



OTC Hearing Aid Consumer Brands:

Hearing Assist | iHEAR



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

**INNERSCOPE HEARING TECHNOLOGIES, INC.**

2151 Professional Drive, Ste. 105  
Roseville, California 95661

1-800-520-7996

[www.innd.com](http://www.innd.com)

[info@innd.com](mailto:info@innd.com)

SIC Code: 5999

### **Quarterly Report**

**For the period ending June 30, 2025 (the "Reporting Period")**

### **Outstanding Shares**

The number of shares outstanding of our Common Stock was:

48,958,020 shares of common stock as of June 30, 2025

16,418,814 shares of common stock as of December 31, 2024

11,772,110,873 shares of common stock as of December 31, 2023

### **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: ☒

**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.

**The Company was originally incorporated in the State of Nevada on June 15, 2012, as InnerScope Advertising Agency, Inc. On August 25, 2017, the Company changed its name to InnerScope Hearing Technologies, Inc.**

Current State and Date of Incorporation or Registration: Nevada corporation (6/15/2012)

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

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

None

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:

1:2500 Reverse Stock Split occurred on August 21, 2024. NEW CUSIP # 45781P302 as of 8/21/2024. The share numbers in this report do not reflect the reverse stock split.

Address of the issuer's principal executive office:

**2151 Professional Drive, Ste 105, Roseville, California 95661**

Address of the issuer's principal place of business:

*X 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: VStock Transfer Company Phone: 212-828-8436

Email: [yoel@vstocktransfer.com](mailto:yoel@vstocktransfer.com)

Address: 18 Lafayette Place, Woodmere, New York 11598

**Publicly Quoted or Traded Securities:**

|  |   |
|--|---|
| Trading symbol:                                  | <b>INND</b>                                 |
| Exact title and class of securities outstanding: | <b>Common Stock</b>                         |
| CUSIP:   | <b>45781P302 as of 6/30/2025</b>            |
| Par or stated value:                             | <b>\$0.25</b>                               |
| Total shares authorized:                         | <b>14,975,000,000</b> as of date: 6/30/2025 |
| Total shares outstanding:                        | <b>48,958,020</b> as of date: 6/30/2025     |
| Total number of shareholders of record:          | <b>127</b> as of date: 6/30/2025            |

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

|   |  |
|---|--|
| Exact title and class of the security:    | <b>Series A Preferred Stock</b>        |
| CUSIP (if applicable):                    | <b>N/A</b>                             |
| Par or stated value:                      | <b>\$ .0001</b>                        |
| Total shares authorized:                  | <b>9,510,000</b> as of date: 6/30/2025 |
| Total shares outstanding (if applicable): | <b>0</b> as of date: 6/30/2025         |
| Total number of shareholders of record    | <b>0</b> as of date: 6/30/2025         |

|   |                                      |
|---|--------------------------------------|
| Exact title and class of the security:    | <b>Series B Preferred Stock</b>      |
| CUSIP (if applicable):                    | <b>N/A</b>                           |
| Par or stated value:                      | <b>\$ .0001</b>                      |
| Total shares authorized:                  | <b>900,000</b> as of date: 6/30/2025 |
| Total shares outstanding (if applicable): | <b>900,000</b> as of date: 6/30/2025 |
| Total number of shareholders of record    | <b>3</b> as of date: 6/30/2025       |

|   |   |
|---|---|
| Exact title and class of the security:    | <b>Series C Preferred Stock</b>         |
| CUSIP (if applicable):                    | <b>N/A</b>                              |
| Par or stated value:                      | <b>\$ .0001</b>                         |
| Total shares authorized:                  | <b>10,000,000</b> as of date: 6/30/2025 |
| Total shares outstanding (if applicable): | <b>243,733</b> as of date: 6/30/2025    |
| Total number of shareholders of record    | <b>36</b> as of date: 6/30/2025         |

|   |  |
|---|--|
| Exact title and class of the security:    | <b>Series D Preferred Stock</b>        |
| CUSIP (if applicable):                    | <b>N/A</b>                             |
| Par or stated value:                      | <b>\$ .0001</b>                        |
| Total shares authorized:                  | <b>5,000,000</b> as of date: 6/30/2025 |
| Total shares outstanding (if applicable): | <b>50,000</b> as of date: 6/30/2025    |
| Total number of shareholders of record    | <b>5</b> as of date: 6/30/2025         |

|  |                                 |
|--|---------------------------------|
| Exact title and class of the security: | <b>Series E Preferred Stock</b> |
| CUSIP (if applicable):                 | <b>N/A</b>                      |
| Par or stated value:                   | <b>\$ .0001</b>                 |

|   |                                      |
|---|--------------------------------------|
| Total shares authorized:                  | <b>250,000</b> as of date: 6/30/2025 |
| Total shares outstanding (if applicable): | <b>0</b> as of date: 6/30/2025       |
| Total number of shareholders of record    | <b>0</b> as of date: 6/30/2025       |

|  |                                 |
|--|---------------------------------|
| Exact title and class of the security: | <b>Series F Preferred Stock</b> |
|--|---------------------------------|

|                        |                |
|------------------------|----------------|
| CUSIP (if applicable): | <b>N/A</b>     |
| Par or stated value:   | <b>\$.0001</b> |

|   |                                      |
|---|--------------------------------------|
| Total shares authorized:                  | <b>250,000</b> as of date: 6/30/2025 |
| Total shares outstanding (if applicable): | <b>0</b> as of date: 6/30/2025       |
| Total number of shareholders of record    | <b>0</b> as of date: 6/30/2025       |

|  |                                 |
|--|---------------------------------|
| Exact title and class of the security: | <b>Series G Preferred Stock</b> |
|--|---------------------------------|

|                        |                |
|------------------------|----------------|
| CUSIP (if applicable): | <b>N/A</b>     |
| Par or stated value:   | <b>\$.0001</b> |

|   |                                     |
|---|-------------------------------------|
| Total shares authorized:                  | <b>250,000</b> as of date 6/30/2025 |
| Total shares outstanding (if applicable): | <b>0</b> as of date: 6/30/2025      |
| Total number of shareholders of record    | <b>0</b> as of date: 6/30/2025      |

### **Security Description:**

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

The holders of our common stock are entitled to one vote per share on all matters submitted to a vote of the shareholders, including the election of directors. Generally, all matters to be voted on by shareholders must be approved by a majority (or, in the case of election of directors, by a plurality) of the votes entitled to be cast by all shares of our common stock that are present in person or represented by proxy. Except as otherwise provided by law, amendments to our Articles of Incorporation generally must be approved by a majority of the votes entitled to be cast by all outstanding shares of our common stock. Our Articles of Incorporation do not provide for cumulative voting in the election of directors. Holders of our common stock will be entitled to such cash dividends as may be declared from time to time by the Board from funds available. Holders of our common stock have no preemptive rights to purchase shares of our common stock. The issued and outstanding shares of our common stock are not subject to any redemption provisions and are not convertible into any other shares of our capital stock. Upon our liquidation, dissolution or winding up, the holders of our common stock will be entitled to receive pro rata all assets available for distribution to such holders.

We have never declared or paid any cash dividends on our 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. Series A Preferred Stock is not entitled to dividends unless the Corporation pays cash dividends or dividends in other property to holders of Common Stock. In such cases, each share of Series A Preferred Stock will receive dividends equal to the Conversion Rate multiplied by the amount paid for one share of Common Stock. Holders of Series A Preferred Stock have the right to vote together with Common Stock holders as a single class on all matters submitted to Common Stock holders. Each share of Series A Preferred Stock carries votes equal to the number of shares of Common Stock issuable based on the Conversion Rate. They also have voting rights required by applicable law and can take action by written consent without a meeting. Series A Preferred Stock will automatically convert into Common Stock upon the filing and acceptance of an amendment to the Articles of Incorporation that increases the number of authorized shares of Common Stock. The conversion rate is 2 shares of Common Stock for each share of Series A Preferred Stock. The conversion rate is subject to adjustments for stock dividends, recapitalizations, reclassifications, and other similar events. In the event of liquidation, dissolution, or winding up of the Corporation,

the assets available for distribution will be distributed ratably among Series A Preferred Stock and Common Stock holders. Each share of Series A Preferred Stock is entitled to receive an amount equal to the Conversion Rate multiplied by the amount distributed to one share of Common Stock. Series A Preferred Stock does not have any redemption rights or sinking fund provisions.

*Series B Preferred Stock.* The Series B Preferred Stock has the following voting rights: as a class, the Series B Preferred Stock shall have the voting rights equal to four times the sum of (a) the total number of shares of Company common stock outstanding plus (b) the total number of shares of Series C Preferred Stock and Series D Preferred Stock outstanding. The holders of Series B Preferred Stock shall be entitled to receive dividends when, as and if declared by the Board of Directors, in its sole discretion, except that, upon any declaration of a dividend, 80% of the total aggregate value of the dividend shall be distributed to the holders of the Series B Preferred Stock, with each holder receiving their respective pro rata share of such amount. Upon any liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, before any distribution or payment shall be made to the holders of any other series or class of stock, 80% of assets, or liquidated value thereof, which remain after any legally obligated payments are made by the Company, shall be distributed to the holders of the Series B Preferred Stock, with each holder receiving their respective pro rata share of such assets, or liquidated value thereof. The Series B Preferred Stock has rights of conversion into Company common stock, exercisable at any time, as follows: if at least one share of Series B Preferred Stock is issued and outstanding, then the total aggregate issued shares of Series B Preferred Stock at any given time, regardless of their number, shall be convertible into the number of shares of common stock which equals four times the sum of (a) the total number of shares of common stock which are issued and outstanding at the time of conversion

plus (b) the total number of shares of common stock that the total number of issued and outstanding Series C Preferred Stock and the Series D Preferred Stock would be convertible into at the time of conversion.

*Series C Preferred Stock.* The Series C Preferred Stock possesses no voting rights. The holders of Series C Preferred Stock shall be entitled to receive dividends when, as and if declared by the Board of Directors, in its sole discretion, except that, upon any declaration of a dividend, the amount of dividend payable to the holders of Series C Preferred Stock, if any, shall be determined by the Board of Directors, with the limitation that no more than 1% of the total aggregate value of the dividend may be payable to the holders of Series C Preferred Stock. Upon any liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, holders of the Series C Preferred Stock shall receive such distributions as determined by majority vote of the Board of Directors. However, no more than 1% of the total aggregate value of the distribution may be payable to the holders of Series C Preferred Stock. Each share of Series C Preferred Stock shall be convertible, at any time at the sole election of the holder, into the number of shares of Company common stock that together are equal to 300% of the price paid for a share of Series C Preferred Stock, divided by the then-current market price of Company common stock.

*Series D Preferred Stock.* The Series D Certificate of Designation designates 5,000,000 shares of the Company's authorized preferred stock as Series D Preferred Stock. The price of each share of Series D Preferred Stock shall be set by the Board of Directors. Each share of Series D Preferred Stock shall be convertible, at any time at the sole election of the holder, into the number of shares of the Common Stock that are equal to 200% of the price paid for a share of Series D Preferred Stock, divided by the Market Price of the Common Stock, as that term is defined in the Series D Certificate of Designation.

*Series E, F, G Preferred Stock.* The Company has designated 250,000 shares for each Series. Shares of each Series of the E, F and G Preferred Stock may only be issued to the former shareholders of one corporation, limited liability company or other company or business entity that is being acquired by the Corporation (the "Acquired Company"), or to other persons or entities specifically listed in the agreement to acquire the Acquired Company which is the subject of each of the Series E, F and G Preferred Series, which agreement(s) shall have been ratified by a majority of the Board of Directors ("Acquisition Agreement"). The price of each share of Series E, F and G Preferred Stock shall be set, and can be changed, by the Board of Directors through ratification of the Acquisition Agreement. Shares of Series E, F and G Preferred Stock shall have conversion rights as delineated by the terms of their respective Acquisition Agreement.

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

None

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.

None.

3) Issuance History

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)

| Number of Shares outstanding as of January 1, 2023 | Opening Balance:   |  |                     |   |  |   |   |   |                                |
|--|--|--|---------------------|---|--|---|---|---|--------------------------------|
|  | Common: 8,532,457,061<br>Preferred:<br>Series B: 900,000<br>Series C: 243,733<br>Preferred Series A, D, E, F, G: 0 |  |                     |   |  |   |   |   |                                |
| Date of Transaction                                | Transaction type (e.g. new issuance, cancellation, shares returned to treasury)                                    | Number of Shares Issued (or cancelled) | Class of Securities | Value of shares issued (\$/per share) at Issuance | Were the shares issued at a discount to market price at the time of issuance? (Yes/No) | Individual/ Entity Shares were issued to (entities must have individual with voting /investment control disclosed). | Reason for share issuance (e.g. for cash or debt conversion) OR Nature of Services Provided (if applicable) | Restricted or Unrestricted as of this filing? | Exemption or Registration Type |
| 2/7/2023   | Issuance   | 4,000,000                              | Common              | 40,000  | Yes  | GS Capital Partners, LLC  | Conversion  | Restricted                                    | 4(a)(2)                        |
| 3/24/2023  | Issuance   | 83,333,333                             | Common              | 250,000   | Yes  | Leonite Fund I, LP  | Cash Subscription   | Unrestricted                                  | Regulation A                   |
| 4/1/2023   | Issuance   | 20,000                                 | Preferred Series D  | 20,000  | No   | DAVE FERRAILOLO   | Cash Subscription   | Restricted                                    | 4(a)(2)                        |
| 4/1/2023   | Issuance   | 20,000                                 | Preferred Series D  | 20,000  | No   | AARON LEVINE  | Cash Subscription   | Restricted                                    | 4(a)(2)                        |
| 4/1/2023   | Issuance   | 5,000                                  | Preferred Series D  | 5,000   | No   | JOSHUA MASS   | Cash Subscription   | Restricted                                    | 4(a)(2)                        |
| 4/1/2023   | Issuance   | 5,000                                  | Preferred Series D  | 5,000   | No   | DAVID MOFFAT  | Cash Subscription   | Restricted                                    | 4(a)(2)                        |
| 4/1/2023   | Issuance   | 5,000                                  | Preferred Series D  | 5,000   | No   | ALEX TODAK  | Cash Subscription   | Restricted                                    | 4(a)(2)                        |
| 4/3/2023   | Issuance   | 33,333,333                             | Common              | 100,000   | Yes  | LEONITE FUND I LP   | Cash Subscription   | Unrestricted                                  | Regulation A                   |
| 4/10/2023  | Issuance   | 25,000,000                             | Common              | 75,000  | No   | Efrat Investments   | Cash Subscription   | Unrestricted                                  | Regulation A                   |
| 4/14/2023  | Issuance   | 33,333,334                             | Common              | 100,000   | No   | GS CAPITAL PARTNERS, LLC  | Cash Subscription   | Unrestricted                                  | Regulation A                   |
| 5/2/2023   | Issuance   | 33,333,333                             | Common              | 100,000   | No   | EZZAT JALLAD  | Cash Subscription   | Unrestricted                                  | Regulation A                   |
| 5/4/2023   | Issuance   | 45,834,000                             | Common              | 137,502   | No   | GS CAPITAL PARTNERS, LLC  | Cash Subscription   | Unrestricted                                  | Regulation A                   |
| 5/11/2023  | Issuance   | 66,666,666                             | Common              | 200,000   | No   | EZZAT JALLAD  | Cash Subscription   | Unrestricted                                  | Regulation A                   |
| 5/11/2023  | Issuance   | 55,000,000                             | Common              | 165,000   | No   | GS CAPITAL PARTNERS, LLC  | Cash Subscription   | Unrestricted                                  | Regulation A                   |
| 5/22/2023  | Issuance   | 2,166,560                              | Common              | 43,331  | No   | FREDRICK E ABROMEIT   | Employee Stock  | Restricted                                    | 4(a)(2)                        |
| 5/22/2023  | Issuance   | 1,083,280                              | Common              | 21,666  | No   | BEENA MEHTA   | Employee Stock  | Restricted                                    | 4(a)(2)                        |

|           |          |            |        |         |    |                                   |                   |              |              |
|-----------|----------|------------|--------|---------|----|-----------------------------------|-------------------|--------------|--------------|
| 5/22/2023 | Issuance | 2,083,350  | Common | 41,667  | No | GORGE'S NAVARRO LOS LEONES PUEBLA | Employee Stock    | Restricted   | 4(a)(2)      |
| 5/22/2023 | Issuance | 2,000,000  | Common | 40,000  | No | JEFFREY HUBER                     | Employee Stock    | Restricted   | 4(a)(2)      |
| 5/22/2023 | Issuance | 4,166,700  | Common | 83,334  | No | ANTHONY MICHAEL SODANO            | Employee Stock    | Restricted   | 4(a)(2)      |
| 5/22/2023 | Issuance | 1,583,350  | Common | 31,667  | No | IAN MICHAEL DAY                   | Employee Stock    | Restricted   | 4(a)(2)      |
| 5/22/2023 | Issuance | 791,650    | Common | 15,833  | No | KATHERINE HEATHER LEUNG           | Employee Stock    | Restricted   | 4(a)(2)      |
| 5/22/2023 | Issuance | 1,583,350  | Common | 31,667  | No | BISAIN SERRANO JR                 | Employee Stock    | Restricted   | 4(a)(2)      |
| 5/22/2023 | Issuance | 9,140,768  | Common | 100,000 | No | NICHOLAS NAYLOR                   | Employee Stock    | Restricted   | 4(a)(2)      |
| 5/22/2023 | Issuance | 6,093,876  | Common | 66,667  | No | ANTHONY BENDER                    | Employee Stock    | Restricted   | 4(a)(2)      |
| 5/22/2023 | Issuance | 6,093,876  | Common | 66,667  | No | TANÄ MANNING                      | Employee Stock    | Restricted   | 4(a)(2)      |
| 5/22/2023 | Issuance | 2,437,660  | Common | 26,668  | No | CAMERON BARNHILL                  | Employee Stock    | Restricted   | 4(a)(2)      |
| 5/22/2023 | Issuance | 2,501,562  | Common | 26,667  | No | RICHARD UNRUH                     | Employee Stock    | Restricted   | 4(a)(2)      |
| 5/22/2023 | Issuance | 2,501,562  | Common | 26,667  | No | YVONNE SUE WALSH                  | Employee Stock    | Restricted   | 4(a)(2)      |
| 5/22/2023 | Issuance | 2,537,392  | Common | 26,668  | No | DORIAN MIDORI HISATOMI            | Employee Stock    | Restricted   | 4(a)(2)      |
| 5/22/2023 | Issuance | 2,537,392  | Common | 26,668  | No | KATHY L AMOS                      | Employee Stock    | Restricted   | 4(a)(2)      |
| 5/22/2023 | Issuance | 2,666,800  | Common | 26,668  | No | GABRIEL LUKE GILBERT              | Employee Stock    | Restricted   | 4(a)(2)      |
| 5/22/2023 | Issuance | 2,300,000  | Common | 23,000  | No | ELIZABETH MOORE                   | Employee Stock    | Restricted   | 4(a)(2)      |
| 5/22/2023 | Issuance | 2,000,000  | Common | 20,000  | No | PATRICK MUCHIRI                   | Employee Stock    | Restricted   | 4(a)(2)      |
| 5/22/2023 | Issuance | 1,333,400  | Common | 15,000  | No | JESSICA LYONS                     | Employee Stock    | Restricted   | 4(a)(2)      |
| 5/22/2023 | Issuance | 666,700    | Common | 13,334  | No | KRISTEN MOFFITT                   | Employee Stock    | Restricted   | 4(a)(2)      |
| 5/22/2023 | Issuance | 666,700    | Common | 25,000  | No | AMY LEDBETTER                     | Employee Stock    | Restricted   | 4(a)(2)      |
| 5/22/2023 | Issuance | 666,700    | Common | 6,667   | No | KATHY JEAN COLAPINTO FINBAR       | Employee Stock    | Restricted   | 4(a)(2)      |
| 5/22/2023 | Issuance | 666,700    | Common | 6,667   | No | LEAH A. BELTZ                     | Employee Stock    | Restricted   | 4(a)(2)      |
| 5/22/2023 | Issuance | 666,700    | Common | 6,667   | No | TYLER BLATCHFORD                  | Employee Stock    | Restricted   | 4(a)(2)      |
| 5/22/2023 | Issuance | 166,000    | Common | 6,667   | No | RENEE JUANITA WAUGH               | Employee Stock    | Restricted   | 4(a)(2)      |
| 5/22/2023 | Issuance | 1,166,700  | Common | 6,667   | No | TAYLER ROBERT GAMMON              | Employee Stock    | Restricted   | 4(a)(2)      |
| 5/22/2023 | Issuance | 1,327,434  | Common | 1,660   | No | CHELSEA SKAGGS                    | Employee Stock    | Restricted   | 4(a)(2)      |
| 5/22/2023 | Issuance | 1,879,699  | Common | 23,333  | No | ANTHONY KING                      | Employee Stock    | Restricted   | 4(a)(2)      |
| 5/22/2023 | Issuance | 1,166,650  | Common | 21,667  | No | ANDREW HEMBREE                    | Employee Stock    | Restricted   | 4(a)(2)      |
| 5/22/2023 | Issuance | 2,002,495  | Common | 21,667  | No | AMBER ATKISSON                    | Employee Stock    | Restricted   | 4(a)(2)      |
| 5/22/2023 | Issuance | 2,002,495  | Common | 21,667  | No | LAUREN TAMBINI                    | Employee Stock    | Restricted   | 4(a)(2)      |
| 5/22/2023 | Issuance | 2,002,495  | Common | 11,667  | No | TOMMY ROSE                        | Employee Stock    | Restricted   | 4(a)(2)      |
| 5/22/2023 | Issuance | 892,857    | Common | 10,000  | No | DINAH WILLIAMS                    | Employee Stock    | Restricted   | 4(a)(2)      |
| 5/22/2023 | Issuance | 82,417,582 | Common | 750,000 | No | ADNAN SHENNIB                     | Employee Stock    | Restricted   | 4(a)(2)      |
| 5/24/2023 | Issuance | 83,333,333 | Common | 250,000 | No | EZZAT JALLAD                      | Cash Subscription | Unrestricted | Regulation A |
| 5/25/2023 | Issuance | 55,000,000 | Common | 165,000 | No | GS CAPITAL PARTNERS, LLC          | Cash Subscription | Unrestricted | Regulation A |
| 5/26/2023 | Issuance | 38,000,000 | Common | 114,000 | No | GS CAPITAL PARTNERS, LLC          | Cash Subscription | Unrestricted | Regulation A |
| 6/13/2023 | Issuance | 83,333,333 | Common | 250,000 | No | EZZAT JALLAD                      | Cash Subscription | Unrestricted | Regulation A |

|            |          |             |             |         |    |                                |   |              |              |
|------------|----------|-------------|-------------|---------|----|--------------------------------|---|--------------|--------------|
| 5/23/2023  | Issuance | 114,802,745 | Common      | 218,125 | No | NICHOLAS NAYLOR                | Acquisition   | Restricted   | 4(a)(2)      |
| 5/23/2023  | Issuance | 38,266,992  | Common      | 72,707  | No | ANTHONY BENDER                 | Acquisition   | Restricted   | 4(a)(2)      |
| 5/23/2023  | Issuance | 114,802,745 | Common      | 218,125 | No | TANA MANNING                   | Acquisition   | Restricted   | 4(a)(2)      |
| 6/20/2023  | Issuance | 83,333,333  | Common      | 250,000 | No | EZZAT JALLAD                   | Cash Subscription   | Unrestricted | Regulation A |
| 6/21/2023  | Issuance | 55,000,000  | Common      | 165,000 | No | GS CAPITAL PARTNERS, LLC       | Cash Subscription   | Unrestricted | Regulation A |
| 6/27/2023  | Issuance | 209,000     | Common      | 627     | No | SPARTAN CAPITAL SECURITIES LLC | Investment Banker Fee   | Restricted   | 4(a)(2)      |
| 7/28/2023  | Issuance | 83333333    | Common      | 250000  | No | EZZAT JALLAD                   | Cash/Debt Forgiveness   | Unrestricted | Regulation A |
| 8/9/2023   | Issuance | 83333333    | Common      | 250000  | No | EZZAT JALLAD                   | Cash/Debt Forgiveness   | Unrestricted | Regulation A |
| 8/4/2023   | Issuance | 70000000    | Common      | 210000  | No | GS CAPITAL PARTNERS, LLC       | Cash/Debt Forgiveness   | Unrestricted | Regulation A |
| 8/15/2023  | Issuance | 13623333    | Common      | 409000  | No | EZZAT JALLAD                   | Cash/Debt Forgiveness   | Unrestricted | Regulation A |
| 8/22/2023  | Issuance | 11000000    | Common      | 333000  | No | EZZAT JALLAD                   | Cash/Debt Forgiveness   | Unrestricted | Regulation A |
| 8/28/2023  | Issuance | 12400000    | Common      | 372000  | No | GS CAPITAL PARTNERS, LLC       | Cash/Debt Forgiveness   | Unrestricted | Regulation A |
| 9/07/2023  | Issuance | 10526333    | Common      | 315790  | No | EZZAT JALLAD                   | Cash/Debt Forgiveness   | Unrestricted | Regulation A |
| 9/14/2023  | Issuance | 13333333    | Common      | 400000  | No | EZZAT JALLAD                   | Cash/Debt Forgiveness   | Unrestricted | Regulation A |
| 9/14/2023  | Issuance | 12400000    | Common      | 372000  | No | GS CAPITAL PARTNERS, LLC       | Cash/Debt Forgiveness   | Unrestricted | Regulation A |
| 10/02/2023 | Issuance | 16333333    | Common      | 490000  | No | EZZAT JALLAD                   | Cash/Debt Forgiveness   | Unrestricted | Regulation A |
| 10/06/2023 | Issuance | 16333333    | Common      | 490000  | No | EZZAT JALLAD                   | Cash/Debt Forgiveness   | Unrestricted | Regulation A |
| 10/11/2023 | Issuance | 15873000    | Common      | 476190  | No | EZZAT JALLAD                   | Cash/Debt Forgiveness   | Unrestricted | Regulation A |
| 11/13/2023 | Issuance | 151114700   | Common      | 45334   | No | GS CAPITAL PARTNERS, LLC       | Cash/Debt Forgiveness   | Unrestricted | 4(a)(2)      |
| 11/17/2023 | Issuance | 435769866   | Common      | 130731  | No | GS CAPITAL PARTNERS, LLC       | Cash/Debt Forgiveness   | Unrestricted | 4(a)(2)      |
| 2/08/2024  | Issuance | 509724950   | Common      | 101,945 | No | GS CAPITAL PARTNERS, LLC       | Cash/Debt Forgiveness   | Unrestricted | 4(a)(2)      |
| 2/12/2024  | Issuance | 1257669289  | Common      | 503,068 | No | FLOYD KURILOFF                 | Acquisition   | Restricted   | 4(a)(2)      |
| 05/02/2024 | Issuance | 50000000    | Common      | 10000   | No | JOSHUA MASS                    | Preferred Conversion to Common Stock  | Unrestricted | Conversion   |
| 05/02/2024 | Cancel   | 5000        | Preferred D | 10000   | No | JOSHUA MASS                    | Preferred Conversion to Common Stock  | Unrestricted | Conversion   |
| 5/10/2024  | Issuance | 253358166   | Common      | 25336   | No | GS CAPITAL PARTNERS, LLC       | Cash/Debt Forgiveness   | Unrestricted | 4(a)(2)      |
| 8/30/2024  | Issuance | 18183       | Common      | 4546    | No | Various Shareholders           | Issued shares to make whole fractional shareholders caused from the Reverse Split | Unrestricted | DTC          |
| 9/04/2024  | Issuance | 23          | Common      | 2       | No | Various Shareholders           | Issued shares to make whole fractional shareholders caused from the Reverse Split | Unrestricted | DTC          |
| 5/10/2024  | Issuance | 221,427     | Common      | 35453   | No | GS CAPITAL PARTNERS, LLC       | Cash/Debt Forgiveness   | Unrestricted | 4(a)(2)      |
| 10/16/2024 | Issuance | 147,326     | Common      | 14,585  | No | GS CAPITAL PARTNERS, LLC       | Cash/Debt Forgiveness   | Unrestricted | 4(a)(2)      |
| 10/15/2024 | Issuance | 288,260     | Common      | 34,591  | No | NICHOLAS NAYLOR                | Acquisition   | Restricted   | Rule 144     |
| 10/15/2024 | Issuance | 288,260     | Common      | 34,591  | No | FLOYD KURILOFF                 | Acquisition   | Restricted   | Rule 144     |
| 10/15/2024 | Issuance | 288,260     | Common      | 34,591  | No | TANE MANNING                   | Acquisition   | Restricted   | Rule 144     |
| 10/15/2024 | Issuance | 288,260     | Common      | 34,591  | No | ANTHONY BENDER                 | Acquisition   | Restricted   | Rule 144     |
| 10/30/2024 | Issuance | 353,151     | Common      | 30,971  | No | NICHOLAS NAYLOR                | Acquisition   | Restricted   | Rule 144     |
| 11/1/2024  | Issuance | 259,500     | Common      | 15,596  | No | GS CAPITAL PARTNERS, LLC       | Cash/Debt Forgiveness   | Unrestricted | 4(a)(2)      |



|            |              |           |                    |        |    |                          |                               |              |          |
|------------|--------------|-----------|--------------------|--------|----|--------------------------|-------------------------------|--------------|----------|
| 11/4/2024  | Issuance     | 384,400   | Common             | 30,752 | No | FLOYD KURILOFF           | Acquisition                   | Restricted   | Rule 144 |
| 11/5/2024  | Issuance     | 170,215   | Common             | 13,617 | No | ANTHONY BENDER           | Acquisition                   | Restricted   | Rule 144 |
| 11/12/2024 | Issuance     | 288,260   | Common             | 26,232 | No | TANE MANNING             | Acquisition                   | Restricted   | Rule 144 |
| 11/13/2024 | Issuance     | 335,260   | Common             | 20,116 | No | GS CAPITAL PARTNERS, LLC | Cash/Debt Forgiveness         | Unrestricted | 4(a)(2)  |
| 11/14/2024 | Issuance     | 260,700   | Common             | 21,899 | No | FLOYD KURILOFF           | Acquisition                   | Restricted   | Rule 144 |
| 11/18/2024 | Issuance     | 456,342   | Common             | 35,823 | No | NICHOLAS NAYLOR          | Acquisition                   | Restricted   | Rule 144 |
| 11/20/2024 | Issuance     | 384,400   | Common             | 32,405 | No | FLOYD KURILOFF           | Acquisition                   | Restricted   | Rule 144 |
| 11/21/2024 | Issuance     | 344,908   | Common             | 20,694 | No | GS CAPITAL PARTNERS, LLC | Cash/Debt Forgiveness         | Unrestricted | 4(a)(2)  |
| 11/24/2024 | Issuance     | 447,300   | Common             | 34,353 | No | FLOYD KURILOFF           | Acquisition                   | Restricted   | Rule 144 |
| 11/25/2024 | Issuance     | 277,695   | Common             | 19,466 | No | NICHOLAS NAYLOR          | Acquisition                   | Restricted   | Rule 144 |
| 12/2/2024  | Issuance     | 549,758   | Common             | 17,647 | No | TANE MANNING             | Acquisition                   | Restricted   | Rule 144 |
| 12/2/2024  | Issuance     | 447,300   | Common             | 14,358 | No | FLOYD KURILOFF           | Acquisition                   | Restricted   | Rule 144 |
| 12/5/2024  | Issuance     | 347,045   | Common             | 20,823 | No | GS CAPITAL PARTNERS, LLC | Cash/Debt Forgiveness         | Unrestricted | 4(a)(2)  |
| 12/5/2024  | Issuance     | 1,000,000 | Common             | 40,000 | No | AARON LEVINE             | Preferred D Shares Conversion | Restricted   | Rule 144 |
| 12/5/2024  | Cancellation | 20,000    | Preferred D Shares | 40,000 | No | AARON LEVINE             | Preferred D Shares Conversion | Restricted   | Rule 144 |
| 12/12/2024 | Issuance     | 447,300   | Common             | 26,838 | No | FLOYD KURILOFF           | Acquisition                   | Restricted   | Rule 144 |
| 12/10/2024 | Issuance     | 607,862   | Common             | 18,844 | No | GS CAPITAL PARTNERS, LLC | Cash/Debt Forgiveness         | Unrestricted | 4(a)(2)  |
| 12/19/2024 | Issuance     | 1,369,241 | Common             | 51,347 | No | FLOYD KURILOFF           | Acquisition                   | Restricted   | Rule 144 |
| 12/31/2024 | Issuance     | 610,990   | Common             | 21,079 | No | GS CAPITAL PARTNERS, LLC | Cash/Debt Forgiveness         | Unrestricted | 4(a)(2)  |
| 1/8/2025   | Issuance     | 249,170   | Common             | 25,000 | No | TANE MANNING             | Acquisition                   | Restricted   | Rule 144 |
| 1/24/25    | Issuance     | 806,332   | Common             | 11,772 | No | GS CAPITAL PARTNERS, LLC | Cash/Debt Forgiveness         | Unrestricted | 4(a)(2)  |
| 2/11/2025  | Issuance     | 864,737   | Common             | 17,295 | No | GS CAPITAL PARTNERS, LLC | Cash/Debt Forgiveness         | Unrestricted | 4(a)(2)  |
| 3/5/2025   | Issuance     | 912,715   | Common             | 18,254 | No | GS CAPITAL PARTNERS, LLC | Cash/Debt Forgiveness         | Unrestricted | 4(a)(2)  |
| 3/21/2025  | Issuance     | 958,881   | Common             | 10,548 | No | GS CAPITAL PARTNERS, LLC | Cash/Debt Forgiveness         | Unrestricted | 4(a)(2)  |
| 04/16/2025 | Issuance     | 2,029,000 | Common             | 7,710  | No | Trillium Partners LP     | Debt Forgiveness              | Unrestricted | 3(a)(10) |
| 04/22/2025 | Issuance     | 1,119,338 | Common             | 6,716  | No | GS CAPITAL PARTNERS, LLC | Cash/Debt Forgiveness         | Unrestricted | 4(a)(2)  |
| 05/06/2025 | Issuance     | 2,230,000 | Common             | 4,460  | No | Trillium Partners LP     | Debt Forgiveness              | Unrestricted | 3(a)(10) |
| 05/07/2025 | Issuance     | 1,172,288 | Common             | 3,751  | No | GS CAPITAL PARTNERS, LLC | Cash/Debt Forgiveness         | Unrestricted | 4(a)(2)  |
| 05/19/2025 | Issuance     | 2,677,000 | Common             | 5,354  | No | Trillium Partners LP     | Debt Forgiveness              | Unrestricted | 3(a)(10) |
| 05/23/2025 | Issuance     | 1,345,052 | Common             | 2,824  | No | GS CAPITAL PARTNERS, LLC | Cash/Debt Forgiveness         | Unrestricted | 4(a)(2)  |
| 05/30/2025 | Issuance     | 2,682,000 | Common             | 4,559  | No | Trillium Partners LP     | Debt Forgiveness              | Unrestricted | 3(a)(10) |
| 06/06/2025 | Issuance     | 1,678,152 | Common             | 3,524  | No | GS CAPITAL PARTNERS, LLC | Cash/Debt Forgiveness         | Unrestricted | 4(a)(2)  |
| 06/11/2025 | Issuance     | 3,346,000 | Common             | 5,354  | No | Trillium Partners LP     | Debt Forgiveness              | Unrestricted | 3(a)(10) |
| 06/17/2025 | Issuance     | 1,932,280 | Common             | 5,023  | No | GS CAPITAL PARTNERS, LLC | Cash/Debt Forgiveness         | Unrestricted | 4(a)(2)  |
| 06/18/2025 | Issuance     | 3,838,000 | Common             | 7,676  | No | Trillium Partners LP     | Debt Forgiveness              | Unrestricted | 3(a)(10) |
| 06/30/2025 | Issuance     | 4,410,000 | Common             | 5,292  | No | Trillium Partners LP     | Debt Forgiveness              | Unrestricted | 3(a)(10) |

Shares Outstanding on Date of This Report:

**Ending Balance:**

Date 6/30/25

Common: 48,958,020

Preferred Series B: 900,000

Preferred Series C: 243,733

Preferred Series D: 50,000

Preferred Series A, D, E, F, G: 0

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

|   |   |
|---|---|
| GS Capital Partners, LLC (Gabe Syegh)                 | Odyssey Capital Funding LLC (Ahron Fraiman) |
| Trillium Partners LP (Stephen Hicks)                  | Crown Bridge Partners, LLC (Seth Ahdoot)    |
| New to the Street Group, LLC (Vince Caruso)           | Adar Alef LLC (Ari Goldstein)               |
| Ajo Capital, Inc. (Dror Tepper)                       | iHEAR Medical, Inc. (Adnan Shennib)         |
| Animaya Capital, LLC (Carl Haney)                     | Leonite Fund I, LP (Avi Geller)             |
| SPARTAN CAPITAL SECURITIES LLC (FREDDY CAMMARANO III) | Efrat Investments (Pinny Rotter)            |

## B. Promissory and Convertible Notes

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

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

| Date of Note Issuance | Outstanding Balance (\$) | Principal Amount at Issuance (\$) | Interest Accrued (\$) | Maturity Date    | Conversion Terms (e.g. pricing mechanism for determining conversion of instrument to shares) | Name of Noteholder.<br>*** You must disclose the control person(s) for any entities listed. | Reason for Issuance (e.g. Loan, Services, etc.) |
|-----------------------|--------------------------|-----------------------------------|-----------------------|------------------|--|---|---|
| 4/12/2022             | \$126,500                | \$291,739.13                      | \$0                   | October 27, 2023 | Lowest Closing Price within 10 trading days from conversion                                  | GS CAPITAL PARTNERS, LLC (see footnotes)  | Working Capital                                 |

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

GS Capital Partners, LLC (Gabe Syegh)

## 4) Issuer's Business, Products and Services

### A. History

The Company was originally incorporated in the State of Nevada on June 15, 2012, as InnerScope Advertising Agency, Inc. On August 25, 2017, the Company changed its name to InnerScope Hearing Technologies, Inc. to better reflect the Company's current direction as a hearing health technology company that manufactures, develops, distributes, and sells numerous innovative hearing health- related products, hearing treatments, and hearing solutions over-the-counter (OTC) with a scalable business model.

The Company is a manufacturer and distributor of OTC Hearing Aids, Hearing Aid Accessories & Hearing Health-Related Products ("Hearing Products") dedicated to addressing the global demand for affordable hearing solutions. InnerScope's Hearing Products and its B2C and B2B business model break through the persistent barriers that prevent access to effective and affordable hearing solutions. The Company's mission is to improve the quality of life of the 70 million people in North America and the 1.5 billion worldwide who suffer from hearing impairment and/or hearing-related issues.

## **Recent Events**

October 17, 2022, marked a turning point for the Company, when the FDA final rule was enacted (the "FDA Rule") permitting the over-the-counter sale of hearing aids for perceived mild to moderate hearing losses. Immediately, it became permissible for us to sell our hearing aids ("OTC Hearing Aids") directly to consumers as an over-the-counter product.

Currently, the Company's full line OTC Hearing Aids, Hearing Aid Accessories & Hearing Health-Related Products ("Hearing Products") is currently available through retail/wholesale distribution channels: Walmart Vision Centers, Walmart.com, Walmart Canada, RiteAid.com, BestBuy.com, Amazon.com, Fingerhut.com, Giant Eagle, Hy-Vee, Hartig Drug, Food City, Cardinal Health™ at-Home, and Topco Associates. We are in the process of developing additional distribution channels for our Hearing Products through major retailers and pharmacy chains.

## **Business Model**

The Company's Hearing Products and its business model allows the consumers to break traditional barriers that prevent access to effective hearing solutions. For example, the Company's recent acquisition (September 30<sup>th</sup>, 2021) of iHear Medical Inc., a DTC cloud-based hearing solution provider, gives access to over 40 hearing technology patents and an FDA-registered manufacturing and R&D facility. In addition, the Company has acquired HearingAssist, an established leader in the direct-to-consumer hearing aid market with a customer base of over 400,000. Management believes these acquisitions, combined with a partnership with Atlazo Inc., a semiconductor innovator for next-generation AI smart devices, will allow the Company to take the lead position in the direct-to-consumer hearing solutions market by selling innovative proprietary advanced hearing products online and through Walmart and other major Big Box retailers.

## **Business**

The Company is a manufacturer and distributor of OTC Hearing Aids, Hearing Aid Accessories & Hearing Health-Related Products dedicated to addressing the global demand for affordable hearing solutions. InnerScope's Hearing Products and its B2C and B2B business model break through the persistent barriers that prevent access to effective and affordable hearing solutions.

The Company's mission is to improve the quality of life of the 70 million people in North America and the 1.5 billion people worldwide who suffer from hearing impairment and/or hearing-related issues. The management team of InnerScope is applying decades of industry experience and believes it is well-positioned to with its initiative in-store point-of-sale Free Self-Check Hearing Screening Kiosks ("Hearing Kiosks") to directly benefit from the recently issued FDA Rule. This FDA Rule allows OTC hearing aids for perceived mild to moderate hearing losses to be sold over-the-counter in retail stores without a prescription or having to see a hearing health care professional.

The Hearing Kiosk, deployed in over 100 locations around the country, is designed for the tens of millions of Americans with undetected/untreated perceived mild-to-moderate hearing losses to treat themselves with the Company's easy, convenient, and affordable OTC hearing aids offered in-store off-the-shelf and/or OTC online affordable hearing aid options. The Company's full line of Hearing Products is currently available through these multiple retail/wholesale distribution channels: Walmart Vision Centers, Walmart.com, Walmart Canada, CVS, CVS.com, Rite Aid, RiteAid.com, BestBuy.com, Amazon.com, Fingerhut.com, Giant Eagle, Hy-Vee, Hartig Drug, Food City, Cardinal Health, Cardinal Health at-Home, AmerisourceBergen, and Topco Associates representing 15,000+ of grocery and pharmacy stores. More in-store and online Hearing Products will soon launch with major retailers and pharmacy chains.

## **Manufacturing**

The Company's Hearing Aids are currently manufactured by a contracted OEM hearing aid manufacturer (the "Manufacturer"), a contract manufacturer based in China. The Company relies on several third-party suppliers for the components used in its hearing aids, including semiconductor components, such as integrated circuits, as well as batteries, microphones and receivers.

The Company believes that these third-party facilities and suppliers will be adequate to meet its current and anticipated manufacturing needs. The Company does not currently plan to manufacture its hearing aids or any related components itself.

Manufacturing facilities that produce medical devices and/or their component parts intended for distribution world-wide are subject to regulation and periodic unannounced inspection by the FDA and other domestic and international regulatory agencies. In the United States, any products we sell are required to be manufactured in compliance with the FDA's Quality System Regulation, which covers the methods used in, and the facilities used for, the design, testing, control, manufacturing, labeling, quality assurance, packaging, storage and shipping of our products.

The distribution of the Company's hearing aids is handled directly through a third-party logistics provider. The Company's finished hearing aids are shipped directly to the third-party logistics provider's facility and are distributed from there to customers.

While the Company has not been directly impacted by any major disruption to our supply chain or access to necessary raw materials and component parts for the manufacture of its products to date that have impacted our ability to service customers, disruptions have occurred across a number of industries and the Company cannot provide any assurance that future disruptions will not emerge as a result of the ongoing supply chain issues, inflation, or other extrinsic factors. To date, increases in the Company's product component pricing have occurred but have not had a material impact on supply continuity or gross margin. The Company has taken steps to monitor our supply chain and actions to address limited supply and increasing lead times.

## **Research and Development**

The Company is committed to ongoing research and development. To that end, the Company's recent acquisition of iHear Medical Inc., a DTC cloud-based hearing solution provider, gives access to over 40 hearing technology patents and an FDA- registered manufacturing and R&D facility. The Company is focused on continuing to launch new versions of its Hearing Products with increased functionality and improved sound quality, amplification, noise reduction, fit, comfort, water resistance and ease-of-use, as well as reduced cost of goods and better connectivity. The Company believes that the continued introduction of new products is critical to maintaining existing customers, attracting new customers, achieving market acceptance of our products and maintaining or increasing its competitive position in the market.

## **Competition**

The Company has numerous direct, indirect and partial competitors, including Lexie Powered by Bose, Eargo, MD Hearing, Lucid Hearing, Jabra Enhanced and Sony, many of which have valuable industry relationships and access to greater resources, financial and otherwise, than the Company does. There is no assurance that the Company will be able to compete effectively in its industry, nor is there any assurance that it will ever be able to earn a profit.

Further, the internet is fast becoming a major factor in the distribution of hearing aids. In the U.S., numerous companies advertise hearing aids at inexpensive prices. The Company competes directly with these internet-based companies which are similar to its business model and include Audicus, Eargo and Lucid Hearing. In addition, the hearing device industry is controlled by five global manufacturers: GN Store Nord, Sonova, Starkey Hearing Technologies, William Demant and W/S Audiology, all of which have established products and substantially greater financial, sales and marketing, manufacturing and development resources than the Company possesses. The Company also competes against traditional brick and mortar retail hearing clinics which primarily sell the five global manufacturers' products.

## **Intellectual Property**

With the Company's asset purchase of iHear Medical Inc., it acquired access rights and license to over 40 U.S. patents for hearing aid technology. This includes 100% ownership to the only FDA-Cleared in-home hearing test, called the iHearTest. The Company also has numerous copyrights, trademarks, and inventions assignment agreements to protect its intellectual property rights. The Company has two provisional patents filed that may not result in issued patents. The Company cannot be certain that any of the steps it has taken will prevent the misappropriation of its intellectual property, particularly in foreign countries where the laws may not protect its proprietary rights in these countries as fully as in the United States.

## **Government Regulation**

*In General.* The Company is subject to a limited variety of local, state, and federal regulations. Some of its products, for example, are registered with the FDA, which regulates, among other things, the research, development, testing, design, manufacturing, approval, labeling, storage, recordkeeping, advertising, promotion and marketing, distribution, post approval monitoring and reporting and import and export of medical devices in the United States to assure the safety and effectiveness of medical products for their intended use. The U.S. Federal Trade Commission (the "FTC") also regulates the advertising of its products in the United States. Further, the Company is subject to laws directed at preventing fraud and abuse, which subject its sales and marketing, training, and other practices to government scrutiny.

While the Company believes that its operations are in compliance with all applicable regulations, there can be no assurances that, from time-to-time, unintentional violations of such regulations will not occur. The Company is also subject to federal, state and local laws and regulation applied to businesses, such as payroll taxes on the state and federal levels. The Company's current business requires that it comply with state corporate filings, city or county business license and the necessary business liability insurance. The requirements of these regulations are minimal and do not cause any undue burden.

However, internet access and online services are not subject to direct regulation in the United States. Changes in the laws and regulations relating to the telecommunications and media industry, however, could impact our business. For example, the Federal Communications Commission could begin to regulate the Internet and online service industry, which could result in increased costs for us. The laws and regulations applicable to the Internet and to the Company's services are evolving and unclear and could damage its business. There are currently few laws or regulations directly applicable to access to, or commerce on, the Internet. It is possible that laws and regulations may be adopted, covering issues such as user privacy, defamation, pricing, taxation, content regulation, quality of products and services, and intellectual property ownership and infringement. Such legislation could expose the Company to substantial liability as well as dampen the growth in use of the Internet, decrease the acceptance of the Internet as a communications and commercial medium, or require the Company to incur significant expenses in complying with any new regulations.

*Regulation by the FDA.* The FDA classifies hearing aids as medical devices. In the United States, the Federal Food, Drug, and Cosmetic Act (the "FDCA"), as well as FDA regulations and other federal and state statutes and regulations, govern, among other things, medical device design and development, preclinical and clinical testing, device safety, premarket clearance and approval, establishment registration and device listing, manufacturing, labeling, storage, record-keeping, advertising and promotion, sales and distribution, export and import, recalls and field safety corrective actions, and post-market surveillance, including complaint handling and medical device reporting of adverse events.

The Company currently markets and is in compliance with the FDA regulations for its hearing aid products.

*FDA Rule.* Effective October 17, 2022, the FDA issued its final rule (the FDA Rule) permitting the over-the-counter sale of hearing aids for mild to moderate hearing losses. Immediately, it became permissible for the Company to sell its OTC Hearing Aids directly to consumers as an over-the-counter product.

As of the date of this Quarterly Report, the Company has 4 employees/consultants, including its executive officers.

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

Currently, the Company has two subsidiaries: Hearing Assist II, Inc. a Virginia Company (formed November 2021)

**C. Describe the issuer's principal products or services.**

The Company is a manufacturer and distributor of OTC Hearing Aids, Hearing Aid Accessories & Hearing Health-Related Products dedicated to addressing the global demand for affordable hearing solutions. InnerScope's Hearing Products and its B2C and B2B business model break through the persistent barriers that prevent access to effective and affordable hearing solutions. The Company's mission is to improve the quality of life of the 70 million people in North America and the 1.5 billion worldwide who suffer from hearing impairment and/or hearing-related issues.

**5) Issuer's Facilities**

The Company conducts all of its operations from a commercial property in which it has 49% ownership. This property is located at 2151 Professional Drive, Roseville, CA., 95661. The Company leases this property on a month-to-month basis for \$12,000 per month.

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

| Name and Officer, Director or Control Person | Affiliation with Company (e.g., Officer Title, Director, Owner of More than 5%)  | Residential Address (City/State Only) | Number of Shares Owned | Share Type/Class         | Ownership Percentage of Class Outstanding | Note              |
|--|--|---------------------------------------|------------------------|--------------------------|---|-------------------|
| Matthew Moore                                | Director, CEO  | Roseville, CA                         | 19,020,000             | Common                   | Less than 1%                              |                   |
|  |  |                                       | 300,000                | Series B Preferred Stock | 33.33%                                    | See Note A below. |
| Kimberly Moore                               | Director, CFO  | Granite Bay, CA                       | 19,020,000             | Common                   | Less than 1%                              |                   |
|  |  |                                       | 300,000                | Series B Preferred Stock | 33.33%                                    | See Note A below. |
| Mark Moore                                   | Director   | Granite Bay, CA                       | 19,020,000             | Common                   | Less than 1%                              |                   |
|  |  |                                       | 300,000                | Series B Preferred Stock | 33.33%                                    | See Note A below. |
| Note A                                       | The holders of the Series B Preferred Stock shall have the voting rights equal to four times the sum of (1) the total number of shares of common stock outstanding plus (2) the total number of shares of the Series C Preferred Stock and Series D Preferred Stock outstanding. The shares of Series B Preferred Stock shall have the following rights of conversion: at any time, the holders, as a group, have the right to convert the shares of Series B Preferred Stock into the number of shares of common stock which equals approximately 80% of the then-outstanding shares of common stock. |                                       |                        |                          |   |                   |

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 October 18, 2023, a Civil Action No.: 3:2023cv01094 was filed in the US District Court for the Middle of Tennessee by Chelsea Watkins, Plaintiff v. InnerScope Hearing Technologies, Inc., et al, Defendants. The Plaintiff is seeking damages due to unpaid wages and commissions, the value of the Plaintiff's Stock Retention Bonus, and all other economic damages.

On October 19, 2023, a Civil Action No.: 2:2023cv00224 was filed in the US District Court for the Northern District of Georgia by Ledbetter et al, Plaintiff v. InnerScope Hearing Technologies, Inc. et al, Defendants. The Plaintiffs are seeking damages for Violations of the Fair Labor Standard Act of 1938, as amended.

## 8) Third Party Service Providers

Austin Legal Group, APC  
3990 Old Town Ave, Suite A-101  
San Diego, California 92110  
Office Phone: (619) 924-9600  
Office Fax: (619) 881-0045  
[www.austinlegallgroup.com](http://www.austinlegallgroup.com)

All other means of Investor Communication:

X: @INNDSStock

## 9) Disclosure & Financial Information

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

Name: Matthew Moore  
Title: Board Member  
Relationship to Issuer: Co-Founder / Director / Shareholder

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: Kimberly Moore  
Title: Board Member  
Relationship to Issuer: Co-Founder / Director / Shareholder

Describe the qualifications of the person or persons who prepared the financial statements:<sup>5</sup> **Mrs. Moore is experienced in the collection of financial information and the preparation of financial statements, based on her role as CFO for four (4) different companies over the last 30 years.**

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

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<sup>5</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.



## 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, Matthew Moore certify that:

1. I have reviewed this Disclosure Statement for **InnerScope Hearing Technologies, Inc.**;
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.

Date: 8/19/2025

/s/ Matthew Moore

### *Principal Financial Officer:*

I, Kimberly Moore certify that:

1. I have reviewed this Disclosure Statement for **InnerScope Hearing Technologies, Inc.**;
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.

Date: 8/19/2025

/s/ Kimberly Moore

**INNERSCOPE HEARING TECHNOLOGIES, INC.**  
**CONSOLIDATED BALANCE SHEETS**

|   | <b>THREE MONTHS ENDED JUNE 30,</b> |                      |
|---|------------------------------------|----------------------|
|   | <b>2025</b>                        | <b>2024</b>          |
| <b>ASSETS</b>   |                                    |                      |
| <b>Current Assets:</b>  |                                    |                      |
| Cash  | \$ 7,560                           | \$ 37,875            |
| Accounts receivable, allowance for doubtful accounts  | \$ 3,222,579                       | 3,209,545            |
| Accounts receivable from related party  | 651,246                            | 657,123              |
| Employee advances   | 3,000                              | 3,000                |
| Prepaid expenses and other current assets   | 149,558                            | 140,433              |
| Inventory   | 4,887,963                          | 4,903,941            |
| <b>Total current assets</b>   | <b>8,921,906</b>                   | <b>8,951,917</b>     |
| Domain name   | 10,000                             | 10,000               |
| Other assets  | -                                  | -                    |
| Investment in subsidiary  | -                                  | -                    |
| Intangible assets, net of accumulated amortization  | 16,875,637                         | 16,727,487           |
| Goodwill  | 7,163,898                          | 8,857,117            |
| Property and equipment, net of accumulated depreciation   | 1,687,904                          | 1,687,904            |
| Investment in undivided interest in real estate   | 1,232,345                          | 1,232,345            |
| <b>Total assets</b>   | <b>\$ 35,891,690</b>               | <b>\$ 37,466,770</b> |
| <b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>  |                                    |                      |
| <b>Current Liabilities:</b>   |                                    |                      |
| Bank Charges  | \$ -                               | \$ -                 |
| Accounts payable and accrued expenses   | 7,937,569                          | 12,439,881           |
| Accounts payable to related party   | 350,554                            | 224,144              |
| Notes payable - stockholder   | 95,800                             | 95,800               |
| Current portion of note payable - undivided interest in real estate   | -                                  | -                    |
| Note payable, other & related party   | 15,000                             | 15,000               |
| Customer deposits   | 5,459                              | 13,321               |
| Other liabilities   | 7,968                              | 11,528               |
| Operating lease liabilities, current portion  | 81,674                             | 331,674              |
| <b>Total current liabilities</b>  | <b>\$ 8,494,024</b>                | <b>13,131,348</b>    |
| Long term portion of note payable- undivided interest in real estate  | 937,992                            | 937,992              |
| Economy Injury Disaster loan  | 148,367                            | 146,153              |
| Other long-term liability   | 4,715,201                          | 4,736,613            |
| Line of Credit, net of discount   | 454,132                            | 813,753              |
| Operating lease liabilities, Less current portion   | 11,493                             | 22,023               |
| <b>Total liabilities</b>  | <b>\$ 14,761,209</b>               | <b>19,787,882</b>    |
| <b>Commitments and contingencies</b>  |                                    |                      |
| <b>Stockholders' Equity:</b>  |                                    |                      |
| Preferred stock, \$0.0001 par value; 25,000,000 shares authorized;  |                                    |                      |
| Series A preferred stock, par value \$0.0001, -0- (2025) and -0- (2024)   | -                                  | -                    |
| Series B preferred stock, par value \$0.0001, 900,000 (2025) and 900,000 (2024) shares authorized, and 900,000 (2025) and 900,000 (2024) shares issued and outstanding            | 90                                 | 90                   |
| Series C preferred stock, par value \$0.0001, 10,000,000 (2025) and 10,000,000 (2024) shares authorized, and 243,733 (2025) and 243,733 (2024) shares issued and outstanding      | 24                                 | 24                   |
| Series D preferred stock, par value \$0.0001, 5,000,000 (2025) and -5,000,000- (2024) shares authorized, and 30,000 (2025) and 55,000 (2024) shares issued and outstanding        | 1                                  | 1                    |
| Common stock, \$0.0001 par value; 14,975,000,000 (2025) and 14,975,000,000 (2024) shares authorized and 48,958,020 (2025) and 13,842,863,278 (2024) shares issued and outstanding | 1,560,389                          | 1,384,310            |
| Common stock to be issued, \$0.0001 par value, 2,412,671 (2025) and 2,412,671 (2024) shares   | 241                                | 241                  |
| Preferred stock to be issued  | -                                  | -                    |
| Additional paid-in capital  | 39,200,177                         | 37,930,104           |
| Accumulated deficit   | (19,630,441)                       | 21,635,882           |
| <b>Total stockholders' equity</b>   | <b>21,130,481</b>                  | <b>17,678,888</b>    |
| <b>Total Liabilities and Shareholder Equity</b>   | <b>\$ 35,891,690</b>               | <b>\$ 37,466,770</b> |

See notes to consolidated financial statements.



**INNERSCOPE HEARING TECHNOLOGIES, INC.  
CONSOLIDATED STATEMENTS OF CASH FLOWS**

|   | <b>THREE MONTHS ENDED JUNE 30,</b> |                  |
|---|------------------------------------|------------------|
|   | <b>2025</b>                        | <b>2024</b>      |
| <b>Cash flows from operating activities:</b>                |                                    |                  |
| Net Income  | \$ (125,197)                       | \$ 162,356       |
| Conversion from Series D Preferred to Common Stock          | -                                  | 2,500            |
| One-Time Write Offs   | -                                  | (1,274,371)      |
| (Gain) loss on debt extinguishment                          | -                                  | 1,592,688        |
| Changes in operating assets and liabilities:                |                                    |                  |
| Accounts receivable   | -                                  | (2,283,029)      |
| Inventory   | -                                  | 2,098,518        |
| Prepaid Assets  | -                                  | (43,685)         |
| Accounts payable and accrued expenses                       | -                                  | 502,679          |
| Other liabilities   | 7,358                              | (977,717)        |
| Customer deposits   | 2,296                              | -                |
| Related party receivable                                    | -                                  | 136,937          |
| Related party payable                                       | 34,836                             | 224,144          |
| <b>Net cash used in operating activities</b>                | <b>(80,707)</b>                    | <b>141,020</b>   |
| <b>Cash flows from investing activities:</b>                |                                    |                  |
| Purchase of office and computer equipment                   | -                                  | -                |
| <b>Net cash used in investing activities</b>                | <b>-</b>                           | <b>-</b>         |
| <b>Cash flows from financing activities:</b>                |                                    |                  |
| Bank fees   | -                                  | (156,175)        |
| Proceeds from issuance of common stock                      | 21,838                             | 35,571           |
| Payments/Proceeds from 3(a)(10)                             | 40,405                             | -                |
| <b>Net cash provided by financing activities</b>            | <b>86,243</b>                      | <b>(120,604)</b> |
| <b>Net increase (decrease) in cash and cash equivalents</b> | <b>5,536</b>                       | <b>(45,106)</b>  |
| Cash and cash equivalents, Beginning of period              | \$ 2,025                           | \$ 64,683        |
| Cash and cash equivalents, End of period                    | \$ 7,560                           | \$ 19,577        |

**CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' DEFICIT**  
**THREE MONTHS ENDED JUNE 30, 2025 AND 2024**

|   | Series B Preferred stock |        | Series C Preferred stock |        | Series D Preferred stock |        | Common stock   |              | Common stock to be issued |        | Additional      | Retained        | Total                |
|---|--------------------------|--------|--------------------------|--------|--------------------------|--------|----------------|--------------|---------------------------|--------|-----------------|-----------------|----------------------|
|   | Shares                   | Amount | Shares                   | Amount | Shares                   | Amount | Shares         | Amount       | Shares                    | Amount | Paid-In Capital | deficit         | Stockholders' Equity |
| Balances April 1, 2024                              | 900,000                  | \$ 90  | 243,733                  | \$ 24  | 55,000                   | \$ 1   | 13,539,505,112 | \$ 1,353,974 | 2,415,671                 | \$ 241 | \$ 38,661,802   | \$ (24,784,934) | 15,231,198           |
| Convertible Note Conversion                         |                          |        |                          |        |                          |        | 253,358,166    | 25,336       |                           |        | 10,235          |                 | 35,571               |
| Series D Preferred stock conversion to Common Stock |                          |        |                          |        | (5,000)                  | -      | 50,000,000     | 5,000        |                           |        |                 |                 | 5,000                |
| Net Loss for the period ended June 30, 2024         | -                        | -      | -                        | -      | -                        | -      | -              | -            | -                         | -      | -               | -               | 0                    |
| Balances June 30, 2024                              | 900,000                  | \$ 90  | 243,733                  | \$ 24  | 50,000                   | \$ 1   | 13,842,863,278 | \$ 1,384,310 | 2,415,671                 | \$ 241 | \$ 38,672,037   | \$ (24,784,934) | 15,271,769           |
| Balances April 1, 2025                              | 900,000                  | \$ 90  | 243,733                  | \$ 24  | 35,000                   | \$ 3   | 20,498,910     | \$ 1,557,543 | 2,415,671                 | \$ 241 | \$ 39,140,780   | \$ (19,505,244) | 21,193,435           |
| Convertible Note Conversion                         |                          |        |                          |        |                          |        | 7,247,110      | 725          |                           |        | 21,113          |                 | 21,838               |
| Shares issued for 3(a)(10)                          |                          |        |                          |        |                          |        | 21,212,000     | 2,121        |                           |        | 38,284          |                 | 40,405               |
| Net Loss for the period ended June 30, 2025         | -                        | -      | -                        | -      | -                        | -      | -              | -            | -                         | -      | -               | (125,197)       | (125,197)            |
| Balances June 30, 2025                              | 900,000                  | \$ 90  | 243,733                  | \$ 24  | 35,000                   | \$ 3   | 48,958,020     | \$ 1,560,389 | 2,415,671                 | \$ 241 | \$ 39,200,177   | \$ (19,630,441) | 21,130,481           |

See notes to consolidated financial statements.

INNERSCOPE HEARING TECHNOLOGIES, INC  
Notes to the Financial Statement  
June 30, 2025 (Unaudited)

**THE COMPANY**

InnerScope Hearing Technologies, Inc. ("Company," or "InnerScope") is a Nevada Corporation incorporated on June 15, 2012, with its principal place of business in Roseville, California. The Company was originally named InnerScope Advertising Agency, Inc. and was formed to provide advertising and marketing services to retail establishments in the hearing device industry. On August 25, 2017, the Company changed its name to InnerScope Hearing Technologies, Inc. to better reflect the Company's current direction as a hearing health technology company that manufactures, develops, distributes, and sells numerous innovative hearing aid and related products direct to consumers with a scalable business model. In addition, the Company would be well-positioned to directly benefit when the Over-the-Counter (OTC) Hearing Aid Act (the "OTC Hearing Aid Law") becomes enacted (enacted October 17, 2022). The OTC Hearing Aid Law allows OTC hearing aids for perceived mild to moderate hearing loss to be sold in retail stores without having a prescription or seeing a hearing health professional.

The Company is a manufacturer and a distributor/retailer of Over-the-Counter ("OTC") FDA (Food and Drug Administration) registered hearing aids and hearing and hearing aid-related accessories ("OTC Hearing Products"). The Company's mission is to improve the quality of life of the 70 million people in North America and the 1.5 billion people worldwide who suffer from hearing impairment and/or hearing-related issues. The management team of InnerScope is applying decades of industry experience and believes it is well-positioned with its innovative in-store point-of-sale Free Self-Check Hearing Screening Kiosks ("Hearing Kiosks"). The Hearing Kiosk is designed for the tens of millions of Americans with undetected or untreated mild-to-moderate hearing loss to treat themselves with the Company's easy, convenient, and affordable OTC Hearing Products. The Company's OTC Hearing Products and its business model break through the persistent barriers that prevent access to affordable and effective hearing solutions. The Company's acquisitions of HearingAssist and iHear Medical Inc., II LLC will allow the Company to take the lead position in the OTC hearing aid market by selling innovative proprietary advanced OTC Hearing Products through Walmart and other major Big Box retailers. The Company's full line of OTC Hearing Products is currently available through multiple retail/wholesale channels: Walmart.com, RiteAid.com, CVS.com, Target.com, Bestbuy.com Amazon.com, Fingerhut.com, Giant Eagle, Hy-Vee, Hartig Drug, Food City, ShopRite, Cardinal Health dba RGH Enterprises Inc., which provides products to FSASore.com, HSASore.com, and WellDeservedHealth.com, Cardinal Heath, Cardinal Health at-Home and AmerisourceBergen. Additional retailers and locations launching through Topco Associates representing 15,000+ store locations.

**SIGNIFICANT ACCOUNTING POLICIES**

The Company's accounting policies conform to the United States generally accepted accounting principles and have been consistently applied in the preparation of these financial statements. The financial statements included herein have not been audited by an independent registered public accounting firm but include all adjustments (including normal, recurring entries), which are, in the opinion of management, necessary for a fair presentation of the results for such periods.

**GENERAL PRINCIPLES**

a) Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosure. Accordingly, actual results could differ from those estimates.

b) Revenue Recognition

The Company recognizes revenue when earned in accordance with SEC Staff Accounting Bulletin No 101. "Revenue Recognition in Financial Statements."

c) Cash and Cash Equivalents

The Company considers all highly liquid investments with maturities of three months or less to be cash equivalents.

## **CONVERTIBLE NOTES PAYABLE**

On April 12, 2022, the Company issued to a third-party investor a convertible redeemable note (the "Note") with a face value of \$291,739.13. The Note matures January 23, 2023 has a stated interest of 8%, and is convertible at any time following the funding of such Note at Lowest Closing Price within 10 trading days from conversion. The Note was funded on April 13, 2022, when the Company received proceeds of \$250,000 after disbursements for the lender's transaction costs, fees, and expenses. During period ending June 30, 2025, the note was converted and there is a remaining balance of 126,500 as of June 30<sup>th</sup> 2025.

## **INVESTMENT IN UNDIVIDED INTEREST IN REAL ESTATE**

On May 9, 2017, the Company and LLC1 purchased certain real property from an unaffiliated party. The Company and LLC1 have agreed that the Company purchased and owns 49% of the building, and LLC1 purchased and owns 51% of the building. The contracted purchase price for the building was \$2,420,000, and the total amount paid at closing was \$2,501,783, including fees, insurance, interest, and real estate taxes. In addition, the Company paid for their building interest by delivering cash at closing of \$209,971 and being a co-borrower on a note in the amount of \$2,057,000, of which the Company has agreed with LLC1 to pay \$1,007,930.

## **BUSINESS ACQUISITION**

ASC Topic 805, "Business Combinations," requires that all business combinations be accounted for using the acquisition method and that certain identifiable intangible assets acquired in a business combination be recognized as assets apart from goodwill. ASC Topic 350, "Intangibles-Goodwill and Other" ("ASC 350"), requires goodwill and other identifiable intangible assets with indefinite useful lives not to be amortized, such as trade names, but instead tested at least annually for impairment and be written down if impaired. ASC 350 requires that goodwill be allocated to its respective reporting unit and that identifiable intangible assets with finite lives be amortized over their useful lives.

## **NOTE PAYABLE - UNDIVIDED INTEREST IN REAL ESTATE**

On May 9, 2017, the Company and LLC1 purchased certain real property from an unaffiliated party. The Company and LLC1 have agreed that the Company purchased and owns 49% of the building, and LLC1 purchased and owns 51% of the building. The contracted purchase price for the building was \$2,420,000,

and the total amount paid at closing was \$2,501,783, including fees, insurance, interest, and real estate taxes. The Company is a co-borrower on a \$2,057,000 Small Business Administration Note (the "SBA Note"). The SBA Note carries a 25-year term, with an initial interest rate of 6% per annum, adjustable to the Prime interest rate plus 2%, and is secured by a first position Deed of Trust and business assets located at the property. The Company initially recorded a liability of \$1,007,930 for its portion of the SBA Note, with the offset being to Investment in undivided interest in real estate on the balance sheet presented herein.

#### **DERIVATIVE LIABILITY**

The Company determined that the conversion features of the convertible notes represented embedded derivatives since the Notes are convertible into a variable number of shares upon conversion. Accordingly, the notes are not considered to be conventional debt under EITF 00-19, and the embedded conversion feature is bifurcated from the debt host and accounted for as a derivative liability. Accordingly, the fair value of these derivative instruments is recorded as liabilities on the consolidated balance sheet, with the corresponding amount recorded as a discount to each Note, with any excess of the fair value of the derivative component over the face amount of the Note recorded as an expense on the issue date. Such discounts are amortized from the date of issuance to the maturity dates of the Notes. The change in the fair value of the derivative liabilities is recorded in other income or expenses in the condensed consolidated statements of operations at the end of each period, with the offset to the derivative liabilities on the balance sheet.

#### **GOING CONCERN**

The accompanying unaudited condensed consolidated financial statements have been prepared assuming the Company will continue as a going concern, which assumes the realization of assets and satisfaction of liabilities and commitments in the normal course of business. The Company has an accumulated deficit of \$19,630,441 and a Positive Stockholders Equity of \$21,130,481 & Positive Additional paid-in capital of \$39,200,177 as of June 30, 2025. This raises doubt about the Company's ability to continue as a going concern and to operate in the normal course of business. These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or amounts and the classification of liabilities that might result from this uncertainty.