tysadco Partners LLC, Jeffrey Hart, Mgr	IR Services	Restricted	Private Offering
5/22/2024	New Issuance	2,000,000	Common	\$0	Yes	Clear Think Capital Partners, LLC, Jeffrey Hart, Mgr	Incentive Shares	Restricted	Private Offering
5/22/2024	New Issuance	500,000	Common	\$0	Yes	Clear Think Capital Partners, LLC, Jeffrey Hart, Mgr	Incentive Shares	Restricted	Private Offering
5/22/2024	New Issuance	4,825,000	Common	\$1.50	No	One Bad Moon Rising LLC, J.	Settlement Agreement Payment	Restricted	Private Offering

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.
						Patrick Barry CIO			
7/23/2024	New Issuance	1,750,000	Common	\$.08	No	Clear Think Capital Partners, LLC, Jeffrey Hart, Mgr	Conversion of Note	Restricted	Private Offering
8/30/2024	New Issuance	3,000,000	Common	\$.15	No	Tysadco Partners LLC, Jeffrey Hart, Mgr	IR Services	Restricted	Private Offering
8/30/2024	New Issuance	3,500,000	Common	\$.15	No	Magna Global Ventures LLC, Tom Gallo, Mgr	Consulting Services	Restricted	Private Offering
10/7/2024	New Issuance	1,080,081	Common	\$.08	No	Clear Think Capital Partners, LLC, Jeffrey Hart, Mgr	Conversion of Note	Restricted	Private Offering
11/1/2024	New Issuance	1,080,081	Common	\$.08	No	Clear Think Capital Partners, LLC, Jeffrey Hart, Mgr	Conversion of Note	Restricted	144 Exemption
10/24/2024	New Issuance	2,750,123	Common	\$.13	No	Pasquale Ferro	Settlement Agreement Payment	Restricted	Private Offering
10/24/2024	New Issuance	846,154	Common	\$.13	No	Magna Global Ventures LLC, Tom Gallo, Mgr	Consulting Services	Restricted	Private Offering
10/24/2024	New Issuance	1,006,400	Common	\$.13	No	Bruce Evans	Settlement Agreement payment	Restricted	Private Offering
11/21/2024	New Issuance	1,062,088	Common	\$.13	No	Arin LLC, Dennis Ringer, Mgr	Settlement Agreement Payment	Restricted	Private Offering

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.
Shares Outstanding on Date of This Report:  Date <u>12/31/2024</u> Common Stock: 77,984,157 Series A Preferred: 15 Series C Preferred: 1,097 Series D Preferred: 4,000									

**Example:** A company with a fiscal year end of December 31<sup>st</sup> 2024, in addressing this item for its Annual Report, would include any events that resulted in changes to any class of its outstanding shares from the period beginning on January 1, 2023 through December 31, 2024 pursuant to the tabular format above.

Any additional material details, including footnotes to the table are below:

Not applicable

**B. Convertible Debt**

The following is a complete list of the Company's Convertible Debt which includes all promissory notes, convertible notes, convertible debentures, or any other debt instruments convertible into a class of the issuer's equity securities. The table includes all issued or outstanding convertible debt at any time during the last complete fiscal year and any interim period between the last fiscal year end and the date of this Certification.

Check this box to confirm the Company had no Convertible Debt issued or outstanding at any point during this period.

Date of Note Issuance	Principal Amount at Issuance (\$)	Outstanding Balance (\$)  (include accrued interest)	Maturity Date	Conversion Terms (e.g., pricing mechanism for determining conversion of instrument to shares)	# Shares Converted to Date	# of Potential Shares to be Issued Upon Conversion <sup>5</sup>	Name of Noteholder (entities must have individual with voting / investment control disclosed).	Reason for Issuance (e.g., Loan, Services, etc.)
8-29-2022	\$385,000	\$118,129	8-28-2022	80% VWAP on Uplisting or Market	2,895,000	7,383,062	Walleye Special Opportunity Fund, William England CEO of Manager	Loan
2-27-2023	\$1,823,529	\$2,227,004	11-27-2023	80% VWAP on Uplisting or Market	0	138,187,750	Walleye Special Opportunity Fund, William England CEO of Manager	Loan
5-16-2023	\$437,500	\$523,082	10-15-2023	80% VWAP on Uplisting or Market	0	32,692,625	Walleye Special Opportunity Fund, William England CEO of Manager	Loan
8-3-2023	\$100,000	\$116,964	8-3-2024	80% VWAP on Uplisting or Market	0	1,060,250	Walleye Special Opportunity Fund, William England CEO of Manager	Loan
8-3-2023	\$250,000	\$292,410	8-3-2024	80% VWAP on Uplisting or Market	0	18,275,625	Walleye Special Opportunity Fund, William England CEO of Manager	Loan
10-27-2023	\$156,250	\$178,390	10-27-2024	80% VWAP on Uplisting or Market	0	11,149,375	Walleye Special Opportunity Fund, William England CEO of Manager	Loan
12-20-2020	\$2,675,239	\$3,562,947	1-31-2022	Market Price	394,304	222,684,187	Arena Special Opportunities Partners I LP, Lawrence Cutler, Authorized Signature	Loan

<sup>5</sup> The total number of shares that can be issued upon full conversion of the Outstanding Balance. The number should not factor any "blockers" or limitations on the percentage of outstanding shares that can be owned by the Noteholder at a particular time. For purposes of this calculation, please use the current market pricing (e.g. most recent closing price, bid, etc.) of the security if conversion is based on a variable market rate.

Date of Note Issuance	Principal Amount at Issuance (\$)	Outstanding Balance (\$) (include accrued interest)	Maturity Date	Conversion Terms (e.g., pricing mechanism for determining conversion of instrument to shares)	# Shares Converted to Date	# of Potential Shares to be Issued Upon Conversion <sup>5</sup>	Name of Noteholder (entities must have individual with voting / investment control disclosed).	Reason for Issuance (e.g., Loan, Services, etc.)
12-20-2020	\$102,539	\$130,250	1-31-2022	Market Price	15,113	8,140,625	Arena Special Opportunities Partners Fund LP, Lawrence Cutler, Authorized Signature	Loan
1-31-2022	\$1,193,135	\$1,449,034	12-31-2022	Market Price	14,464	90,564,625	Arena Special Opportunities Partners I LP, Lawrence Cutler, Authorized Signature	Loan
1-31-2022	\$306,865	\$373,650	12-31-2022	Market Price	555	23,353,125	Arena Special Opportunities Partners Fund LP, Lawrence Cutler, Authorized Signature	Loan
3-22-2022	\$250,000	\$3,473	9-1-2023	Market Price	3,009,000	217,062	Blue Lake Partners LLC, Craig Kesselman, Mgr	Loan
Various Dates	\$809,887	\$555,228	Various Combined and restructured	Market Price	16,296,623	34,701,750	Clear Think Capital Partners, LLC, Jeffrey Hart, Manager	Loans
<b>Total Outstanding Balance:</b>		\$9,530,561		<b>Total Shares:</b>	22,625,059	589,410,061		

Any additional material details, including footnotes to the table are below:

<sup>5</sup> The total number of shares that can be issued upon full conversion of the Outstanding Balance. The number should not factor any "blockers" or limitations on the percentage of outstanding shares that can be owned by the Noteholder at a particular time. For purposes of this calculation, please use the current market pricing (e.g. most recent closing price, bid, etc.) of the security if conversion is based on a variable market rate.

Not applicable

#### 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](http://www.OTCMarkets.com).

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

In February 2024, the Issuer's 67% owned subsidiary, Nascent Pharma, LLC ("Nascent"), acquired patents covering liquid formulations of cannabis. The patents relate to the extraction of pharmaceutically active components from plant materials, and more particularly to the preparation of a botanical drug substance for incorporation into a medicament and for use in pharmaceutical formulations, in particular comprising cannabinoids obtained from cannabis.

The patents include both a composition of matter patent and a method of use patent. The composition of matter patent covers liquid formulations of cannabis where the present cannabinoids are more than 95% CBD, THC, CBN, CBDa, THCa, or several combinations thereof. This patent covers beverages, tinctures, vape pen liquids and liquid filled capsules. This constitutes a considerable portion of the hemp and cannabis industry, potentially up to 50%.

Patented uses include using the liquid formulations to alleviate numerous debilitating conditions, including cancer, irritable bowel syndrome, chronic pain, post-traumatic stress disorder, anxiety, sleep disorders and opioid dependencies.

An independent valuation firm valued the patents at \$122,000,000 in 2020, after taking into account the present value of projected income streams, applying a 90% discount and assuming a revenue stream through August 2034. The valuation of the patents included only CBD claims and only in the U.S. No assurance can be given that the patents will ultimately provide a revenue stream to the Issuer or that the value of the patents will equal the value determined by the independent valuation firm. Since the date of the valuation, the patents have become effective in Canada, Australia, New Zealand, Israel and Brazil and have received additional divisional patents in the U.S. The priority date for the patents stems back to October 2013 and the patents have pending status in the European Union, India, China, Eurasia, South Korea, Mexico, Japan, and Colombia.

Of significance, the patents survived an earlier invalidity challenge in Federal Court.

Through Nascent, the Issuer plans to pursue opportunities to enforce its patent rights and license and develop uses for the patents.

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

Nascent Pharma, LLC, a Nevada limited liability company, is a 67% owned subsidiary of the issuer.

Nascent Pharma Holdings, Inc., a Florida company, is the parent of the issuer.

C. Describe the issuers' principal products or services.

The Company's principal business focus is on enforcing and commercializing the patents held by Nascent.

#### 5) Issuer's Facilities

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

In responding to this item, please clearly describe the assets, properties or facilities of the issuer. Describe the location of office space, data centers, principal plants, and other property of the issuer and describe the condition of the properties. Specify if the assets, properties, or facilities are owned or leased and the terms of their leases. If the issuer does not have complete ownership or control of the property, describe the limitations on the ownership.

The Company leases office space in a commercial building in Hicksville, New York. Monthly rent is \$\_\_\_\_\_.

## 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.

The goal of this section is to provide investors with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant or beneficial owners.

Individual Name (First, Last) or Entity Name (Include names of control person(s) if a corporate entity)	Position/Company Affiliation (ex: CEO, 5% Control person)	City and State (Include Country if outside U.S.)	Number of Shares Owned (List common, preferred, warrants and options separately)	Class of Shares Owned	Percentage of Class of Shares Owned (undiluted)
Marco Alfonsi	President, Chief Executive Officer, Director and Owner of more than 5% of Common Stock and Series C and Series D Preferred Stock	Hicksville, NY	2,571,289 Common 300 Series C 1,250 Series D	Common Series C Series D	Common – 3.33% Series C - 27.3% Series D – 31.3%
Stanley Teeple	CFC, Officer, Secretary and Director, and Owner of more than 5% of Series C Preferred and Series D Preferred Stock	Henderson, NV	2,757,138 300 Series C 1,250 Series D 2,778,526 Options	Common Series C Series D	Common – 3.54% Series C - 27.3% Series D – 31.3%
Frederick A. Boyer	Director and Treasurer	Carollton, TX	8,000 Common 1,000,667 Options	Common Stock	Less than 1%
One Bad Moon Rising, LLC	5% Shareholder	New York, NY	5,600,000 Common		Common – 7.18%

Confirm that the information in this table matches your public company profile on [www.OTCMarkets.com](http://www.OTCMarkets.com). If any updates are needed to your public company profile, log in to [www.OTCIQ.com](http://www.OTCIQ.com) to update your company profile.

## 7) Legal/Disciplinary History

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

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

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.

On December 1, 2023, the Issuer, received a notice from Arena Special Opportunities Partners I, LP, Arena Special Opportunities Fund, LP and Arena Investors, LP (collectively, the "Arena Entities" or "Arena") advising that by virtue of defaults in the performance of the obligations of the Issuer and its subsidiaries to the Arena Entities, the Arena Entities intended to conduct a public auction of certain assets of the Issuer and its subsidiaries under Article 9 of the Uniform Commercial Code.

The Arena Entities collectively hold approximately \$3,838,770 aggregate principal amount of Convertible Notes (the "Arena Notes") issued by the Issuer. The Arena Entities previously notified the Issuer and its subsidiaries that they

were in default of certain obligations under the Forbearance Agreement dated February 27, 2023 among the Issuer, its subsidiaries and the Arena Entities pursuant to which the Arena Entities agreed to forbear from exercising remedies under the Arena Notes until December 31, 2024 provided that no defaults occurred under the Arena Notes or the Forbearance Agreement. The alleged defaults include a failure to deliver account control agreements, failure to enter into a servicing agreement, failure to timely make certain payments and the unauthorized use and misuse of receivable assigned to the Arena Entities.

On February 27, 2024, the Supreme Court, County of New York (the "Court"), denied a motion made by the Issuer seeking a temporary restraining order and preliminary injunction to halt the proposed sale. As a result of the decision, the Arena Entities proceeded with its proposed auction of the Issuer's hemp division assets and the auction took place on March 14, 2024. Approximately \$300,000 of proceeds were generated by the sale.

On April 7, 2024, Arena filed a complaint in the Court against the Issuer, its subsidiaries and certain officers of the Issuer and its subsidiaries alleging tortious interference with the auction and seeking a declaratory judgment that the Issuer is in breach of the Arena Notes and the Forbearance Agreement and that Arena has the right to auction certain equipment held at an Issuer facility that is not owned by the Issuer or any of its subsidiaries. Arena also alleges that it was induced by fraud to forbear from enforcing its rights to collect the outstanding loans owed by the Company and filed a motion to enjoin the Company from interfering with the auction. On October 25, 2024, the court held argument on Arena's motion and stated on the record that it was inclined to grant Arena some form of preliminary injunctive relief. The court has not issued any such order. The Company believes that Arena's claims are without merit and intends to vigorously defend Arena's claims.

## 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](http://www.OTCMarkets.com). If any updates are needed to your public company profile, update your company profile.

### Securities Counsel

Name:	Philip D. Forlenza
Firm:	Giordano, Halleran & Ciesla, P.C.
Address 1:	125 Half Mile Road, Suite 300
Address 2:	Red Bank, New Jersey
Phone:	(732) 741-3900
Email:	pforlenza@ghclaw.com

Accountant or Auditor

Name: Christopher Towers  
Firm: MMS Ventures, LLC  
Address 1: 320 Ocean Avenue  
Address 2: Massapequa, NY 11758  
Phone:  
Email:

Investor Relations

Name: Jeffrey Hart  
Firm: Tydasco Partners, LLC  
Address 1: 210 W. 77<sup>th</sup> Street #7W  
Address 2: New York, NY 10024  
Phone: \_\_\_\_\_  
Email: \_\_\_\_\_

*All other means of Investor Communication:*

X (Twitter): \_\_\_\_\_  
Discord: \_\_\_\_\_  
LinkedIn: \_\_\_\_\_  
Facebook: \_\_\_\_\_  
[Other ]: \_\_\_\_\_

Other Service Providers

Provide the name of any other service provider(s) that **that assisted, advised, prepared, or provided information with respect to this disclosure statement**. This includes counsel, broker-dealer(s), advisor(s), consultant(s) or any entity/individual that provided assistance or services to the issuer during the reporting period.

Name: \_\_\_\_\_  
Firm: \_\_\_\_\_  
Nature of Services: \_\_\_\_\_  
Address 1: \_\_\_\_\_  
Address 2: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Email: \_\_\_\_\_

**9) Disclosure & Financial Information**

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

Name: Stanley Teeple  
Title: Chief Financial Officer, Secretary and Director  
Relationship to Issuer: Chief Financial Officer, Secretary and Director

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

- IFRS  
 U.S. GAAP

C. The following financial statements were prepared by (name of individual):

Name: Christopher Tower  
Title: Consultant  
Relationship to Issuer: Consultant

Describe the qualifications of the person or persons who prepared the financial statements:<sup>6</sup> CPA and owner of MMS Ventures, LLC, a consulting firm that provides account services with extensive experience in preparing consolidated financial statements of issuer and other entities

Provide the following qualifying financial statements:

- Audit letter, if audited;
- Balance Sheet;
- Statement of Income;
- Statement of Cash Flows;
- Statement of Retained Earnings (Statement of Changes in Stockholders' Equity)
- Financial Notes

**Financial Statement Requirements:**

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

## 10) Issuer Certification

*Principal Executive Officer:*

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

The certifications shall follow the format below:

I, Marco Alfonsi certify that:

1. I have reviewed this Disclosure Statement for Can B 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

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<sup>6</sup> The financial statements requested pursuant to this item must be prepared in accordance with US GAAP or IFRS and by persons with sufficient financial skills.

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 16, 2025 [Date]

/s/ Marco Alfonsi [CEO's Signature]

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

*Principal Financial Officer:*

I, Stanley Teeple certify that:

1. I have reviewed this Disclosure Statement for Can B 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 16, 2025 [Date]

/s/ Stanley Teeple [CFO's Signature]

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

## Can B Corp. and Subsidiaries

### Index to Financial Statements

Consolidated Financial Statements

[Consolidated Balance Sheets](#)

F-3

[Consolidated Statements of Operations](#)

F-4

[Consolidated Statements of Stockholders' Equity](#)

F-5

[Consolidated Statements of Cash Flows](#)

F-6

[Notes to Consolidated Financial Statements.](#)

F-7

F-1

**Can B Corp. and Subsidiaries**  
**Consolidated Balance Sheets**  
(Unaudited)

**December 31, 2024**

**December 31, 2023**

<b>Assets</b>	<b>December 31, 2024</b>	<b>December 31, 2023</b>
<b>Current assets:</b>		
Cash and cash equivalents	\$ 5,959	\$ 24,089
Inventory	-	-
Current assets, discontinued operations	280,442	728,515
<b>Total current assets</b>	<b>286,401</b>	<b>752,604</b>
<b>Other assets:</b>		
Deposits	-	231,318
Intangible assets, net	-	95,144
Property and equipment, net	-	3,456,718
Right of use assets, net	-	295,151
Other noncurrent assets	13,139	13,139
Other noncurrent assets, discontinued operations	-	649,565
<b>Total other assets</b>	<b>13,139</b>	<b>4,741,035</b>
<b>Total assets</b>	<b>\$ 299,540</b>	<b>\$ 5,493,639</b>

**Liabilities and Stockholders' Equity**

<b>Current liabilities:</b>		
Accounts payable	\$ 3,994,266	\$ 1,934,516
Revenue share payable	130,000	-
Due to related party	103,334	357,243
Notes and loans payable, net	8,200,464	9,659,871
Operating lease liability - current	-	254,391
Other current liabilities, discontinued operations	595,472	565,105
<b>Total current liabilities</b>	<b>13,023,536</b>	<b>12,772,892</b>

<b>Total liabilities</b>	\$	13,023,536	\$	12,772,892
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### Commitments and contingencies (Note 14)

#### Stockholders' equity:

Preferred stock, authorized 5,000,000 shares:

Series A Preferred stock, no par value: 20 shares authorized, 5 shares and 20 shares issued and outstanding at December 31, 2023 and 2022, respectively	5,320,000	5,320,000
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Series B Preferred stock, \$0.001 par value: 500,000 shares authorized, 0 issued and outstanding	-	-
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Series C Preferred stock, \$0.001 par value: 2,000 shares authorized, 1,100 and 23 issued and outstanding at December 31, 2023 and 2022, respectfully	2,900,039	2,900,039
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Series D Preferred stock, \$0.001 par value: 4,000 shares authorized, 4,000 and 1,950 issued and outstanding at December 31, 2023 and 2022, respectfully	4	4
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Common stock, no par value; 1,500,000,000 shares authorized, 77,984,157 and 4,422,584 issued and outstanding at December 31, 2024 and 2023, respectively	85,715,520	82,120,323
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Common stock issuable, no par value; 36,248 and 0 shares at December 31, 2023 and 2022, respectively	119,586	119,586
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Treasury stock	(572,678)	(572,678)
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Additional paid-in capital	11,559,910	10,396,174
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Accumulated deficit	(117,766,377)	(107,562,701)
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<b>Total stockholders' equity</b>	<b>(12,723,996)</b>	<b>(7,279,253)</b>
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<b>Total liabilities and stockholders' equity</b>	<b>\$</b>	<b>299,540</b>	<b>\$</b>	<b>5,493,639</b>
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See notes to consolidated financial statements

**Can B Corp. and Subsidiaries**  
**Consolidated Statement of Operations**  
(Unaudited)

	Year Ended December 31,	
	2024	2023
<b>Revenues</b>		
Product sales	\$ -	\$ 15,724
Service revenue	-	-
<b>Total revenues</b>	-	15,724
Cost of revenues	742,316	1,665,155
<b>Gross profit</b>	(742,316)	(1,649,431)
<b>Operating Expenses</b>		
Compensation	2,635,635	2,382,352
Consulting and professional fees	694,836	1,526,758
Selling, general, and administrative	780,982	498,072
Loss on sale of assets	3,142,769	-
<b>Total operating expenses</b>	7,254,222	4,407,182
<b>Loss from operations</b>	(7,996,538)	(6,056,613)
<b>Other (expense) income:</b>		
Change in fair value of warrant liability	1,766	201,277
Interest expense	(1,778,152)	(2,953,259)
Other income/(expense)	(3,514)	68,108
<b>Other expense</b>	(1,779,900)	(2,683,874)
<b>Loss before provision for income taxes</b>	(9,776,438)	(8,740,487)
Provision for income taxes	-	9,596

<b>Net loss from continuing operations</b>	\$	(9,776,438)	\$	(8,750,083)
<b>Net loss from discontinued operations</b>	\$	(427,238)	\$	(6,121,782)
<b>Net loss</b>	\$	(10,203,676)	\$	(14,871,865)
<b>Loss per share from continuing operations - basic and diluted</b>	\$	(0.17)	\$	(0.69)
<b>Loss per share from discontinued operations - basic and diluted</b>	\$	(0.01)	\$	(0.49)
<b>Loss per share</b>		(0.18)		(1.18)
<b>Weighted average shares outstanding - basic and diluted</b>		58,370,068		12,590,147

See notes to consolidated financial statements

F-4

**Can B Corp. and Subsidiaries**  
**Consolidated Statements of Stockholders' Equity**  
(Unaudited)

Years ended December 31, 2024 and 2023

	Series A Preferred Stock		Series B Preferred Stock		Series C Preferred Stock		Series D Preferred Stock		Common Stock	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount
<b>Balance, December 31, 2022</b>	5	\$ 5,320,000	0	\$ -	1,100	\$ 2,900,039	4,000	\$ 4	4,422,584	\$ 79,6
Issuance of common stock for legal settlement	-	-	-	-	-	-	-	-	1,419,156	1
Issuance of common stock in lieu of note interest repayments	-	-	-	-	-	-	-	-	3,224,474	3
Issuance of common stock for services rendered	-	-	-	-	-	-	-	-	3,965,385	9
Issuance of common stock for equipment	-	-	-	-	-	-	-	-	125,000	
Issuance of common stock for purchase of inventory	-	-	-	-	-	-	-	-	675,000	1
Issuance of common stock for accrued payroll	-	-	-	-	-	-	-	-	6,940,118	5
Issuance of common stock in lieu of note repayments	-	-	-	-	-	-	-	-	11,981,479	1
Stock-based compensation	-	-	-	-	-	-	-	-	-	
Net loss	-	-	-	-	-	-	-	-	-	-
<b>Balance, December 31, 2023</b>	5	\$ 5,320,000	0	\$ -	1,100	\$ 2,900,039	4,000	\$ 4	32,753,196	\$ 82,120,323 \$ 11

Issuance of common stock in connection with note extension	-	-	-	-	-	-	-	-	3,000,000	3,000							
Issuance of common stock for payables	-	-	-	-	-	-	-	-	13,134,014	752,328							
Issuance of common stock in lieu of interest payments	-	-	-	-	-	-	-	-	4,286,549	168,192							
Issuance of common stock for contract settlement	-	-	-	-	-	-	-	-	4,825,000	579,000							
Issuance of common stock in lieu of note repayments	-	-	-	-	-	-	-	-	19,949,153	2,092,681							
Stock-based compensation	-	-	-	-	-	-	-	-	-	-							
Net loss	-	-	-	-	-	-	-	-	-	-							
<b>Balance, December 31, 2024</b>	5	\$	5,320,000	-	\$	-	1,100	\$	2,900,039	4,000	\$	4	77,947,912	\$	85,715,524	\$	11

See notes to consolidated financial statements

F-5

**Can B Corp. and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
(Unaudited)

Year Ended December 31,

	2024	2023
<b>Operating activities:</b>		
Net loss	\$ (10,203,676)	\$ (14,871,865)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation	1,163,736	1,451,665
Common stock in lieu of cash payroll	-	589,216
Depreciation	343,607	1,387,949
Amortization of intangible assets	-	12,000
Amortization of original-issue-discounts	537,178	1,417,583
Bad debt expense	(816,045)	5,096,322
Impairment of intangible assets	-	-
Contract settlement	579,000	-
Loss on sale of property and equipment	3,142,769	-
Cancellation of debt	-	(110,000)
Change in fair value of warrant liability	(1,766)	(201,277)
Stock-based interest expense	168,192	328,932
Stock-based consulting expense	-	993,794
Changes in operating assets and liabilities:		
Accounts receivable	1,264,118	1,764,814
Inventory	-	1,196,112
Prepaid expenses	-	21,024
Deposits	231,318	-
Operating lease right-of-use asset	40,760	5,847
Accounts payable	2,845,446	(400,628)
Accrued expenses	-	-
<b>Net cash used in operating activities</b>	<b>(221,630)</b>	<b>(1,318,512)</b>

**Investing activities:**

Purchase of property and equipment	-	(15,000)
Deposits paid	-	(65,531)
<b>Net cash used in investing activities</b>	-	<b>(80,531)</b>

#### Financing activities:

Net proceeds received from notes and loans payable	150,000	2,405,000
Advances from revenue share payable	130,000	-
Proceeds from sale of common stock	-	-
Repayments of notes and loans payable	(53,909)	(939,062)
Deferred financing costs	-	(178,000)
Amounts (paid) received from related parties, net	(253,909)	62,000
<b>Net cash provided by financing activities</b>	<b>(27,818)</b>	<b>1,349,938</b>

Decrease in cash and cash equivalents	(18,130)	(49,105)
Cash and cash equivalents, beginning of period	24,089	73,194
Cash and cash equivalents, end of period	<u>\$ 5,959</u>	<u>\$ 24,089</u>

#### Supplemental Cash Flow Information:

Income taxes paid	\$ -	\$ -
Interest paid	\$ -	\$ -

#### Non-cash Investing and Financing Activities:

Issuance of common stock in lieu of repayment of notes payable	\$ 2,092,677	\$ 185,521
Issuance of common stock in asset acquisitions	\$ -	\$ 175,000
Issuance of common stock for property and equipment	\$ -	\$ 46,875
Assets acquired through issuance of promissory note		\$
Debt discount associated with warrant liability	\$ -	\$ 273,529
Issuance of common stock resulting from the exercise of warrants	\$ -	\$ 8,641
Issuance of common stock warrants and commitment shares in connection with convertible promissory note	\$ -	\$ 937,687

See notes to consolidated financial statements

**Can B Corp. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2024 and 2023**

**Note 1 – Organization and Description of Business**

Can B Corp. was originally incorporated as WrapMail, Inc. (“WRAP”) in Florida on October 11, 2005. On May 15, 2017, WRAP changed its name to Canbiola, Inc. On January 16, 2020 Canbiola, Inc. changed its name to Can B Corp. (the “Company”, “we”, “us”, “our”, “CANB”, “Can B” or “Registrant”).

The Company acquired 100% of the membership interests in Pure Health Products, LLC, a New York limited liability company (“PHP” or “Pure Health Products”) effective December 28, 2018. The Company runs its manufacturing operations through PHP and holds and sells several of its brands through PHP as well. The Company’s durable equipment products, such as sam® units with and without CBD infused pads, are marketed and sold through its wholly-owned subsidiaries, Duramed Inc. (incorporated on November 29, 2018) and Duramed MI LLC (fka DuramedNJ, LLC) (incorporated on May 29, 2019) (collectively, “Duramed”). Duramed began operating on or about February 1, 2019. Most of the Company’s consumer products include hemp derived cannabidiol (“CBD”); however, the Company has just recently begun extracting cannabinol (“CBN”) and cannabigerol (“CBG”) for wholesale to third-parties looking to incorporate such compounds into their products through its wholly owned subsidiaries, Botanical Biotech, LLC (incorporated March 10, 2021), TN Botanicals, LLC and CO Botanicals LLC (both incorporated in August 2021). These three subsidiaries have also begun synthesizing Delta-8 and Delta-10 from hemp. Delta-8 and Delta-10 can produce similar, though less potent, effects as delta-9 (commonly referred to as THC); however, the legality of hemp derived Delta-8 and Delta-10 are in a gray area and considered a potential loophole at this point due to the 2018 hemp bill.

In February 2024, our 67% owned subsidiary, Nascent Pharma, LLC (“Nascent”), acquired composition of matter and use patents covering liquid formulations of cannabis, including, among other things, beverages, tinctures, vape pen liquids and liquid filled capsules. Patented uses include using the liquid formulations to alleviate numerous debilitating conditions, including cancer, irritable bowel syndrome, chronic pain, post-traumatic stress disorder, anxiety, sleep disorders and opioid dependencies. Through Nascent, we plan to pursue opportunities to license, protect and develop uses for the patents.

An independent valuation firm valued the patents at \$122,000,000 in 2020, after taking into account the present value of projected income streams, applying a 90% discount and assuming a revenue stream through August 2034. No assurance can be given that the patents will ultimately provide a revenue stream to the Company or that the value of the patents will equal the value determined by the independent valuation firm.

On March 14, 2024, an auction of the assets of our hemp division was conducted under Article 9 of the Uniform Commercial Code following allegations by certain affiliated creditors that we were in breach of our obligations under certain notes and a forbearance agreement. See “Item 3. Legal Proceedings.”

On October 25, 2024, Can B implemented a legal reorganization which resulted in Nascent Pharma Holdings, Inc. (“NPH”) owning all of the outstanding stock of Can B. Consequently, Can B became a direct, wholly owned subsidiary of NPH. Each share of each class of Can B stock issued and outstanding immediately prior to the legal reorganization automatically converted into an equivalent corresponding share of NPH stock, having the same designations, rights, powers and preferences and the qualifications, limitations and restrictions as the corresponding share of Can B stock being converted. As a result, Can B’s stockholders immediately prior to the consummation of the legal reorganization became stockholders of NPH.

***Discontinued Operations***

The Company was in the business of health and wellness through its development, manufacture and sale of products containing cannabinoids derived from hemp biomass and the licensing of durable medical devices. During 2024, the Company decided to exit the hemp and durable medical device licensing business to shift focus on the patents by Nascent described above.



## **Note 2 – Going Concern**

The consolidated financial statements have been prepared on a “going concern” basis, which contemplates the realization of assets and liquidation of liabilities in a normal course of business. As of December 31, 2024, the Company had cash and cash equivalents of \$5,959 and negative working capital of \$12,737,135. For the years ended December 31, 2024 and 2023, the Company had incurred losses of \$10,203,676 and \$14,871,865, respectively. These factors raise substantial doubt as to the Company’s ability to continue as a going concern.

The Company is currently funding its operations on a month-to-month basis through third party loans. In March 2024, certain equipment used in the operation of the Company’s hemp division was sold in an auction conducted under Article 9 of the Uniform Commercial Code. The auction resulted in proceeds of approximately \$300,000 which were applied to the Company’s obligations under convertible notes held by Arena Special Opportunities Partners I, L.P. and its affiliates. The Company’s Board of Directors concluded that as a result of the impact of the auction on the hemp division, it is no longer feasible to continue the Company’s hemp operations. As a result, the Company will no longer pursue the development, manufacture or sale of hemp derived products.

Historically, revenues from the Company’s hemp division supported, in part, its durable medical equipment business conducted through Duramed. Due to the elimination of support from the hemp division, Duramed is operating with reduced staff which has adversely impacted revenues.

The Company’s ability to continue its operations is dependent on the execution of management’s plans, which include protecting and commercializing the cannabis patents recently acquired by Nascent, raising litigation funding to support Nascent’s patent protection efforts, continuing to collect Duramed receivables, restructuring outstanding indebtedness and raising of capital through the debt and/or equity markets.

There can be no assurances that the Company will be successful in generating additional cash from equity or debt financings or other sources to be used for operations. Should the Company not be successful in obtaining the necessary financing to fund its operations, it would need to curtail certain or all operational activities and/or contemplate the sale of its assets, if necessary.

The consolidated financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern.

## **Note 3 – Basis of Presentation and Summary of Significant Accounting Policies**

### ***Basis of presentation***

The accompanying consolidated financial statements are presented in conformity with accounting principles generally accepted in the United States of America (“GAAP”).

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

The consolidated financial statements contained herein include the accounts of Can B Corp. and its wholly owned subsidiaries. All significant intercompany balances and transactions have been eliminated.

**Can B Corp. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2024 and 2023**

***Use of Estimates***

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of sales (or revenues) and expenses during the reporting period.

Making estimates requires management to exercise significant judgment. It is at least reasonably possible that estimates made as of the date of the financial statements could change in the near term due to one or more future events. Accordingly, the actual results could differ significantly from those estimates. Significant accounting estimates reflected in the Company's consolidated financial statements include, but are not limited to, revenue recognition, allowance for doubtful accounts, recognition and measurement of income tax assets, valuation of share-based compensation, and the valuation of net assets acquired.

***Discontinued Operations***

The Company records discontinued operations when the disposal of a separately identified business unit constitutes a strategic shift in the Company's operations, as defined in ASC Topic 205-20, Discontinued Operations ("ASC Topic 205-20"). A strategic shift typically includes the disposal of a major geographic area, a major line of business, or a significant equity investment.

When a business unit is classified as discontinued, the Company reports the results of operations, including any gain or loss on disposal, net of tax, separately from continuing operations in the consolidated statements of operations for both current and prior periods presented. Assets and liabilities associated with the discontinued operations are also presented separately in the consolidated balance sheets.

**Can B Corp. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2024 and 2023**

When an acquisition does not meet the definition of a business combination because either: (i) substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset, or group of similar identified assets, or (ii) the acquired entity does not have an input and a substantive process that together significantly contribute to the ability to create outputs, the company accounts for the acquisition as an asset acquisition. In an asset acquisition, goodwill is not recognized, but rather, any excess purchase consideration over the fair value of the net assets acquired is allocated on a relative fair value basis to the identifiable net assets as of the acquisition date and any direct acquisition-related transaction costs are capitalized as part of the purchase consideration.

***Revenue Recognition***

The Company recognizes revenue in accordance with the Financial Accounting Standards Board (“FASB”) ASC 606, Revenue from Contracts with Customers, which requires that five basic steps be followed to recognize revenue: (1) a legally enforceable contract that meets criterial standards as to composition and substance is identified; (2) performance obligations relating to provision of goods or services to the customer are identified; (3) the transaction price, with consideration given to any variable, noncash, or other relevant consideration, is determined; (4) the transaction price is allocated to the performance obligations; and (5) revenue is recognized when control of goods or services is transferred to the customer with consideration given, whether that control happens over time or not. Determination of criteria (3) and (4) are based on our management’s judgments regarding the fixed nature of the selling prices of the products and services delivered and the collectability of those amounts.

Private Label Customers are wholesale distributors of the Company’s product, under their own wholesale private label brand. The products are made to Company specifications and shipped directly to the wholesaler. The pricing is predicated upon a volume discount negotiated at the time of the placement of the orders. Product is produced and labeled in the Washington manufacturing facility and shipped directly to the Private Label customer who re-distributes to their retail and other customers. The products are fully paid when shipped.

Revenue from product sales is recognized when an order has been obtained, the price is fixed and determinable, the product is shipped, title has transferred, and collectability is reasonably assured.

The Company’s Duramed Division provides a sam® Pro 2.0 medical device to patients through a doctor program whereby the physician evaluates the patients’ needs for medical necessity, and if determined that the device use would be beneficial, writes a prescription for the patient who signs a rental form, for a 35-day cycle for the unit, that is submitted to Duramed who bills the appropriate insurance company. The insurance company pays the invoice, or a negotiated amount via arbitration, and that revenue is reported as revenue when invoiced to the insurance carrier. The collected amount is reconciled with the invoice amount on a daily basis.

Service revenue consists of hemp processing services provided by the Company to other hemp related entities. Services revenues are recorded when services are rendered.

Freight billed to customers is included within sales on the consolidated statement of operations. The related freight charged to the Company is included within cost of revenues. Sales tax collected from customers is remitted to governmental authorities on a net basis.

***Cost of Revenues***

The cost of revenues is the total cost incurred to obtain a sale, the cost of the goods sold, and costs related to the processing of hem for outside parties. The Company’s policy is to recognize it in the same manner as, and in conjunction with, revenue recognition. Cost of revenues primarily consist of the costs directly attributable to revenue recognized and includes expenses related to the production, packaging and labeling of our CBD products and durable medical goods.

**Can B Corp. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2024 and 2023**

***Cash, cash equivalents and restricted cash***

The Company considers all short-term investments with an original maturity of three months or less when purchased to be cash equivalents.

***Accounts receivables, net***

Trade receivables arise from granting credit to customers in the normal course of business, are unsecured and are presented net of an allowance for doubtful accounts. The allowance is based on a number of factors, including the length of time the receivable is past due, the Company's previous loss history, the customer's current ability to pay, and the general condition of the economy and industry as a whole. Depending on the customer, payment is due between 30 and 60 days after the customer receives an invoice. Certain receivables related to durable medical devices can have collection periods of 18 to 24 months due to the inherent nature of no-fault insurance claims. The Company has taken this into consideration when assessing receivables related to durable medical devices. Other accounts that are more than 45 days past due are individually analyzed for collectability. When all collection efforts have been exhausted, the accounts are written off. Historically, the Company has not suffered significant losses with respect to its trade receivables.

***Inventories***

Inventories, which consist of purchased components for resale, are valued at the lower of average cost (which approximates the first-in, first-out method) and net realizable value. The Company reduces the carrying value of inventory for those items that are potentially excess, obsolete or slow-moving based on changes in customer demand, technology developments or other economic factors.

***Long-lived assets***

Property and equipment are recorded at cost and presented net of accumulated depreciation. Major additions and betterments are capitalized while maintenance and repairs, which do not improve or extend the life of the respective assets, are expensed. Property and equipment are depreciated on the straight-line basis over their estimated useful lives.

Definite-lived intangible assets arising from asset acquisitions include intellectual property, patents, trademarks, and certain hemp processing registrations. Definite-lived intangible assets are amortized over the estimated period during which the asset is expected to contribute directly or indirectly to future cash flows.

The Company reviews its long-lived assets for impairment whenever events or circumstances exist that indicate the carrying amount of an asset or asset group may not be recoverable. The recoverability of long-lived assets is measured by a comparison of the carrying amount of the asset or asset group to the future undiscounted cash flows expected to be generated by that asset group. If the asset or asset group is considered to be impaired, an impairment loss would be recorded to adjust the carrying amounts to the estimated fair value. No such impairment was recorded during the periods covered by this report.

**Can B Corp. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2023 and 2022**

**Leases**

The Company determines if an arrangement is or contains a lease at contract inception. In arrangements that involve an identified asset, there is also judgment in evaluating if we have the right to direct the use of that asset.

The Company does not have any finance leases. Operating leases are recorded in our consolidated balance sheets. Right-of-use ("ROU") assets and lease liabilities are measured at the lease commencement date based on the present value of the remaining lease payments over the lease term, determined using the discount rate for the lease at the commencement date. Because the rate implicit in our leases is not readily determinable, we use our incremental borrowing rate as the discount rate, which approximates the interest rate at which we could borrow on a collateralized basis with similar terms and payments and in similar economic environments. As of December 31, 2024, our Hicksville, NY office lease was terminated and we are renting month-to-month until a new lease is signed. The Colorado operations, presently in two Fort Morgan, Colorado facilities, are being rented on a month to month basis for approximately \$14,500 per month. Operating lease expense is recognized on a straight-line basis over the lease term. We account for lease and non-lease components, principally common area maintenance for our facilities leases, as a single lease component.

In accordance with accounting requirements, leases with an initial term of 12 months or less are recorded on the balance sheet, with lease expense for these leases recognized on a straight-line basis over the lease term.

**Income taxes**

Income taxes are accounted for under the asset and liability method pursuant to ASC Topic 740, *Income Taxes* (ASC 740), whereby deferred tax assets and liabilities are recognized for the expected future consequences attributable to the differences between the financial statement carrying amounts and the tax basis of assets and liabilities. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in the period of the change. Further, deferred tax assets are recognized for the expected realization of available net operating loss and tax credit carryforwards. A valuation allowance is recorded on gross deferred tax assets when it is "more likely than not" that such asset will not be realized. When evaluating the realizability of deferred tax assets, all evidence, both positive and negative, is evaluated. Items considered in this analysis include the ability to carry back losses, the reversal of temporary differences, tax planning strategies, and expectations of future earnings. The Company reviews its deferred tax assets on a quarterly basis to determine if a valuation allowance is required based upon these factors. Changes in the Company's assessment of the need for a valuation allowance could give rise to a change in such allowance, potentially resulting in additional expense or benefit in the period of change.

The Company's income tax provision or benefit includes U.S. federal, state and local income taxes and is based on pre-tax income or loss. In determining the annual effective income tax rate, the Company analyzed various factors, including its annual earnings and taxing jurisdictions in which the earnings were generated, the impact of state and local income taxes, and its ability to use tax credits and net operating loss carryforwards.

**Can B Corp. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2023 and 2022**

Under ASC 740, the amount of tax benefit to be recognized is the amount of benefit that is “more likely than not” to be sustained upon examination. The Company analyzes its tax filing positions in all of the U.S. federal, state, local,

and foreign tax jurisdictions where it is required to file income tax returns, as well as for all open tax years in these jurisdictions. If, based on this analysis, the Company determines that uncertainties in tax positions exist, a liability is established in the consolidated financial statements. The Company recognizes accrued interest and penalties related to unrecognized tax positions in the provision for income taxes.

The Company’s income tax returns are subject to examination by federal and state authorities in accordance with prescribed statutes.

***Stock-based compensation***

The Company accounts for stock-based compensation in accordance with ASC 718, *Compensation—Stock Compensation* (“ASC 718”), by recognizing compensation expense based upon the estimated fair value of the awards on the date of grant. The Company determines the estimated grant-date fair value of restricted shares using the closing price on the date of the grant and the grant-date fair value of stock options using the Black-Scholes-Merton model. In order to calculate the fair value of the options, certain assumptions are made regarding the components of the model, including risk-free interest rate, volatility, expected dividend yield and expected option life. Changes to the assumptions could cause significant adjustments to the valuation. The Company recognizes compensation costs ratably over the period of service using the straight-line method.

***Net loss per common share***

Pursuant to ASC Topic 260, *Earnings Per Share*, basic net loss per common share is computed by dividing net loss by the weighted average number of common shares outstanding during the reporting periods, including vested but undelivered stock options.

Diluted net loss per share is based on the weighted average number of shares outstanding during the periods plus the effect, if any, of the potential exercise or conversion of securities, such as warrants and restricted stock units that would cause the issuance of additional shares of common stock. In computing the basic and diluted net loss per share applicable to common stockholders during the periods listed in the consolidated statements of operations, the weighted average number of shares are the same for both basic and diluted net loss per share due to the fact that when a net loss exists, dilutive shares are not included in the calculation as the impact is anti-dilutive. An anti-dilutive impact is an increase in earnings per share or a decrease in net loss per share that would result from the conversion, exercise, or issuance of certain contingent securities.

***Concentration of business and credit risk***

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist primarily of cash and cash equivalents and accounts receivable. Cash held by the Company, in financial institutions, may exceed the federally insured limit of \$250,000 at certain times. There were no cash and cash equivalents which exceeded federally insured limits as of December 31, 2023 or 2022.

No customer accounted for more than 10% of sales or accounts receivable in each of the periods presented in the accompanying consolidated financial statements.

***Fair value of financial instruments***

Fair value is the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Company considers the principal or most advantageous

market in which it would transact, and it considers assumptions that market participants would use when pricing the asset or liability.

F-12

**Can B Corp. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2023 and 2022**

ASC Topic 820, *Fair Value Measurements and Disclosures* provides a fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The level in the hierarchy within which the fair value measurement in its entirety falls is based upon the lowest level of input that is significant to the fair value measurement as follows:

- Level 1 — inputs are based upon unadjusted quoted prices for identical assets or liabilities traded in active markets.
- Level 2 — inputs are based upon quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 — inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques.

Assets measured at fair value on a non-recurring basis include goodwill, and tangible and intangible assets. Such assets are reviewed annually for impairment indicators. If a triggering event has occurred, the assets are re-measured when the estimated fair value of the corresponding asset group is less than the carrying value. The fair value measurements, in such instances, are based on significant unobservable inputs (Level 3).

The carrying amounts of the Company's financial instruments, which include accounts receivables, accounts payable and accrued expenses and debt at floating interest rates, approximate their fair values, principally due to their short-term nature, maturities or nature of interest rates.

***Advertising and vendor considerations***

Advertising costs are expensed as incurred.

***Reclassifications***

Certain prior period amounts have been reclassified to conform to the current period presentation.

***Segment reporting***

The Company operates as a single operating segment. The Chief Executive Officer, who is the chief operating decision maker, manages the Company as a single profit center in order to promote collaboration, provide comprehensive service offerings across the entire customer base, and provide incentives to employees based on the success of the organization as a whole. Although certain information regarding selected products or services is discussed for purposes of promoting an understanding of the Company's business, the chief operating decision maker manages the Company and allocates resources at the consolidated level.

***Recently Adopted Accounting Pronouncements***

The Financial Accounting Standards Board ("FASB") issued the following accounting pronouncement which became effective for the Company in 2021, and which did not have a material impact on its condensed consolidated financial statements:

**Can B Corp. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2024 and 2023**

In May 2021, the FASB issued ASU No. 2021-04, *Issuer's Accounting for Certain Modifications or Exchanges of Freestanding Equity-Classified Written Call Options* ("ASU No. 2021-04"), which provides guidance for a modification or an exchange of a freestanding equity-classified written call option that is not within the scope of another Topic. Under ASU 2021-04, an entity is required to treat a modification of the terms or conditions or an exchange of a freestanding equity-classified written call option, that remains equity classified, as an exchange of the original instrument for a new instrument. ASU 2021-04 also provides guidance on the measurement of the effect of a modification or exchange and requires entities to recognize the effect of any such modification or exchange on the basis of the substance of the transaction.

ASU No. 2021-04 was effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. Entities were required to apply the amendments prospectively to modifications or exchanges that occurred on or after the effective date. ASU No. 2021-04 was effective for the Company on January 1, 2022. The adoption did not materially impact the Company's financial condition or results as the Company's treatment of such modifications were already consistent with the guidance in ASU 2021-04.

**Recently issued accounting standards**

The Company does not believe other recently issued but not yet effective accounting standards, if currently adopted, would have a material effect on the Company's consolidated balance sheets, statements of changes in equity, statements of operations and statements of cash flows.

**Note 4 – Discontinued Operations**

During the year ended December 31, 2024, the Company decided to exit the hemp business and shifted its business focus to commercializing and enforcing the patents recently acquired by Nascent Pharma, LLC ("Nascent").

The following table presents the assets and liabilities classified as Discontinued Operations:

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ -	\$ 9,917
Accounts receivable, net of allowance for doubtful accounts	280,442	295,168
Inventory	-	423,430
<b>Total current assets</b>	<b>280,442</b>	<b>728,515</b>
Other assets:		
Property and equipment, net	-	649,565
<b>Total assets</b>	<b>\$ 280,442</b>	<b>\$ 1,378,080</b>

**Liabilities**

Current liabilities:

Accounts payable	\$	595,472	\$	565,105
<b>Total liabilities</b>	\$	595,472	\$	565,105

The following table presents the results of operations for the years ended December 31, 2024, and 2023, classified as Discontinued Operations:

		<b>December 31, 2024</b>		<b>December 31, 2023</b>
<b>Revenues</b>				
Product sales	\$	26,604	\$	1,320,395
Service revenue		653,269		606,307
<b>Total revenues</b>		<b>679,873</b>		<b>1,926,702</b>
Cost of revenues		552,330		1,328,003
<b>Gross profit</b>		<b>127,543</b>		<b>598,699</b>
<b>Operating Expenses</b>				
Compensation		265,634		541,506
Consulting and professional fees		114,049		273,194
Other operating expenses		3,904,785		5,882,020
<b>Total operating expenses</b>		<b>4,284,468</b>		<b>6,696,720</b>
<b>Loss from operations</b>		<b>(4,156,925)</b>		<b>(6,098,021)</b>
<b>Other (expense) income:</b>				
Other income/(expense)		523		(23,761)
<b>Other income/(expense)</b>		<b>523</b>		<b>(23,761)</b>
<b>Loss before provision for income taxes</b>		<b>(4,156,402)</b>		<b>(6,121,782)</b>
<b>Net loss</b>	\$	<b>(4,156,402)</b>	\$	<b>(6,121,782)</b>

## Note 5 – Fair Value Measurements

The carrying value and fair value of the Company's financial instruments are as follows:

December 31, 2024	Level 1	Level 2	Level 3	Total
<b>Liabilities</b>				
Warrant liabilities	\$ —	\$ —	\$ —	\$ —
<b>As of December 31, 2023</b>				
<b>Liabilities</b>				
Warrant liabilities	\$ —	\$ —	\$ 1,766	\$ 1,766

The fair value of the warrants outstanding was estimated using the Black-Scholes model. The application of the Black-Scholes model requires the use of a number of inputs and significant assumptions including volatility. The following reflects the inputs and assumptions used:

As of	December 31, 2024	December 31, 2023
Stock price	\$ 0.034	\$ 0.07
Exercise price	\$ 6.40	\$ 6.40
Remaining term (in years)	2.5	3.5
Volatility	171.8%	171.8%
Risk-free rate	4.25%	3.84%
Expected dividend yield	—%	—%

The warrant liabilities will be remeasured at each reporting period with changes in fair value recorded in other income (expense), net on the consolidated statements of operations. The change in fair value of the warrant liabilities was as follows:

<b>Warrant liabilities</b>	
Estimated fair value at December 31, 2023	\$ 1,766
Issuance of warrant liabilities	-
Change in fair value	(1,766)
Estimated fair value at December 31, 2024	\$ -

**Can B Corp. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2024 and 2023**

**Note 6 – Inventories**

Inventories consist of hemp biomass that is received in bulk. The CBD biomass is initially processed by extraction into winterized crude oil. The winterized crude oil is then processed into distillate and then into CBD isolate. These three processes are continuous as raw materials are converted from biomass to isolate in back-to-back operations so work in process is just a matter of hours in the processing cycle from biomass to CBD isolate. The isolate is then sold at wholesale or further processed into isomers. Inventories consist of the following:

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Raw materials	\$ -	\$ -
Finished goods	-	423,430
<b>Total</b>	<b>\$ -</b>	<b>\$ 423,430</b>

F-15

**Can B Corp. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2024 and 2023**

**Note 7 – Property and Equipment**

Property and equipment consist of:

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Furniture and fixtures	\$ -	\$ 19,018
Office equipment	-	12,378
Manufacturing equipment	-	6,396,148
Medical equipment	-	50,500
Leasehold improvements	-	-
Total	<u>-</u>	<u>6,478,044</u>
Accumulated depreciation	-	(3,023,931)
Net	<u>\$ -</u>	<u>\$ 3,454,113</u>

Depreciation expense related to property and equipment was \$103,714 and \$1,272,398 for the years ending December 31, 2024 and 2023, respectively.

In connection with the sale of certain assets related to the Arena Notes, the Company recorded a loss on sale of property and equipment of \$3,142,769 during the year ended December 31, 2024.

**Note 8 –Intangible Assets**

Intangible assets consist of:

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Technology, IP and patents	\$ -	\$ 119,999
Total	<u>-</u>	<u>119,999</u>
Accumulated amortization	-	(24,854)
	<u>\$ -</u>	<u>\$ 95,145</u>

Amortization expense, related to technology, IP, and patents was \$0 and \$12,000 for the years ended December 31, 2024 and 2023, respectively.

During the year ended December 31, 2024, the Company recorded impairment expense of \$95,145 related to its intangible assets which is included in selling, general and administrative in the condensed consolidated statements of operations.

**Can B Corp. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2024 and 2023**

**Note 9 – Notes and Loans Payable**

<b>Lender</b>	<b>Interest Rate</b>	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Arena Special Opportunities Funds	12%	\$ 3,579,878	\$ 3,877,778
Walleye Opportunities Master Fund	12%	3,055,553	3,129,853
ClearThink Capital	15%	279,005	865,550
Blue Lake Partners	16%	3,100	153,429
White Hair Solutions	18%	1,267,892	1,267,892
ARIN Funding	4%	-	175,000
KORR Financial	6%	175,000	175,000
Bruce Evans	15%	-	104,675
Ray Volentine	12%	-	132,500
Mast Hill	12%	-	82,675
Empire Properties	0%	52,319	52,319
<b>Total</b>		<b>8,412,747</b>	<b>10,016,671</b>
Unamortized debt discount		(212,283)	(356,800)
<b>Net</b>		<b>\$ 8,200,464</b>	<b>\$ 9,659,871</b>

**Convertible Promissory Notes**

In December 2020, the Company entered into a convertible promissory note (“ASOP Note I”) with Arena Special Opportunities Partners I, LP (“ASOP”). The original principal amount of the note was \$2,675,239 and the proceeds were utilized for working capital purposes. The note matured on January 31, 2022 and all principal, accrued and unpaid interest was due at maturity at a rate of 12% per annum. The conversion options contained in the convertible promissory note were evaluated for derivative accounting under ASC 815, Derivatives and Hedging, and determined not to be considered a derivative and therefore has been recorded in liabilities as part of the convertible promissory note and not bifurcated. In addition, the ASOP convertible promissory note was issued with 228,419 common stock warrants. The common stock purchase warrants entitle the holder to purchase an aggregate of up to 228,419 shares of the Company’s common stock at an exercise price of \$6.75 per share. The common stock purchase warrants issued to ASOP are considered derivatives, but satisfied the criteria for classification as equity instruments, and were bifurcated from the host contract - convertible promissory note and recorded in equity at their relative fair values with a corresponding debt discount recorded to ASOP Note I.

In December 2020, the Company entered into a convertible promissory note (“ASOF Note I”) with Arena Special Opportunities Fund, LP (“ASOF”). The principal balance of the note is \$102,539 and was utilized for working capital purposes. The note matured on January 31, 2022 and all principal, accrued and unpaid interest was due at maturity at a rate of 12% per annum. The conversion options contained in the convertible promissory note were evaluated for derivative accounting under ASC 815, Derivatives and Hedging, and determined not to be considered a derivative and therefore has been recorded in liabilities as part of the convertible promissory note and not bifurcated. In addition, the ASOF convertible promissory note was issued with 8,755 common stock warrants. The common stock purchase warrants entitle the holder to purchase an aggregate of up to 8,755 shares of the Company’s common stock at an exercise price of \$6.75 per share. The common stock purchase warrants issued to ASOF are considered derivatives, but satisfied the criteria for classification as equity instruments, and were bifurcated from the host contract - convertible promissory note and recorded in equity at their relative fair values with a corresponding debt discount recorded to ASOF Note I.

In May 2021, the Company entered into a convertible promissory note (“ASOP Note II”) with Arena Special Opportunities Partners I, LP. The principal balance of the note is \$1,193,135 and it is to be utilized for working capital purposes. The note matures on January 31, 2022 and all principal, accrued and unpaid interest is due at maturity at a rate of 12% per annum. The conversion options contained in the convertible promissory note were evaluated for derivative accounting under ASC 815, Derivatives and Hedging, and determined not to be considered a derivative and therefore has been recorded in liabilities as part of the convertible promissory note and not bifurcated. In addition, the ASOP convertible promissory note was issued with 101,978 common stock warrants. The common stock purchase warrants entitle the holder to purchase an aggregate of up to 101,978 shares of the Company’s common stock at an exercise price of \$6.75 per share. The common stock purchase warrants issued to ASOP are considered derivatives, but satisfied the criteria for classification as equity instruments, and were bifurcated from the host contract - convertible promissory note and recorded in equity at their relative fair values with a corresponding debt discount recorded to ASOP Note II..

In May 2021, the Company entered into a convertible promissory note (“ASOF Note II”) with Arena Special Opportunities Fund, LP. The principal balance of the note is \$306,865 and it is to be utilized for working capital purposes. The note matures on January 31, 2022 and all principal, accrued and unpaid interest is due at maturity at a rate of 12% per annum. The conversion options contained in the convertible promissory note were evaluated for derivative accounting under ASC 815, Derivatives and Hedging, and determined not to be considered a derivative and therefore has been recorded in liabilities as part of the convertible promissory note and not bifurcated. In addition, the ASOP convertible promissory note was issued with 26,228 common stock warrants. The common stock purchase warrants entitle the holder to purchase an aggregate of up to 26,228 shares of the Company’s common stock at an exercise price of \$6.75 per share. The common stock purchase warrants issued to ASOF are considered derivatives, but satisfied the criteria for classification as equity instruments, and were bifurcated from the host contract - convertible promissory note and recorded in equity at their relative fair values with a corresponding debt discount recorded to ASOF Note II.

The maturity dates for the above notes were extended to April 30, 2022 on April 14, 2022 in exchange for the Company’s promise to pay the holders \$300,000. The holders agreed to allow the Company to extend the notes for two additional 30-day periods for \$100,000 per extension. The holders also waived certain defaults under the notes. The Company subsequently elected to extend the maturity date to May 31, 2022 for the promise to pay an additional \$100,000. As discussed below under “Forbearance and Amendment of Outstanding Notes,” ASOP and ASOF have agreed to forbear from exercising remedies under the notes until December 31, 2023 provided that the Company does not default on its obligations under the Forbearance Agreement. In September 2023, Arena notified the Company that it was in default of certain obligations under the Forbearance Agreement but did not declare an acceleration of the indebtedness. In April 2024, Arena instituted a lawsuit seeking, among other things, a declaratory judgment that the Company is in breach of the Arena notes and Forbearance Agreement. On March 14, 2024, an auction of the assets of the Company’s hemp division was conducted under Article 9 of the Uniform Commercial Code following allegations by Arena that the Company was in breach of its obligations under certain notes and a forbearance agreement. See “Legal Proceedings.” The principal balance outstanding on all Arena Notes at December 31, 2024 was \$3,579,878.

On January 1, 2022, the Company entered into a convertible promissory note (“Empire Note”) with Empire Properties, LLC (“Empire”). The principal balance of the note is \$52,319 and it is to be utilized for working capital purposes. The note matured on December 31, 2022 or due on demand subsequently to any major funding received by the Company in excess of \$5,000,000 and all principal, accrued and unpaid interest is due at maturity at a rate of 8% per annum. The conversion options contained in the convertible promissory note were evaluated for derivative accounting under ASC 815, Derivatives

and Hedging, and determined not to be considered a derivative and therefore has been recorded in liabilities as part of the convertible promissory note and not bifurcated. The principal balance outstanding at December 31, 2024 was \$52,319.

In March 2022, the Company entered into a convertible promissory note ("BL Note") with Blue Lake Partners, LLC ("BL"). The original principal amount of the note was \$250,000 and the proceeds are to be utilized for working capital purposes. The note had an original maturity date of March 22, 2023 and all principal, accrued and unpaid interest is due at maturity at a rate of 12% per annum. The conversion options contained in the convertible promissory note were evaluated for derivative accounting under ASC 815, Derivatives and Hedging, and determined not to be considered a derivative and therefore has been recorded in liabilities as part of the convertible promissory note and not bifurcated. In addition, the BL Note was issued with 39,062 common stock warrants. The common stock purchase warrants entitle the holder to purchase an aggregate of up to 39,062 shares of the Company's common stock at an initial exercise price of \$6.40 per share (subject to adjustment upon the occurrence of certain events, including the issuance of lower priced securities). The common stock purchase warrants issued to BL are considered derivatives and did not satisfy the criteria for classification as equity instruments and were bifurcated from the host contract - convertible promissory note and recorded as a liability at fair value with a corresponding debt discount recorded to the BL Note with subsequent changes in fair values recognized in the consolidated statement of operations at each reporting date. Effective February 27, 2023, in consideration of the Company repaying an aggregate of \$66,667 under the BL Note, BL agreed to extend the maturity date of the BL Note until September 1, 2023 and reduce the percentage of the cash proceeds received by the Company from the issuance of equity or debt that BL can require the Company to apply to the repayment of the BL Note from 50% to 33%. The principal balance outstanding at December 31, 2024 was \$3,100 and the BL Note is past due.

In April 2022, the Company entered into a convertible promissory note ("FM Note") with Fourth Man, LLC ("FM"). The original principal amount of the note was \$150,000 and the proceeds are to be utilized for working capital purposes. The note had an original maturity date of April 22, 2023 and all principal, accrued and unpaid interest is due at maturity at a rate of 12% per annum. The conversion options contained in the convertible promissory note were evaluated for derivative accounting under ASC 815, Derivatives and Hedging, and determined not to be considered derivatives and therefore have been recorded in liabilities as part of the convertible promissory note and not bifurcated. In addition, the FM Note was issued with 23,437 common stock warrants. The common stock purchase warrants entitle the holder to purchase an aggregate of up to 23,437 shares of the Company's common stock at an initial exercise price of \$6.40 per share (subject to adjustment upon the occurrence of certain events, including the issuance of lower priced securities). The common stock purchase warrants issued to FM are considered derivatives and did not satisfy the criteria for classification as equity instruments and were bifurcated from the host contract - convertible promissory note and recorded as a liability at fair value with a corresponding debt discount recorded to the FM Note with subsequent changes in fair values recognized in the consolidated statement of operations at each reporting date. Effective February 27, 2023, in consideration of the Company repaying an aggregate of \$40,000 under the FM Note, FM agreed to extend the maturity date of the FM Note until September 1, 2023 and reduce the percentage of the cash proceeds received by the Company from the issuance of equity or debt that FM can require the Company to apply to the repayment of the FM Note from 50% to 33%. On June 30<sup>th</sup>, 2023 the Company entered into a Settlement and Mutual Release Agreement to extinguish the \$110,000 principal outstanding on the FM Note. As of December 31, 2024 the FM Note had been satisfied in full.

In June 2022, the Company entered into a convertible promissory note ("Alumni Note") with Alumni Capital, LP ("Alumni"). The original principal amount of the note was \$62,500 and the proceeds are to be utilized for working capital purposes. The note had an original maturity date of June 6, 2023 which was extended until September 1, 2023 effective February 27, 2023. All principal, accrued and unpaid interest is due at maturity at a rate of 12% per annum. The holder can require the full payment of the note if the Company completes an offering of its common stock that results in an uplisting of its common stock to a national securities exchange. The conversion options contained in the convertible promissory note were evaluated for derivative accounting under ASC 815, Derivatives and Hedging, and determined not to be considered derivatives and therefore have been recorded in liabilities as part of the convertible promissory note and not bifurcated. In addition, the Alumni Note was issued with 9,766 common stock warrants. The common stock purchase warrants entitle the holder to purchase an aggregate of up to 9,766 shares of the Company's common stock at an exercise price of \$6.40 per share. The common stock purchase warrants issued to Alumni are considered derivatives and did not satisfy the criteria for classification as equity instruments and were bifurcated from the host contract - convertible promissory note and recorded as a liability at fair value with a corresponding debt discount recorded to the Alumni Note with subsequent changes in fair values recognized in the consolidated statement of operations at each reporting date. As of December 31, 2024 the Alumni Note had been satisfied in full.

In August 2022, the Company entered into a convertible promissory note (“WN”) with Walleye Opportunities Master Fund Ltd. (“WOMF”). The original principal amount of the note was \$385,000 and the proceeds are to be utilized for working capital purposes. The note originally matured on August 30, 2023 and all principal, accrued and unpaid interest is due at maturity at a rate of 12% per annum. The conversion options contained in the convertible promissory note were evaluated for derivative accounting under ASC 815, Derivatives and Hedging, and determined not to be considered derivatives and therefore have been recorded in liabilities as part of the convertible promissory note and not bifurcated. In addition, the WN Note was issued with 71,296 common stock warrants. The common stock purchase warrants entitle the holder to purchase an aggregate of up to 71,296 shares of the Company’s common stock at an exercise price of \$5.40 per share. The common stock purchase warrants issued to WOMF are considered derivatives and did not satisfy the criteria for classification as equity instruments and were bifurcated from the host contract - convertible promissory note and recorded as a liability at fair value with a corresponding debt discount recorded to the WN with subsequent changes in fair values recognized in the consolidated statement of operations at each reporting date.

In January 2023 the Company entered into a convertible promissory note (“Tysadco Note VI”) with Tysadco Partners, LLC (“Tysadco”). The original principal amount of the note was \$100,000 and the proceeds are to be utilized for working capital purposes. The note had a maturity date of April 12, 2023, and all principal, accrued and unpaid interest is due at maturity at a rate of 12% per annum. Effective January 31, 2023, Tysadco agreed to exchange the Tysadco Note VI and other notes held by Tysadco in the aggregate principal amount of \$752,000 having maturity dates between August 24, 2022 and March 19, 2023 for a single note that matured on September 1, 2023. Contemporaneous with this exchange, Tysadco assigned the combined note to ClearThink Capital Partners, LLC and the Company issued 130,000 shares of common stock to ClearThink Capital Partners, LLC. The conversion options contained in the combined note were evaluated for derivative accounting under ASC 815, Derivatives and Hedging, and determined not to be considered derivatives and therefore have been recorded in liabilities as part of the convertible promissory note and not bifurcated. The principal balance of the combined note at September 30, 2024 was \$1,007,500 and the combined note is past due.

On March 2, 2023, the Company completed the sale of a promissory note (the “Note”) in the principal amount of \$1,823,529 to WOMF pursuant to a Securities Purchase Agreement dated as of February 27, 2023. The purchase price of the Note was \$1,550,000, representing a 15% original issue discount. The Note is non-interest bearing, except in the case of the event of a default, in which case interest will accrue from the date of the default at a rate equal to the lower of 18% per annum or the maximum rate permitted by law.

The Note is payable in nine (9) monthly installments of \$232,500 each, consisting of a \$227,941 principal reduction payment and a \$4,559 redemption fee, commencing on April 27, 2023. The Company’s obligations under the note are secured by a security interest in the Company’s deposit accounts and the deposit accounts of the Company’s subsidiaries. In addition, each the Company’s subsidiaries has agreed that if an event of default occurs under the Note, the subsidiary will pay to WOMF an amount equal to 10% of revenues received during the prior month from the sale of goods or services or collections of accounts receivable. In connection with this Note, the Company issued a warrant for 1,823,529 shares. These warrants have no intrinsic value and their fair value is insignificant.

14

The Note requires the Company to use reasonable commercial efforts to complete an offering which will result in an uplisting of its common stock to a national securities exchange within a reasonable time following the issuance of the Note. The Note contains certain negative covenants, including a prohibition on the incurrence of debt that is senior or *pari passu* to the indebtedness represented by the Note, the creation of liens on the Company’s assets, the payment of dividends and other distributions on the Company’s common stock, the repurchase of the Company’s common stock, the sale of a significant portion of the Company’s assets and the repayment of indebtedness other than existing indebtedness.

The Company may elect to pay all or a portion of a monthly installment due under the Note by converting such amount into shares of the Company’s common stock at a price of \$4.00 per share, subject to adjustment in accordance with the terms of the Note. As of June 30, 2024, the adjusted conversion price was \$.0772. If the Company does not pay an installment when due it is deemed an election by the Company to convert the installment payment into common stock at a price equal to the lower of \$4.00 per share or 90% of the lowest daily volume weighted average price of the common stock during the

five trading days preceding the conversion date. WOMF has the right to determine the timing of any such conversion. WOMF may elect at any time to convert amounts payable under the Note into shares of the Company's common stock at a conversion price of \$4.00 per share, subject to adjustment in accordance with the terms of the Note. The Company has not paid any of the monthly installments due under the Note in cash. As a result, these installment payments were converted into common stock.

If the Company receives cash proceeds from any source, including payments from customers or from the issuance of equity or debt, WOMF can require the Company to apply 100% of such proceeds to the repayment of the Note.

If the Company completes a placement of securities, WOMF will have the right to accept such new securities in lieu of the Note and Warrant. For so long as the Note is outstanding, if the Company issues a security or amends the terms of a security issued before the issue date of the Note, and WOMF believes that terms of the new or amended security are more favorable to the holder than the terms provided to WOMF, WOMF may require that such terms become part of WOMF's transaction documents with the Company.

In the event of a default under the Note, the Company shall be required to pay WOMF an amount equal to the amount determined by multiplying the principal amount then outstanding plus default interest by 135%, plus costs of collection. WOMF may elect to accept payment of any such amount in cash and/or shares of the Company's common stock, valued for this purpose at the lower of the conversion price then in effect or a 60% discount to the lowest volume weighted average price of the common stock during the five trading days preceding the conversion date.

WOMF has been granted a right of first refusal to participate in future financing transactions conducted by the Company.

As additional consideration for the purchase of the Note, the Company issued WOMF a warrant (the "Warrant") to purchase 1,307,190 shares of the Company's common stock at an exercise price equal to 90% of the lowest volume weighted average price of the common stock during the five trading days preceding the date of exercise. The Warrant contains a cashless exercise provision and is exercisable at any time during the period beginning on August 27, 2023 and ending on August 27, 2028. In addition, a warrant issued by the Company to WOMF in August 2022 was amended to change the exercise price of the warrant from \$5.40 per share to the lower of \$5.40 per share or the lowest volume weighted average price of the common stock during the five trading days preceding its exercise.

The Company has entered into a Registration Rights Agreement with WOMF pursuant to which the Company has agreed to file a registration statement with the Securities and Exchange Commission to register the shares of common stock issuable upon the conversion of the Note and the exercise of the Warrant for public resale. The Company filed the registration statement on May 12, 2023 and it was declared effective on May 22, 2023. WOMF has also been granted piggyback registration rights with respect to the shares of common stock issuable upon the conversion of the Note and the exercise of the Warrant. Each of the Note and Warrant grants full ratchet anti-dilution protection to WOMF in the event that the Company issues common stock or rights to purchase common stock at a price less than the conversion or exercise price then in effect.

In May 2023, the Company issued a promissory note to WOMF in the principal amount of \$437,500. The purchase price of the note was \$350,000, representing a 20% original issue discount. The note is non-interest bearing except in the event of a default, in which case interest will accrue at a rate of 40% per annum in the event of a payment default and 18% per annum in the event of other defaults. The note became due on October 15, 2023. The principal balance outstanding of all Walleye Notes at December 31, 2024 was \$3,055,553.

#### Forbearance and Amendment of Outstanding Notes.

Contemporaneous with the sale of the Note and Warrant to WOMF, ASOP and ASOF (collectively, "Arena"), who hold promissory notes with an unpaid principal balance of approximately \$3,877,000 which became due on April 30, 2022 (the "Arena Notes"), entered into a Forbearance Agreement with the Company pursuant to which they agreed to forbear from exercising remedies under the Arena Notes until December 31, 2024 provided that the Company does not default on its obligations under the Forbearance Agreement. In September 2023, Arena notified the Company that it was in default of certain obligations under the Forbearance Agreement but did not declare an acceleration of the indebtedness.

The Forbearance Agreement requires the Company and/or Company's subsidiaries, Duramed, Inc. and Duramed MI, LLC (together the "Duramed Subsidiaries") to remit to Arena on a monthly basis certain accounts receivable collected by the Company and/or the Duramed Subsidiaries until the total amount collected is \$5,700,000. After the amount collected is \$5,700,000, additional collections of these receivables are shared equally between the Company and Arena. The Company and the Duramed Subsidiaries have assigned their rights to these receivables to Arena.

If Arena fully exercises warrants to purchase shares of the Company's common stock that were previously issued to it, and the aggregate market value of the shares acquired is less than \$1,500,000, the Company must pay to Arena an amount equal to such difference.

In December 2023 Arena notified the Company that it intended to conduct an auction of certain of the Company's assets under Article 9 of the Uniform Commercial Code due to the alleged breaches of the Forbearance Agreement. The auction took place on March 14, 2024.

As a condition to the closing of the sale of the Note and Warrant to the WOMF, certain terms of certain promissory notes previously issued by the Company were amended, including the following:

- in consideration of an increase in the aggregate principal amount by \$10,000 and an increase in the interest rate to 18% per annum, the holder of notes in the aggregate principal amount of \$150,000 agreed to waive his right to require the Company to repay a \$50,000 note upon the Company's receipt of \$1,500,000 of financing and extend maturity dates from November 18, 2021 and January 22, 2023 to September 1, 2023;
- in consideration of the Company's agreement to provide a product credit for future orders of \$50,000, the holder of a promissory note in the principal amount of \$150,000 agreed to extend the maturity date from August 10, 2022 to September 1, 2023;
- the maturity date of a promissory note in the principal amount of \$1,250,000 was extended from August 12, 2022 until the earlier of September 1, 2023 or the date that the Company completes an offering resulting in an uplisting of its common stock to the Nasdaq Capital Market; and
- in consideration of the repayment of a total of \$232,500 under the notes, the holders of promissory notes in the aggregate principal amount of \$435,000 issued in October and November 2022 that bore interest at 18% per annum and were past due agreed to exchange the notes for new notes that matured on September 1, 2023 and bear interest at 15% per annum;

### **TWS Note**

On August 12, 2021, pursuant to an Equipment Acquisition Agreement, the Company entered into a twelve-month promissory note of \$1,250,000 with payments of \$100,000 per month and interest at 6% (See Note 5). As of December 31, 2024, the total amount outstanding was \$1,267,892.

### WOMF October 2023 Note

On October 27, 2023, the Company completed the sale of a promissory note (the "Initial Note") in the principal amount of \$156,250 to WOMF pursuant to a Securities Purchase Agreement between the Company and the WOMF (the "Stock Purchase Agreement"). The purchase price of the Note was \$125,000, representing a 20% original issue discount. The Initial Note is non-interest bearing, except in the case of the event of a default, in which case interest will accrue from the date of the default at a rate equal to the lower of 18% per annum or the maximum rate permitted by law. The Initial Note becomes due on October 27, 2024.

WOMF may elect to convert the principal amount of the Initial Note and default interest, if any, subject to adjustment at a price equal to 90% of the lowest daily volume weighted average price of the common stock during the fifteen trading days preceding the conversion date.

WOMF and/or investors introduced by WOMF may purchase up to an additional \$1,693,750 aggregate principal amount of notes having terms substantially similar to the Initial Note (the "New Notes" and collectively with the Initial Note, the "Notes"). In addition to the principal and interest payment obligations under the Notes, the Company has agreed to pay and/or cause its newly formed 70% owned subsidiary, Nascent, to pay WOMF fifteen percent (15%) of all amounts that would otherwise be distributable to the Company by Nascent until WOMF receives distributions in the aggregate amount that equal the sum of (a) 200% of the purchase price of notes previously issued by the Company to WOMF plus (b) 200% of the principal amount of certain notes previously issued by the Company and acquired by WOMF from a third party plus (c) 100% of the purchase price of Notes purchased pursuant to the Stock Purchase Agreement; provided, however, if WOMF and/or other investors purchase \$1,875,000 aggregate principal amount of Notes pursuant to the Stock Purchase Agreement, the obligation to pay 100% of the purchase price of the Notes shall be increased to 200% of the purchase price of such Notes. The amounts distributable by Nascent to the Company, if any, will represent the proceeds of Nascent's enforcement of certain patents it is seeking to acquire. Nascent has not yet acquired such patents and no assurance can be given that it will be able to complete such acquisition. Under the terms of the Stock Purchase Agreement, the purchase of New Notes by WOMF and/or investors introduced by WOMF is subject to, among other things, Nascent's acquisition of the patents. If Nascent does not complete the acquisition of the patents, the Company does not expect that any New Notes will be purchased and the Company will have no obligation to pay additional consideration to WOMF.

In the event of a default under a Note, the Company shall be required to pay the holder of the Note an amount equal to the amount determined by multiplying the principal amount of the Note then outstanding plus default interest by 135%, plus costs of collection. WOMF may elect to accept payment of any such amount in cash and/or shares of the Company's common stock, valued for this purpose at the lower of the conversion price then in effect or a 60% discount to the lowest volume weighted average price of the common stock during the five trading days preceding the conversion date.

WOMF has been granted a right of first refusal to participate in future financing transactions conducted by the Company.

The Company has entered into a Registration Rights Agreement with WOMF pursuant to which the Company has agreed to file a registration statement with the Securities and Exchange Commission by December 11, 2023 to register for public resale the shares of common stock issuable upon the conversion of the Note and a consolidated note issued to WOMF in the principal amount of \$1,354,210 (the "Consolidated Note") which combined certain notes held by WOMF into a single Note. If the Company fails to file the registration statement by December 11, 2023 or have the registration statement declared effective by the deadlines set forth in the Registration Rights Agreement, the Company will be required to make a payment of 2% of the amount then owed under the Note and the Consolidated Note for each 30 day period after the applicable deadline that the Company does not file the registration statement or the registration statement is not declared effective. WOMF has also been granted piggyback registration rights with respect to the shares of common stock issuable upon the conversion of the Notes it acquires and the Consolidated Note. Each of the Initial Note and Consolidated Note grants full ratchet anti-dilution protection to WOMF in the event that the Company issues common stock or rights to purchase common stock at a price less than the conversion or exercise price then in effect.

The Initial Note contains and the New Notes will contain a provision which provides that the holder will not be converted if the conversion would result in the holder becoming the beneficial owner of more than 9.99% of the Company's outstanding common stock.

#### ClearThink Notes

The Company issued a convertible note in the principal amount of \$15,000 to ClearThink Capital Partners, LLC ("ClearThink") in September 2023 for a purchase price of \$10,000. The note has a six month term and is past due. A note in the principal amount of \$75,000 was issued to ClearThink for a purchase price of \$50,000 in December 2023. This note has a nine month term. Each of the notes bears interest at a rate of twelve percent (12%) per annum and is convertible into the Company's common stock at a conversion price of \$.0772 per share.

On February 29, 2024, the Company completed the sale of a promissory note in the principal amount of \$75,000 to ClearThink. The purchase price of the note was \$50,000, representing a 33.33% original issue discount. The note becomes due on November 29, 2024 and bears interest, payable upon maturity, at a rate of 12% per annum. ClearThink may convert the purchase price of the note and accrued and unpaid interest into shares of the Company's common stock at any time at a conversion price of \$0.0772 per share.

On February 13, 2024, the Company completed the sale of a promissory note in the principal amount of \$75,000 to ClearThink. The purchase price of the note was \$50,000, representing a 33.33% original issue discount. The note becomes due on November 12, 2024 and bears interest, payable upon maturity, at a rate of 12% per annum. ClearThink may convert the purchase price of the note and accrued and unpaid interest into shares of the Company's common stock at any time at a conversion price of \$0.0743 per share.

In May 2024., the Company entered in a Note Extension Agreement with ClearThink which extended the maturity date of all notes with ClearThink to July 3, 2024. In connection, with the Note Extension Agreement, the Company issued a \$250,000 convertible note with the same terms as all other notes with ClearThink as well as 2,000,000 shares of the Company's common stock.

### **Other Loans**

On February 11, 2022, the Company entered into a \$175,000 unsecured promissory note agreement with a lender. The promissory note accrues interest at a rate of 16% per annum and is due within six months or due on demand subsequently to any major funding received by the Company in excess of \$2,000,000. As of December 31, 2024 the total amount outstanding was \$175,000.

### **Warrants**

In connection with certain of the notes discussed above, the Company issued warrants to various lenders to purchase a total of 198,248 shares of the Company's common stock. These warrants have no intrinsic value and their fair value is insignificant.

### **Related Party Note**

The Company has entered into a promissory note with Pat Ferro, a co-founder of the Company. As of December 31, 2024, the total amount outstanding was \$103,334. The Company's obligations under the promissory note are secured by a pledge of the Company's equity interest in Nascent.

## **Note 10 – Stockholders' Equity**

### **Preferred Stock**

Each share of Series A Preferred Stock is convertible into 218 shares of CANB common stock and is entitled to 4,444 votes. All Preferred Shares shall rank senior to all shares of Common Stock of the Company with respect to liquidation preferences and shall rank *pari passu* to all current and future series of preferred stock, unless otherwise stated in the certificate of designation for such preferred stock. In the event of a Liquidation Event, whether voluntary or involuntary, each holder may elect (i) to receive, in preference to the holders of Common Stock, a one-time liquidation preference on a per-share amount equal to the per-share value of preferred shares on the issuance date, as recorded in the Company's financial records, or (ii) to participate *pari passu* with the Common Stock on an as-converted basis. Subject to any adjustments, the Series A holders shall be entitled to receive such dividends paid and distributions made to the holders of shares of Common Stock on an as converted basis. During the year ended December 31, 2022, the Company converted 15 shares of Series A preferred stock to 33,345 shares of common stock.

Each share of Series B Preferred Stock has the first preference to dividends, distributions and payments upon liquidation, dissolution and winding-up of the Company, and is entitled to an accrued cumulative but not compounding dividend at the rate of 5% per annum whether or not declared. After six months of the issuance date, such share and any accrued but unpaid dividends can be converted into common stock at the conversion price which is the lower of (i) \$0.0101; or (ii) the lower of the dollar volume weighted average price of CANB common stock on the trading day prior to the conversion day

or the dollar volume weighted average price of CANB common stock on the conversion day. The shares of Series B Preferred Stock have no voting rights.

F-24

**Can B Corp. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2024 and 2023**

Each share of Series C Preferred Stock has preference to payment of dividends, if and when declared by the Company, compared to shares of our common stock. Each Preferred Series C share is convertible into 1,667 shares of common stock. The shares of Series C Preferred Stock have voting rights as if fully converted. During the year ended December 31, 2022 the Company issued 1,077 shares of Series C preferred stock.

Each share of Series D Preferred Stock has 667 shares of voting rights only *pari passu* to common shares voting with no conversion rights and no equity participation. The Company can redeem Series D Preferred Stock at any time for par value.

On February 8, 2021, the Company's Board of Directors approved the designation of the Series D Preferred Shares and the number of shares constituting such series, and the rights, powers, preferences, privileges and restrictions relating to such series. On March 27, 2021, the Company filed an amendment to its articles of incorporation to authorize 4,000 shares of a new Series D Preferred Stock with a par value of \$0.001 each. All Series D Preferred Shares shall rank senior to all shares of Common Stock of the Company with respect to liquidation preferences and shall rank *pari passu* to all current and future series of preferred stock, unless otherwise stated in the certificate of designation for such preferred stock. Each Series D Preferred Share shall have voting rights equal to 667 shares of Common Stock, adjustable at any recapitalization of the Company's stock. In the event of a liquidation event, whether voluntary or involuntary, each holder shall have a liquidation preference on a per-share amount equal to the par value of such holder's Series D Preferred Shares. The holders shall not be entitled to receive distributions made or dividends paid to the Company's other stockholders. Except as otherwise required by law, for as long as any Series D Preferred Shares remain outstanding, the Company shall have the option to redeem any outstanding share of Series D Preferred Shares at any time for a purchase price of par value per share of Series D Preferred Shares ("Price per Share"). Should the Company desire to purchase Series D Preferred Shares, the Company shall provide the Holder with written notice and a check or cash in an amount equal to the number of shares of Series D Preferred Shares being purchased multiplied by the Price per Share. The shares of Series D Preferred Shares so purchased shall be deemed automatically cancelled and the Holder shall return the certificates for such share to the Corporation. During the year ended December 31, 2022 the Company issued 2,050 shares of Series D preferred stock.

**Common Stock**

For the year ended December 31, 2022, the Company issued an aggregate of 51,282 shares of Common Stock under its Offering Statement on Form 1-A (File No. 024-11233) (the "Regulation A Offering").

In addition, for the year ended December 31, 2023, the Company issued an aggregate of 28,330,612 of Common Stock for the acquisition of inventory and equipment, services rendered, legal settlements, accrued payroll, conversion of promissory notes and principal and interest payments

**Can B Corp. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2024 and 2023**

**Note 11 – Stock Options**

The Company has an employee share option plan, which is shareholder-approved, permits the grant of share options and shares to its employees. The Company believes that such awards better align the interests of its employees with those of its shareholders. Option awards are generally granted with an exercise price equal to the market price of the Company's stock at the date of grant. Share awards generally vest over five years.

The fair value of each option award is estimated on the date of grant using a lattice-based option valuation model that uses the assumptions noted in the following table. Because lattice-based option valuation models incorporate ranges of assumptions for inputs, those ranges are disclosed. Expected volatilities are based on implied volatilities from traded options on the Company's stock, historical volatility of the Company's stock, and other factors. The expected term of options granted is derived from the output of the option valuation model and represents the period of time that options granted are expected to be outstanding; the range given below results from certain groups of employees exhibiting different behavior. The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant.

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Per share fair value at grant date	\$ 0.036-0.05	\$ 0.13
Risk free interest rate	4.12%-4.30%	4.36
Expected volatility	224%	206%
Dividend yield	0%	0%
Expected life in years	5	5

A summary of stock options activity for the year ended December 31, 2024 and 2023 is as follows:

	<b>Option Shares</b>	<b>Weighted Average Exercise Price</b>	<b>Weighted Average Remaining Contractual Life (Years)</b>
Outstanding, December 31, 2022	1,056,666	\$ 4.02	3.82
Granted	11,166,665	\$ 0.12	4.88
Outstanding and exercisable, December 31, 2023	12,223,331	\$ 3.08	3.89
Granted	27,019,284	\$ 0.04	4.75
Outstanding and exercisable, December 31, 2024	39,242,615	\$ 0.99	2.75

At December 31, 2024 all stock options are no intrinsic value.

As of December 31, 2024, there was no unrecognized compensation cost related to nonvested stock-based compensation arrangements granted under the share option plan. The Company recognized \$1,163,636 and \$1,451,665 of stock-based compensation expense during the years ended December 31, 2024 and December 31, 2023, respectively

**Can B Corp. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2024 and 2023**

**Note 12 – Income Taxes**

The provision for income taxes consisted of the following:

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
State franchise tax	\$ -	\$ 9,596

The Company's effective income tax rate differs from the federal statutory rate primarily as a result of certain expenses being deductible for financial reporting purposes that are not deductible for tax purposes, the existence of research and development tax credits, operating loss carryforwards, and adjustments to previously recorded deferred tax assets and liabilities due to the enactment of the Tax Cuts and Jobs Act in 2017.

The difference in the provision for income taxes and the amount computed by applying the statutory federal income tax rates consists of the following:

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Expected income tax benefit	\$ (1,647,456)	\$ (1,647,456)
State franchise tax	9,596	9,596
Non-deductible stock-based compensation	648,286	648,286
Non-deductible stock-based interest	69,076	69,076
Increase in deferred income tax assets valuation allowance	930,094	930,094
Provision for income taxes	<u>\$ -</u>	<u>\$ 9,596</u>

Principal components of the Company's deferred tax assets as of December 31, 2022 and December 31, 2021 were as follows:

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Net operating loss carryforward	\$ (6,685,532)	\$ (6,685,532)
Valuation allowance	6,685,532	6,685,532
Net	<u>\$ -</u>	<u>\$ -</u>

At December 31, 2023, the Company had net operating loss carryforwards of approximately \$31,836,000 that begin to expire in 2025.

The Company files a federal income tax return and separate income tax returns in various states. For federal and certain states, the 2019 through 2022 tax years remain open for examination by the tax authorities under the normal three-year statute of limitations.

The Company assesses available positive and negative evidence to estimate whether sufficient future taxable income will be generated to permit use of the existing deferred tax assets. A significant component of objective negative evidence identified during management's evaluation was the cumulative loss incurred over the three-year period ended December 31, 2023. Such objective evidence limits the ability to consider other subjective evidence, such as our forecasts of future taxable income and tax planning strategies. On the basis of this evaluation as of December 31, 2023 and 2022, the Company recognized a full valuation allowance against its net deferred tax assets, pursuant to ASC 740, as of December 31, 2023 and December 31, 2022. Based on the Company's evaluation, it was determined that no uncertain tax positions existed as of December 31, 2023 or December 31, 2022.

### **Note 13 – Related Party Transactions**

At December 31, 2024 and 2023, the Company has amounts due to directors of the Company of \$103,334 and \$295,243, respectively, which are expected to be repaid in the next twelve months.

F-27

**Can B Corp. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2023 and 2022**

**Note 14 – Commitments and Contingencies**

***Employment Agreements***

On December 28, 2020, the Company entered into new three-year Employment Agreements with CEO Marco Alfonsi, CFO Stanley Teeple, and Pure Health Products LLC Pasquale Ferro. Under these agreements, they are to receive a i) base salary of fifteen thousand dollars (\$15,000.00) per month, ii) is eligible to receive cash and or stock bonuses, iii) shall receive a stock bonus in accordance with the Company's Incentive Stock Option Plan ("ISOP") in an amount of one-hundred thousand dollars (\$100,000) per year of the Agreement, iv) 200 shares of the Company's Series C Preferred stock, v) usual and customary benefits including expense reimbursement, health and life insurance plan reimbursements and allowances. Phil Scala, Interim COO also received a similar agreement with a base compensation of fifty-two thousand annually, \$100,000 in ISO, and 20 Preferred C shares. These agreements were replaced by new agreements effective February 8, 2024.

**Note 15 – Subsequent Events**

TBD

F-28