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EOM PHARMACEUTICAL HOLDINGS, INC.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

**FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED
DECEMBER 31, 2025 AND 2024**

<u>Consolidated Balance Sheets as of December 31, 2025 (unaudited) and 2024 (audited)</u>	1
<u>Consolidated Statements of Operations for the Years ended December 31, 2025 (unaudited) and 2024 (audited)</u>	2
<u>Consolidated Statements of Change in Shareholders' Deficit for the Years ended December 31, 2025 (unaudited) and 2024 (audited)</u>	3
<u>Consolidated Statements of Cash Flows for the Years ended December 31, 2025 (unaudited) and 2024 (audited)</u>	4
<u>Notes to Consolidated Financial Statements</u>	5



**EOM PHARMACEUTICAL HOLDINGS, INC AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS**

	(unaudited) December 31, 2025	(audited) December 31, 2024
Current Assets:		
Cash and cash equivalents	\$ 29,758	\$ 98,665
Prepaid expenses and other current assets	69,698	270,376
Total Current Assets	99,456	369,041
Prepaid expenses, non-current portion	-	20,625
Total Assets	\$ 99,456	\$ 389,666
Liabilities and Shareholders' Deficit		
Current Liabilities:		
Accounts payable and other accrued liabilities	\$ 734,980	\$ 565,644
Convertible note, including a debt premium of \$-0- as of December 31, 2025 and \$4,878 as of December 31, 2024 - related party	437,000	441,878
Total Current Liabilities	1,171,980	1,007,522
Long Term Liabilities		
Convertible note, including a debt discount of \$103,419 as of December 31, 2025 - related party	1,321,581	-
Total Long Term Liabilities	1,321,581	-
Total Liabilities	2,493,561	1,007,522
Shareholders' Deficit		
Common stock, \$0.0001 par value, 500,000,000 authorized, 126,502,860 issued and outstanding as of December 31, 2025 and December 31, 2024	12,650	12,650
Additional paid-in capital	12,374,540	12,228,232
Accumulated deficit	(14,781,295)	(12,858,738)
Total Shareholders' Deficit	(2,394,105)	(617,856)
Total Liabilities and Shareholders' Deficit	\$ 99,456	\$ 389,666

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



EOM PHARMACEUTICAL HOLDINGS, INC AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF OPERATIONS

	(unaudited)	(audited)
	For the Year Ended	
	December 31, 2025	December 31, 2024
Operating expenses		
Salaries and benefits	\$ 309,938	\$ 322,980
Research and development	843,752	937,020
General and administrative	673,857	746,355
Total operating expenses	<u>1,827,547</u>	<u>2,006,355</u>
Loss from operations	<u>(1,827,547)</u>	<u>(2,006,355)</u>
Other Income/(Expense)		
Interest expense, net	(95,010)	(963,041)
Change in fair value of derivative liabilities	-	78,000
Gain on debt conversion	-	999,263
Total Other Income/(Expense)	<u>(95,010)</u>	<u>114,222</u>
Net loss	<u>\$ (1,922,557)</u>	<u>\$ (1,892,133)</u>
Earnings per share:		
Basic	\$ (0.02)	\$ (0.02)
Diluted	\$ (0.02)	\$ (0.02)
Weighted average common shares outstanding:		
Basic and Diluted	126,502,860	115,101,407

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



EOM PHARMACEUTICAL HOLDINGS, INC AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIT

	Common Stock		Additional		Accumulated		Total	
	Shares	Amount	Paid-In	Capital	Deficit	Deficit	Shareholders'	Deficit
Balance at January 1, 2024	113,270,751	\$ 11,327	\$ 5,234,741		\$ (10,966,605)			\$ (5,720,537)
Net loss	-	-	-		(1,892,133)			(1,892,133)
Warrant issuance - convertible note - related party	-	-	302,198		-			302,198
Mandatory convertible debt conversion	2,781,715	278	472,613		-			472,891
Convertible note - related party - conversion	10,450,394	1,045	6,218,680		-			6,219,725
Balance at December 31, 2024 (audited)	126,502,860	\$ 12,650	\$ 12,228,232		\$ (12,858,738)			\$ (617,856)
Net loss	-	-	-		(1,922,557)			(1,922,557)
Warrant issuance - convertible note - related party	-	-	146,308		-			146,308
Balance at December 31, 2025 (unaudited)	126,502,860	\$ 12,650	\$ 12,374,540		\$ (14,781,295)			\$ (2,394,105)

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



EOM PHARMACEUTICAL HOLDINGS, INC AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS

	(unaudited)	(audited)
	For the Year Ended	
	December 31, 2025	December 31, 2024
Cash flows from operating activities:		
Net loss	\$ (1,922,557)	\$ (1,892,133)
Adjustments to reconcile net loss to net cash used in operating activities:		
Amortization of debt premiums	(4,878)	(14,722)
Amortization of debt discounts	42,889	649,477
Change in fair value of derivative liabilities	-	(78,000)
Gain on debt conversion	-	(999,263)
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	221,303	(159,839)
Accounts payable and other accrued liabilities	169,336	(185,115)
Net cash used in operating activities	(1,493,907)	(2,679,595)
Cash flows from financing activities:		
Proceeds from issuance of convertible notes and warrants- related parties	1,425,000	2,500,000
Net cash provided by financing activities	1,425,000	2,500,000
Net change in cash	(68,907)	(179,595)
Cash and cash equivalents at beginning of period	98,665	278,260
Cash and cash equivalents at end of period	\$ 29,758	\$ 98,665
Supplementary disclosures of cash flows information		
Cash paid during the period for:		
Interest	\$ -	\$ 6,575
Taxes	\$ -	\$ -
Supplemental Disclosure of Non-Cash Flows:		
Conversion of convertible debt and accrued interest into common stock	\$ -	\$ 6,692,616

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

EOM Pharmaceutical Holdings, Inc. and Subsidiary

Notes to the Consolidated Financial Statements

1. Basis of Presentation and Description of the Business

EOM Pharmaceutical Holdings, Inc, formerly ImmunoCellular Therapeutics Ltd (“hereinafter “Holdings”, the “Company” or “we”) filed its original Certificate of Incorporation with the Secretary of State of Delaware on March 20, 1987, under the name Redwing Capital Corp. On June 16, 1989, we changed our name to Patco Industries, Ltd. and conducted an unrelated business under that name until 1994. On January 30, 2006, we amended our Certificate of Incorporation to change our name to Optical Molecular Imaging, Inc. On November 2, 2006, we amended our Certificate of Incorporation to change our name to ImmunoCellular Therapeutics, Ltd. On November 7, 2022 we amended our Certificate of Incorporation to change our name to EOM Pharmaceutical Holdings, Inc.

On December 1, 2021, Holdings completed the acquisition of EOM Pharmaceuticals, Inc., (“EOM”) a Delaware corporation incorporated on March 27, 2020. The transaction was accounted for as a reverse merger (the “Merger”), with EOM Pharmaceuticals, Inc. deemed to be the accounting acquirer and Holdings deemed to be the legal acquirer. As such, the consolidated financial statements herein reflect the historical activity of our wholly owned subsidiary EOM Pharmaceuticals, Inc.

The Company, through its wholly owned subsidiary EOM, is a clinical-stage biotechnology company that is focused on developing drugs with the potential to transform therapeutic paradigms and improve quality of life in patients suffering from debilitating and sometimes deadly diseases. We were founded with a specific vision to pursue innovative approaches to solving the problems of some of today’s significant medical needs. Our development efforts are focused on therapeutics for diseases with high unmet need such as the hyperimmune response in cancer cachexia, the debilitating condition of muscle wasting, fatigue and weight loss for which no products have been approved in the U.S., rheumatoid arthritis, and inflammatory conditions of the gastrointestinal tract such as Crohn’s Disease and Ulcerative Colitis as well as various retina disorders characterized by a breakdown of the blood-retinal barrier such as diabetic retinopathy, Aged related macular degeneration and retinal vein occlusion among others. Our pipeline includes our lead compound EOM613, an investigational novel “dynamically dual-acting” immunomodulator. EOM613 is a peptide nucleic-acid solution with both anti-inflammatory and pro-inflammatory broad spectrum cytokine effects. Human cell culture studies demonstrate that EOM613 can suppress or stimulate monocytes and macrophages depending on the activation state and environment of those key immune cells resulting in either further activation or suppression.

The Company and EOM are headquartered in Montvale, New Jersey.

Basis of Presentation and Significant Accounting Policies

We have prepared the accompanying Consolidated Financial Statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”). Our fiscal year ends on December 31.

Risks and Uncertainties

The Company operates in a dynamic, highly competitive and regulated industry and is subject to risks and uncertainties common to early-stage companies in the biotech industry including, but not limited to, development by competitors of new technological medical innovations, protection of proprietary technology, dependence on key personnel, contract manufacturers and contract research organizations, compliance with government regulations and the need to obtain additional financing to fund operations. Our product candidates currently under development will require significant additional research and development efforts, including extensive preclinical animal studies and clinical trials and regulatory approval, prior to

commercialization. These efforts require significant amounts of additional capital, adequate personnel, infrastructure and extensive compliance and reporting.

Products developed by the Company require approvals from the U.S. Food and Drug Administration ("FDA") or other international regulatory agencies prior to commercial sales. There can be no assurance that the Company's research and development will be successfully completed, that adequate protection for the Company's intellectual property will be obtained or maintained, that the products will receive the necessary approvals, or that any approved products will be commercially viable. If the Company is denied approval, approval is delayed, or the Company is unable to maintain approval, it could have a material adverse impact on the Company. Even if the Company's product development efforts are successful, it is uncertain when, if ever, the Company will generate revenue from product sales. The Company operates in an environment of rapid change in technology and substantial competition from other pharmaceutical and biotechnology companies. As a result, the Company is unable to predict the timing or amount of increased expenses or when or if the Company will be able to achieve or maintain profitability. Further, the Company is currently dependent on Pace Analytical Inc., Eurofins Advinus Biopharma Services India Pvt Ltd. and other outside consultants for much of its preclinical research and animal studies, clinical trials, ongoing research and development activities and manufacturing activities. The Company does not expect to generate revenue from sales of EOM613 or EOM147 or any other revenue unless and until the Company completes preclinical and clinical development and obtains regulatory approval for one or more product candidates. If the Company seeks to obtain regulatory approval for any of its product candidates, the Company expects to incur significant commercialization expenses.

Even if the Company is able to generate revenues from the sale of its product candidates if approved, it may not become profitable. If the Company fails to become profitable or is unable to sustain profitability on a continuing basis, it may be unable to continue its operations at planned levels and be forced to reduce its operations.

Liquidity and Going Concern

The Company's consolidated financial statements are prepared using GAAP applicable to a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. Given the nature of our business, industry and regulatory environment, the Company has not yet established an ongoing source of revenue sufficient to cover its working capital needs and operating costs to allow it to continue as a going concern. The continuation of the Company as a going concern is dependent upon the continued financial support from its shareholders and others, our ability to obtain necessary financing to sustain operations and the attainment of profitable operations. Our ultimate success depends on the outcome of our research and development activities, the successful completion of clinical trials, the approval of our drug products by government agencies and the successful commercialization of our drugs. The accompanying consolidated financial statements are accounted for as if we are a going concern and do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amount and classification of liabilities or other adjustments that might be necessary should we be unable to continue as a going concern.

We have generated no revenues, have incurred operating losses since inception, and expect to continue to incur significant operating losses for the foreseeable future and may never become profitable. For the year ended December 31, 2025 we incurred a net loss from operations and negative cash flows from operating activities of \$1,827,547 and \$1,493,907, respectively. We expect to incur substantial losses for the foreseeable future, which will continue to generate negative net cash flows from operating activities, as we continue to pursue research and development activities and the clinical development of our primary product candidates, EOM613 and EOM147. As of December 31, 2025 we had cash of \$29,758, a deficit in working capital (defined as current assets less current liabilities) in the amount of \$1,072,524 and an accumulated deficit in shareholders' equity of \$14,781,295. The Company's principal sources of cash have included the issuance of a related party bridge note and convertible promissory notes to related and unrelated parties. See Notes 4, 5.

These factors, among others including the lengthy and costly drug development and regulatory approval process, raise substantial doubt as to our ability to obtain additional debt or equity financing and our ability to continue as a going concern. Until such time as we are able to establish a revenue stream from the sale of our therapeutic products, we are dependent upon obtaining necessary equity and/or debt financing to continue operations. We cannot make any assurances that sales of our drug products will commence in the near term or that additional financings will be available to us and, if available, on acceptable terms.

We intend to continue to raise additional capital through a combination of private and public equity offerings, debt financings, government funding arrangements, strategic alliances or other sources. However, if such financing is not available at adequate levels and on a timely basis, or such agreements are not available on favorable terms, or at all, as and when needed, we will need to reevaluate our operating plan and may be required to delay or discontinue the development of one or more of our product candidates or operational initiatives. To date, our primary source of capital has been through debt and equity raises from our founder's family. The Company has a history of, and expects to continue to report negative cash flows from operations and a net loss. We expect that our cash as of December 31, 2025 will be insufficient to fund our projected operations for at least one year from the issuance of these consolidated financial statements which raise substantial doubt regarding our ability to continue as a going concern. We are in the process of attempting to raise additional equity or debt funds to continue our operations through the end of 2026 and beyond. See Note 12.

Principles of Consolidation

The accompanying consolidated financial statements include the assets, liabilities, equity balances and expenses of the Company and our wholly owned subsidiary, EOM. All intercompany transactions and balances have been eliminated in consolidation.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as of the date of these consolidated financials and the reported amounts of expenses during the reporting period. Significant estimates and assumptions made in the accompanying consolidated financial statements include but are not limited to the valuation allowance on the Company's deferred tax assets, the fair value on our related party convertible promissory notes and related debt premium/discounts, and the fair value associated with the embedded derivatives attributable to our mandatory convertible notes. The Company evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors and adjusts those estimates and assumptions when facts and circumstances dictate. Actual results could differ from those estimates.

Off-Balance Sheet Risk and Concentrations of Credit Risk

Financial instruments, which potentially subject the Company to significant concentrations of credit risk, consist primarily of cash. All of the Company's cash is maintained at a federally insured financial institution. The deposits held at this institution are at times in excess of federally insured limits. The Company has not experienced any losses in such accounts and management believes that the Company is not exposed to significant credit risk due to the financial position of the depository institution in which those deposits are held. The Company has no off-balance sheet risk, such as foreign exchange contracts, option contracts, or other foreign hedging arrangements.

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with original maturities of three months or less from the purchase date to be cash equivalents. The Company has investments in highly liquid money market funds but does not have investments in equity or debt securities.

Patent costs

All patent-related costs incurred in connection with filing patent applications are expensed as incurred due to the uncertainty about the recovery of the expenditure. Amounts incurred are classified as general and administrative expenses. The Company currently does not own any patents but has filed for EOM613 patent protection for trade secret manufacturing processes and for methods for the treatment of Crohn's disease and Ulcerative Colitis.

Derivative Accounting

The Company analyzes the conversion feature of its mandatory convertible notes for derivative accounting consideration under ASC 815-15 "Derivatives and Hedging. ASC 815-15 requires that the conversion features contained in the Company's mandatory convertible debt are bifurcated and separately accounted for as an embedded derivative. The embedded derivative is carried on the balance sheet at fair value. Any unrealized change in fair value, as determined at each measurement period, is recorded as a component of the statement of operations and the associated carrying amount on the balance sheet is adjusted by the change.

Research and Development Expenses

Research and development expenses include costs incurred for external research and development activities to develop drug candidates and are expensed as incurred in the accompanying statements of operations. Research and development costs consist of, when applicable, external laboratory supplies and facility costs, as well as fees paid to third party entities that conduct certain research and development activities on the Company's behalf.

The Company records accrued liabilities for incurred cost of research and development activities conducted by service providers, which include activities under agreements with Pace Analytical Inc. and Eurofins Advinus Biopharma Services India Pvt, Ltd. (Note 7), for preclinical drug development studies and contract manufacturing activities. The Company records the costs of research and development activities based upon the amount of services provided and includes these costs in accrued and other current liabilities in the accompanying balance sheets and within research and development expense in the accompanying statement of operations.

Income Taxes

Income taxes are recorded in accordance with ASC 740, Income Taxes ("ASC 740"), which provides for deferred taxes using an asset and liability approach. The Company recognizes deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Deferred tax assets and liabilities are determined based on the difference between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. Valuation allowances are provided, if based upon the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. In evaluating its ability to recover deferred tax assets, the Company considers all available positive and negative evidence, including its operating results, ongoing tax planning and forecasts of future taxable income on a jurisdiction-by-jurisdiction basis. Because of the uncertainty of the realization of deferred tax assets, the Company has recorded a full valuation allowance against its deferred tax assets.

The Company accounts for uncertain tax positions in accordance with the provisions of ASC 740. When uncertain tax positions exist, the Company recognizes the tax benefit of tax positions to the extent that the benefit would more likely than not be realized assuming examination by the taxing authority. The determination as to whether the tax benefit will more likely than not be realized is based upon the technical merits of the tax position as well as consideration of the available facts and circumstances. As of the date of these consolidated financial statements, the Company is not aware of any uncertain tax positions.

Segments

Operating segments are defined as components of an enterprise about which separate financial information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and assessing performance. We define the term “chief operating decision maker” to be our Chief Executive Officer. Our Chief Executive Officer reviews the financial information presented on an entire company basis for purposes of allocating resources and evaluating our financial performance. Accordingly, we have determined that we operate in a single reportable operating segment.

The CODM assesses performance for the segment based on net loss, which is reported on the statement of operations as net loss. The measure of segment assets is reported on the balance sheet as total assets. Significant expenses within net loss, include salaries and benefits, research and development, general and administrative, interest expense, net, change in fair value of derivative liabilities, loss on debt extinguishment, and gain on debt conversion, which are each separately presented on the Company’s Consolidated Statements of Operations.

Net Loss per Share of Common Stock

Basic net loss per common share is calculated by dividing the net loss attributable to common stockholders by the weighted-average number of common shares outstanding during the period, without consideration for potentially dilutive securities. Diluted net loss per share is computed by dividing the net loss attributable to common stockholders by the weighted-average number of common shares and potentially dilutive securities outstanding for the period. For purposes of the diluted net loss per share calculation, the convertible notes and warrants are considered to be potentially dilutive securities.

Warrants

The Company assesses its warrants as either equity or a liability based upon the characteristics and provisions of each instrument. Warrants classified as equity are recorded at relative fair value as of the date of issuance on the Company’s balance sheet and no further adjustments to their valuation are made. Warrants classified as derivative liabilities and other derivative financial instruments that require separate accounting as liabilities are recorded on the Company’s balance sheet at their fair value on the date of issuance and are re-measured on each subsequent balance sheet date until such instruments are exercised or expire, with any changes in the fair value between reporting periods recorded as other income or expense. Management estimates the fair value of these liabilities using option pricing models and assumptions that are based on the individual characteristics of the warrants or other instruments on the valuation date, as well as assumptions for future financings, expected volatility, expected life, yield and risk-free interest rate. As of December 31, 2025 and December 31, 2024, all outstanding warrants issued by the Company were classified as equity and recorded within additional paid-in capital.

Stock-Based Compensation

The stock-based awards of the Company are classified as equity (stock options and warrants). Stock-based compensation expense is recognized on a straight-line basis, net of actual forfeitures in the period, based on the grant date fair value of the awards. The grant-date fair value of an award is generally recognized as compensation expense over the award’s requisite service period, usually the vesting period, which is generally three years for stock options. The Company estimates the fair value of all stock-based awards using the Black-Scholes-Merton valuation model which requires the use of subjective assumptions that could materially impact the estimation of fair value and related compensation expense to be recognized. These assumptions include (i) the expected volatility of our stock price, (ii) the periods of time over which recipients are expected to hold their options prior to exercise (expected lives), (iii) expected dividend yield on our common stock, and (iv) risk-free interest rates, which are based on quoted U.S. Treasury rates for securities with maturities approximating the options’ expected lives. Developing these assumptions requires the use of judgment. The Company, both prior to and after the Merger, lacks company-specific historical and implied volatility information. Therefore, we estimate our expected stock volatility based on the historical volatility of a publicly traded set of peer companies. Expected lives are principally based on our historical exercise

experience with previously issued employee and board of director option grants. The expected dividend yield is zero as we have never paid dividends and do not currently anticipate paying any in the foreseeable future.

For the years ended December 31, 2025 and 2024 the Company did not issue any stock-based awards or record any share-based compensation expense.

Recently Issued Accounting Pronouncements

In November 2024, the FASB issued ASU No. 2024-03, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures*. The standard requires disclosure of certain prescribed costs and expenses within the notes to consolidated financial statements. ASU No. 2024-03 becomes effective in annual reporting periods beginning after December 15, 2026, and interim periods within annual reporting periods beginning after December 15, 2027. The standard only impacts required disclosures and will not impact the Company's financial position, results of operations or cash flows. The Company is currently in the early stages of evaluating the impact of ASU No. 2024-23 on its disclosures.

In December 2023, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update 2023-09 (“ASU 2023-09”), *Income Taxes*, which enhances the transparency of income tax disclosures by expanding annual disclosure requirements related to the rate reconciliation and income taxes paid. The amendments are effective for fiscal years beginning after December 15, 2025. Early adoption is permitted. The amendments should be applied on a prospective basis. Retrospective application is permitted. The Company is currently evaluating this ASU to determine its impact on the Company's disclosures.

Adopted Accounting Pronouncements

In November 2023, the FASB issued Accounting Standards Update 2023-07 (“ASU 2023-07”), *Segment Reporting*, which improves reportable segment disclosure requirements. ASU 2023-07 primarily enhances disclosures about significant segment expenses by requiring that a public entity disclose significant segment expenses that are regularly provided to the Chief Operating Decision Maker (“CODM”) and included within each reported measure of segment profit or loss. This ASU also (i) requires that a public entity disclose, on an annual and interim basis, an amount for *other segment items* by reportable segment, and a description of its composition; (ii) requires that all annual disclosures are provided in the interim periods; (iii) clarifies that if the CODM uses more than one measure of profitability in assessing segment performance and deciding how to allocate resources, that one or more of those measures may be reported; (iv) requires disclosure of the title and position of the CODM and a description of how the reported measures are used by the CODM in assessing segment performance and in deciding how to allocate resources; (v) requires that an entity with a single segment provide all new required disclosures. The Company retrospectively adopted this guidance during the year ended December 31, 2024. The adoption did not have a significant impact on the consolidated financial statements.

2. Fair Value Measurements

As of December 31, 2025 and 2024, the Company’s financial instruments included cash and cash equivalents, and convertible notes. The carrying amounts for cash and cash equivalents and the convertible promissory notes issued to related parties reported in the Company’s consolidated financial statements for these instruments approximate their respective fair values because of the short-term nature of these instruments. The carrying value of the Mandatory Convertible Notes under ASC 815 was determined by using a probability-weighted discounted cash flow analysis and their related derivative liabilities are embedded as Level 3 instruments. See Note 5 for additional information.

In accordance with ASC 820 (Topic 820, Fair Value Measurements and Disclosures), we use a three-level hierarchy for fair value measurements of certain assets and liabilities for financial reporting purposes that are re-measured at fair value at each financial reporting period purposes that distinguishes between market participant assumptions developed from market data obtained from outside sources (observable inputs) and our own assumptions about market participant assumptions developed from the best information available to

us in the circumstances (unobservable inputs). The fair value hierarchy is divided into three levels based on the source of inputs as follows:

- Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets;
- Level 2 – inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability other than quoted prices, either directly or indirectly including inputs in markets that are not considered to be active; and
- Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following tables present information about the Company’s financial assets and liabilities and indicate the level of the fair value hierarchy utilized to determine such fair values. It includes our derivative liabilities which are measured at fair value on a recurring basis.

December 31, 2025				
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial assets				
Cash and cash equivalents:				
Non-interest-bearing accounts	\$ 26,544	\$ 26,544	\$ —	\$ —
Money market	3,214	3,214	—	—
Total	\$ 29,758	\$ 29,758	\$ —	\$ —

Non-interest-bearing cash accounts are measured at fair value on a recurring basis using quoted prices and are classified as Level 1. Interest bearing money market funds are measured at fair value using quoted prices in active markets for identical assets. There were no transfers of assets between the fair value measurement levels during the year ended December 31, 2025.

December 31, 2024				
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial assets				
Cash and cash equivalents:				
Non-interest-bearing accounts	\$ 95,413	\$ 95,413	\$ —	\$ —
Money market	3,252	3,252	—	—
Total	\$ 98,665	\$ 98,665	\$ —	\$ —

There were no transfers of assets between the fair value measurement levels during the year ended December 31, 2024.

Categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The following table sets forth a summary of the changes in the fair value of the bifurcated embedded derivatives, associated with our Mandatory Convertible Notes, which are Level 3 financial liabilities that are measured at fair value on a recurring basis:

	December 31, 2024
Starting Balance	\$ 78,000
Additions for bifurcated embedded derivatives	-
Change in fair value of derivative liabilities	(78,000)
Ending Balance	\$ -

3. Accounts Payable and Other Accrued Liabilities

Accrued and other current liabilities consist of the following:

	December 31, 2025	December 31, 2024
Trade Creditors	\$ 226,173	\$ 222,082
Board of Director Compensation	375,000	262,500
Employee Costs	45,334	45,195
Accrued interest	88,473	35,867
Total	\$ 734,980	\$ 565,644

4. Convertible Notes – Related Parties

The following table presents the Notes as of December 31, 2025:

	December 31, 2025
Convertible Note	\$ 1,425,000
Debt premium	-
Debt discount	(103,419)
Carrying value of Convertible Note	\$ 1,321,581

During the 2021-2023 years, the Company borrowed \$5,901,399 from a related party and issued various Convertible Promissory Notes bearing an interest rate of 5% and convertible into Company common stock at \$.60 per share (the “Notes”). On December 26, 2023, the Company amended and restated the Notes and modified the terms of the Notes by (i) increasing the maximum principal amount available to \$10,000,000 from \$5,000,000, (ii) extending the maturity date from November 24, 2023 to December 31, 2024 (the “2024 Amended Note”), and (iii) eliminating the default interest provision.

Between April and November 2024, the Company borrowed additional funds under the 2024 Amended Note from the related party in the aggregate principal amount of \$2,500,000 and issued additional warrants to the related party totaling 2,500,000 at various exercise prices ranging from \$.08 to \$.25 per share. The \$2,500,000 notes are convertible into common stock at the option of the holder at a price of \$0.60 per share. At December 31, 2024, the Company had 8,005,998 warrants outstanding, which expire between November 24, 2026 and November 27, 2029. See Note 6.

The Company determined the fair value of the funds borrowed under the 2024 Amended Note (see below) utilizing a Monte Carlo simulation model as of the dates the additional funds were borrowed utilizing a market value share price and considering various probability outcomes at various measurement dates. Since warrants were issued concurrently with the additional funds borrowed under the 2024 Amended Notes, the

Company utilized the relative values of the additional funds borrowed and the warrants to allocate the total proceeds between both instruments.

The relative fair value, in the aggregate of the additional funds borrowed between the 2024 Amended Notes and warrants on the issuance date was \$2,197,802 and \$302,198 respectively. During 2024, the Company recorded a debt discount of \$302,198 for the relative fair value of the warrants, and amortized the discount over the expected life of the loan using the effective interest rate method, until December 15, 2024.

On December 15, 2024, the related party elected to convert the entire outstanding principal and accrued interest on the Notes and 2024 Amended Note aggregating \$6,270,236, inclusive of \$368,837 of accrued interest, at the fixed price of \$.60 per share into 10,450,394 shares of the Company’s common stock. At December 31, 2024, the Company owed \$-0- to the related party.

On January 22, 2025, the Company issued a Convertible Promissory Note to borrow up to \$4,000,000 from the related party (the “2025 Note”). The 2025 Note has a term of two years, an interest rate of 4% and is convertible into Company common stock at a fixed price of \$0.60 per share. The related party’s initial advance under the 2025 Note was \$175,000. In addition, the Company issued a warrant to the related party to purchase 175,000 shares of common stock at an exercise price of \$0.16. During the remainder of the year, the Company subsequently borrowed an additional \$1,250,000 under the 2025 Note owing \$1,425,000 to the related party at December 31, 2025. Warrants to purchase 1,250,000 shares of common stock were also issued to the related party during the year with exercise prices ranging from \$.08 to \$0.20.

The Company determined the fair market value of the funds borrowed under the 2025 Note using a probability weighted expected return method using various conversion/repayment assumptions provided by management. Since warrants were issued concurrently with the funds borrowed, the Company utilized the relative values of the funds borrowed and the warrants to allocate the total proceeds between both instruments.

The sum of the relative fair values of the funds borrowed under the 2025 Note and warrants on the issuance dates was \$1,278,692 and \$146,308 respectively. At December 31, 2025, the Company recorded a debt discount of \$146,308 for the fair market value of the warrants issued. The discount is being amortized over the expected life of the loan using the effective interest rate method.

The following table presents the April 2023 Note as of December 31, 2025 and December 31, 2024:

	December 31, 2025	December 31, 2024
Convertible Note	\$ 437,000	\$ 437,000
Debt premium	-	4,878
Carrying value of Convertible Note	<u>\$ 437,000</u>	<u>\$ 441,878</u>

On April 27, 2023, the Company issued a Convertible Promissory Note (the “April 2023 Note”) in the amount of up to \$1,000,000 to another related party (the “Second Related Party”). Other than a change in the prepayment terms wherein the note is payable in full at the earlier of a qualified financing or at maturity the April 2023 Note has identical terms to the related party Amended Note dated December 26, 2023. The principal sum together with any interest, is due on April 27, 2025. The April 2023 Note requires semi-annual payments of interest on the unpaid principal balance at the rate of five percent (5%) per annum until the same becomes due and payable, whether on the maturity date or upon acceleration by prepayment or otherwise. The April 2023 Note is convertible into common stock of the Company at a price of \$0.60 per share (subject to customary anti-dilution adjustments).

On April 23, 2025, the Company entered into a Loan Extension Agreement with the Second Related Party extending the maturity date of the April 23 Note to October 27, 2026. Under the terms of the Loan Extension Agreement, no additional consideration was issued to the Second Related Party with all provisions of the April 2023 Note remaining unchanged.

During 2023, the Company drew an aggregate \$477,000 under the April 2023 Note with the mutual understanding that balance would be repaid in cash on a short-term basis. During June 2023 the Company repaid \$40,000 in cash, resulting in a net liability of \$437,000 as of December 31, 2023. During December 2023 the Company and the Second Related Party agreed that the repayment would no longer be made on a short-term basis. As a result of this agreed change, the Company agreed to and issued warrants to the Second Related Party to purchase an aggregate 437,000 shares of common stock at an exercise price of \$0.20 per share.

In accordance with ASC 470-50-40-2, the Company treated the delayed repayment and issuance of the warrants as a loan modification and debt extinguishment and recognized a loss on debt extinguishment. The loss on debt extinguishment was equal to the sum of the fair value of the April 2023 Note determined at the time the loan was modified, in excess of its carrying value, plus other noncash consideration (warrants). The Company determined the fair value of the April 2023 Note in the amount of \$457,000 utilizing a probability-weighted average valuation approach.

During the 2025 and 2024 calendar years, no additional funds were borrowed by the Company under the April 2023 Note.

Discounts and premiums are amortized to interest expense / income over the term of the debt. Interest expense on all of the convertible notes totaled \$90,617 and \$545,160 respectively for the years ended December 31, 2025 and December 31, 2024, comprised of (i) interest expense of \$64,739 and \$234,122 respectively, (ii) interest income of \$4,878 and \$14,722, respectively for the amortization of the debt premium associated with the April 2023 Note and the Notes; and (iii) \$30,756 and \$325,760 respectively for the amortization of the debt discounts associated with the Notes.

5. Mandatory Convertible Notes

On August 18, 2022, the Company entered into a non-binding term sheet with various unrelated parties for investments up to \$5,000,000 in gross proceeds in exchange for two-year convertible promissory notes of the Company. During the year ended December 31, 2022, the Company issued a series of 5% Mandatory Convertible Promissory Notes (the "Mandatory Notes") to unrelated parties for an aggregate principal amount of \$1,500,000. The Mandatory Notes have a two-year term and mature on August 26, 2024, September 8, 2024, September 30, 2024, October 24, 2024, November 14, 2024, December 23, 2024 and December 30, 2024 respectively. The Mandatory Notes require interest to be paid semi-annually at a 5% rate and are mandatorily convertible into the Company's common stock at a 20% discount to a Qualified Financing. As defined under the Mandatory Notes, a Qualified Financing means the underwritten public offering of the Company's common stock resulting in an amount no less than \$10 million in gross proceeds to the Company. The Mandatory Notes are not prepayable without the holder's consent. No Mandatory Notes were issued during 2024 and 2023.

The Company analyzed the conversion features of the Mandatory Notes for derivative accounting considerations under ASC 815-15 "Derivatives and Hedging" and determined that the embedded conversion features should be classified as a liability due to their being no explicit limit to the number of shares to be delivered upon settlement of the above conversion features. ASC 815-15 requires that the conversion features are bifurcated and separately accounted for as an embedded derivatives contained in the Company's Mandatory Notes. The embedded derivatives are carried on the balance sheet at fair value. Any unrealized change in fair value, as determined at each measurement period, is recorded as a component of the statement of operations and the associated carrying amount on the balance sheet is adjusted by the change. At December 31, 2024 the Company recognized \$78,000 of other income on its consolidated statements of operations due to the changes in valuation between measurement periods.

The fair value of the bifurcated derivative liabilities on the Mandatory Notes issued by the Company was estimated utilizing a discounted cash flow model using the with and without method which uses the probability weighted difference between the scenarios with the derivative and the plain vanilla maturity scenario without a derivative.

Embedded derivative liabilities of \$924,000 are recognized by the Company at inception. At December 31, 2025 and December 31, 2024, embedded derivative liabilities were valued at \$0.

On July 8, 2024, the Company and the Holders of the Mandatory Notes entered into a Debt Conversion Agreement (the “Conversion Agreement”), pursuant to which the entire indebtedness of \$1,669,028, inclusive of \$169,028 of cumulative accrued interest through June 30, 2024 was converted into shares of common stock at a conversion price of \$0.60 per share. In accordance with ASC 470-20, the Conversion Agreement resulted in a substantive conversion option being added to the terms of the Mandatory Notes with the Company derecognizing the total debt and accrued interest, recorded an increase in its common stock and additional paid in capital to reflect the common stock issued at fair value, and recorded a gain on the conversion based on the excess or difference, respectively, between the carrying value of the Mandatory Notes, and the fair value of the equity securities transferred upon conversion. Accordingly, a gain on debt extinguishment of \$999,262 is reflected as Other Income in the Statement of Operations.

For the years ended December 31, 2025 and December 31, 2024 interest on the Mandatory Notes totaled \$-0- and \$412,346, respectively comprised of i) interest expense of \$-0- and \$88,630 respectively, and ii) \$-0- and \$323,716, respectively for the amortization of debt discount. For the years ended December 31, 2025 and December 31 2024, interest paid on the Mandatory Notes was \$-0- and \$6,575 respectively.

6. Warrants

During 2024 the Company borrowed \$2,500,000 from the related party and issued 2,500,000 additional warrants with various exercise prices. The measurement of the 2024 warrants’ fair value was determined utilizing a Black-Scholes model considering all relevant assumptions current at the dates of issuance i.e., share price of \$0.30, exercise price of \$0.25, term of five years, volatility of 100%, risk-free rate of 4.3%, and expected dividend rate of 0%.

The grant date relative fair value of the 2024 warrants was estimated to be \$302,198 and is reflected within additional paid-in capital as of December 31, 2024.

During 2025 the Company borrowed \$1,425,000 from the related party and issued 1,425,000 additional warrants with various exercise prices. The measurement of the 2025 warrants’ fair value was determined utilizing a Black-Scholes model considering all relevant assumptions current at the dates of issuance i.e., share prices ranging from \$0.08 to \$0.20, exercise prices ranging from \$0.08 to \$.20, term of five years, volatility of approximately 130%, risk-free rates ranging between 3.6%, to 4.4% and expected dividend rate of 0%.

The grant date relative fair value of the 2025 warrants was estimated to be \$146,308 and is reflected within additional paid-in capital as of December 31, 2025.

A summary of the Company’s warrant activity and related information is as follows:

	Warrants	Exercise Price	Expiration	Exercisable
Outstanding at December 31, 2021	4,168,998	\$0.60	24-Nov-26	4,168,998
Granted	100,000	\$0.42	25-Jul-27	100,000
Granted	150,000	\$0.53	29-Jul-27	150,000
Outstanding at December 31, 2022	4,418,998			4,418,998
Granted	50,000	\$0.24	30-May-28	50,000
Granted	100,000	\$0.24	31-May-28	100,000
Granted	500,000	\$0.20	22-Dec-28	500,000

Granted	437,000	\$0.20	22-Dec-28	437,000
Outstanding at December 31, 2023	5,505,998			5,505,998
Granted	250,000	\$0.25	24-Feb-29	250,000
Granted	250,000	\$0.18	18-Apr-29	250,000
Granted	500,000	\$0.18	24-May-29	500,000
Granted	250,000	\$0.13	8-Jul-29	250,000
Granted	250,000	\$0.09	14-Aug-29	250,000
Granted	500,000	\$0.08	30-Sep-29	500,000
Granted	275,560	\$0.145	21-Nov-29	275,560
Granted	224,440	\$0.17	27-Nov-29	224,440
Outstanding at December 31, 2024	8,005,998			8,005,998
Granted	175,000	\$0.16	22-Jan-30	175,000
Granted	50,000	\$0.155	28-Mar-30	50,000
Granted	250,000	\$0.138	28-Apr-30	250,000
Granted	300,000	\$0.1069	6-Jun-30	300,000
Granted	300,000	\$0.1017	26-Jun-30	300,000
Granted	75,000	\$0.0898	27-Aug-30	75,000
Granted	75,000	\$0.08	26-Sep-30	75,000
Granted	50,000	\$0.18	29-Oct-30	50,000
Granted	150,000	\$0.20	28-Nov-30	150,000
Outstanding at December 31, 2025	9,430,998			9,430,998

Outstanding and unexercised warrants as of December 31, 2025 are convertible into 9,430,998 shares of common stock.

7. Commitments and Contingencies

Contract Research Agreement with Pace Analytical, Inc.

In May 2020, the Company entered into a Service and Quality Agreement with Pace Analytical Inc. (“Pace”) pursuant to which Pace is to provide for a three-year term, research, drug development and laboratory consulting and scientific services to the Company. The agreement also calls for Pace to perform certain product testing and manufacturing processes necessary to develop and produce usable clinical trial samples and is cancellable by either party, with or without cause, by providing 30-day prior written notice. The total project cost for the various services to be provided to the Company amount to \$803,225. On March 9, 2023, the Company entered into a new three-year Service and Quality Agreement for the manufacturing, processing, packing, labeling, storing and testing pursuant to Good Manufacturing Practices for additional batches of EOM613 for a total cost of \$212,353 payable as additional drug batches are produced, tested and stored. On August 19, 2024, the Company entered into a separate agreement with Pace to conduct a stability support and freeze/thaw study for its EOM147 ophthalmic solutions. The total study cost was estimated at \$56,175 and took approximately three months (the “Ophthalmic Drop Solution Preparation and Freeze/Thaw Study, or the (“Ophthalmic Study”)).

Research and development expense associated with services rendered under the May 2020, March 2023 Service and Quality Agreements and August 2024 Ophthalmic Study were \$85,960 and \$362,052, for the years ended December 31, 2025 and 2024, respectively.

On September 29, 2025, the Company entered into a cGMP Manufacturing Agreement with Pace pursuant to which Pace is to provide cGMP services including stability testing, labeling, boxing and manufacturing of up to 2 batches or 4 lots of EOM613 for clinical use. Depending on the number of batches or lots requested by the Company, the total manufacturing cost ranges from \$464,480 to \$895,960. At December 31, 2025, the Company incurred \$41,876 under the terms of the above agreement.

Eurofins Agreements

On December 14, 2021, the Company entered into a Squalamine Lactate Route Selection, Development and Demonstration Agreement with Eurofins CDMO Alphora, Inc., a Canadian based Contract Research Organization (the “Alphora Agreement”) to evaluate various synthetic routes to access Squalamine Lactate for purposes of further research and development of the Company’s EOM147 drug compound. The agreement is structured under a Phase 1 and Phase 2 work plan spanning over a multi-year period commencing in January 2022. The estimated aggregate cost under the Alphora Agreement is approximately \$1.3 million. For the years ended December 31, 2024 and 2023, we incurred \$0 and \$311,394, respectively, of research and development costs under the Alphora Agreement. On June 3, 2024, the Company entered into an agreement with Eurofins Advinus Biopharma India Pvt Ltd, an affiliate of Eurofins CDMO Alphora, Inc (the “Advinus Agreement”) to prepare new squalamine drug formulations of EOM147 under cGMP conditions. The estimated cost under the Advinus Agreement is approximately \$387,000 payable over various contract milestones. For the years ended December 31, 2025 and December 31, 2024, the Company incurred \$55,500 and \$124,460, respectively, of research and development costs under the Advinus Agreement.

IITRI Research

On March 6, 2023, the Company entered into a Study Agreement (the “Study”) with IITR Research Institute to conduct various animal toxicity and dosing studies for EOM613. The Study cost is \$930,500 payable over two-phases over a six-month period commencing in the third quarter, 2024. Upon receipt of favorable results of the Phase One study, on October 24, 2024, the Company agreed to and accepted an Amendment to the Study to conduct a Phase Two animal study with a revised quote increasing the total Study cost to \$1,023,000. Both the Phase One and Two studies were completed by the 3rd quarter 2025. For the years ended December 31, 2025 and December 31, 2024, the Company incurred \$571,600 and \$451,400, respectively, of research and development costs.

Indemnification

The Company enters into certain types of contracts that contingently requires the Company to indemnify various parties against claims from third parties. These contracts primarily relate to (i) the Company’s bylaws, under which the Company must indemnify directors and executive officers, and may indemnify other officers and employees, for liabilities arising out of their relationship, (ii) contracts under which the Company must indemnify directors and certain officers and consultants for liabilities arising out of their relationship, (iii) contracts under which the Company may be required to indemnify partners against certain claims, including claims from third parties asserting, among other things, infringement of their intellectual property rights, and (iv) procurement, consulting, or license agreements under which the Company may be required to indemnify vendors, consultants or licensors for certain claims, including claims that may be brought against them arising from the Company’s acts or omissions with respect to the supplied products, technology or services. From time to time, the Company may receive indemnification claims under these contracts in the normal course of business. In addition, under these contracts, the Company may have to modify the accused infringing intellectual property and/or refund amounts received.

In the event that one or more of these matters were to result in a claim against the Company, an adverse outcome, including a judgment or settlement, may cause a material adverse effect on the Company’s future business, operating results or financial condition. It is not possible to determine the maximum potential amount under these contracts due to the Company having no history of prior indemnification claims and the unique facts and circumstances involved in each particular agreement.

Legal Proceedings

The Company is not a party to any litigation and does not have contingency reserves for any litigation liabilities.

8. Stock Options

On November 15, 2022, the Company's shareholders approved the adoption of the Company's 2022 Equity Incentive Plan (Plan), which replaced the Company's 2016 Equity Incentive Plan, and reserved 20,000,000 shares of common stock for issuance under the Plan. Pursuant to the Plan, a committee appointed by the Board of Directors may grant, at its discretion, qualified or nonqualified stock options, stock appreciation rights and may grant or sell restricted stock to key individuals, including employees, nonemployee directors, consultants and advisors. As of December 31, 2025 and 2024, no stock options were outstanding under either the current or 2016 Plans.

9. Common Stock

On December 1, 2021, the Company filed an Amended and Restated Certificate of Incorporation to increase its authorized shares of voting common stock to 500,000,000 shares from 100,000,000 shares

On September 13, 2024 the Company issued 2,781,715 shares of common stock at \$0.60 per share to the holders of the Mandatory Notes and cancelled the Mandatory Notes in the aggregate amount of \$1,669,029 inclusive of \$169,029 accrued and unpaid interest.

On December 15, 2024, the Company issued 10,450,394 shares of common stock at \$0.60 per share to the related party upon full conversion of the 2021-2024 Notes in the amount of \$6,270,236 inclusive of accrued and unpaid interest of \$368,837.

At December 31, 2025 and 2024, the Company had 126,502,860 shares of common stock outstanding, respectively.

10. 401(k) Profit Sharing Plan

In past years, the Company has adopted a Profit-Sharing Plan that qualifies under Section 401(k) of the Internal Revenue Code. Contributions to the plan are at the Company's discretion. The Company did not make any matching contributions during the years ended December 31, 2025 and 2024.

11. Income Taxes

We have incurred net operating losses since inception. We have not reflected the benefit of net operating loss carryforwards in the accompanying consolidated financial statements and have established a full valuation allowance against our deferred tax assets as it is not more likely than not that such benefit will be realized.

The reconciliation of federal statutory income tax rate to the Company's effective income tax rate is as follows:

	2025	2024
Expected income tax benefit at federal statutory rate	21.0%	21.0%
Change in FMV of Derivative	0.0%	.9%
Gain on Debt Conversion	0.0%	11.1%
Change in Valuation Allowance	(21.0)%	(33.0)%
Income tax provision (benefit)	<u>0%</u>	<u>0%</u>

Deferred income taxes reflect the net effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The principal components of the Company's deferred tax assets consisted of the following:

	As of December 31,	
	2025	2024
Net Operating Loss Carryforwards	\$ 11,954,340	\$ 11,500,760
Capitalized R&D Costs	563,203	477,498
R&D Credit Carryforward	75,989	75,989
Less: Valuation Allowance	(12,593,532)	(12,054,247)
Net Deferred Tax Asset	<u>\$ -</u>	<u>\$ -</u>

Pursuant to the Merger, Holdings effective January 1, 2022, elected to join in the filing of a consolidated income tax return with its wholly owned subsidiary EOM. During calendar 2021, both the Company and EOM filed separate corporate income tax returns. At December 31, 2021, EOM's historic net operating loss and unused research & development tax credit carryforwards of approximately \$3.8 million and \$67,000 respectively will be subject to the consolidated separate return limitation provisions. The federal net operating loss carryforwards have no expiration date while EOM's research & development tax credit carryforwards expire in 2040-2041.

At December 31, 2025 and 2024, the Company had accumulated federal net operating loss carryforwards of approximately \$51.5 million and \$50.0 million respectively, of which \$725,000 expire in various years from 2027 through 2037 and \$51.5 million and \$50.0 million have no expiration but are limited to offset 80% of taxable income when used. The Company's California net operating loss carryforwards at December 31, 2025 and 2024 approximated \$1.6 million and have no expiration date. The Company's New Jersey net operating carryforwards approximated \$11.0 million and \$9.5 million at December 31, 2025 and 2024 and will begin to expire in 2040. The Company's 2022-2024 tax returns remain open for IRS and state tax examinations.

The Merger with EOM resulted in change of control as defined under Section 382 of the Internal Revenue Code of 1986. Consequently, the Company's net operating losses are limited, on an annual basis, in an amount equal to the Company's pre-change of control value multiplied by the long-term tax-exempt bond rate in effect for the month of the change of control. Consequently, the Company's annual limitation on the amount of pre-Merger net operating losses available to offset future Company profits is \$36,000.

Based on the Company's current and projected future losses, the Company recorded a full valuation allowance against its deferred tax assets as of December 31, 2025 and 2024. The Company intends to maintain a valuation allowance until sufficient positive evidence exists to support a reversal of the allowance. For the periods ended December 31, 2025 and 2024, the valuation allowance increased by \$539,285 and \$830,692 respectively.

On July 4, 2025, the One Big Beautiful Bill Act ("OBBBA") was signed into law. Among other provisions, this act includes permanently extended and modified certain expiring provisions of the 2017 Tax Cuts and Jobs Act and restored the immediate expensing of domestic research and development expenses. The Company has evaluated the impacts of these provisions and has concluded the OBBBA does not have a material impact on its consolidated financial statements.

The Company evaluates tax positions for recognition using a more-likely-than-not recognition threshold, and those tax positions eligible for recognition are measured as the largest amount of tax benefit that is greater than 50% likely of being realized upon the effective settlement with a taxing authority that has full knowledge of all relevant information. As of December 31, 2025 and 2024, the Company had no unrecognized income tax benefits that would affect the Company's effective tax rate if recognized.

The Company files income tax returns in the U.S. federal jurisdiction and New Jersey.

12. Subsequent Events

The Company has evaluated all events subsequent to December 31, 2025 and through the date these financial statements were issued. The Company is not aware of any subsequent event that would require recognition or disclosure in the financial statements other than the following: