

Stemcell Holdings, Inc.
Consolidated Balance Sheets
(Unaudited)

	December 31, 2025	December 31, 2024
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,369,923	\$ 756,186
Accounts receivable, net	314,920	87,835
Inventory	948,244	658,647
Prepays and other assets	787,132	456,152
Other receivables	-	-
	3,420,219	1,958,820
Fixed assets		
Operating lease right of use asset	10,364	32,345
Deposits	22,524	26,995
Other non current assets	32,879	33,014
Related party receivable	653,924	372,956
Goodwill	192,534	192,534
	4,332,444	2,616,664
TOTAL ASSETS	\$ 4,332,444	\$ 2,616,664
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
CURRENT LIABILITIES		
Accounts payable & accrued liabilities	\$ 151,838	\$ 54,126
Accrued liabilities - related party	51,407	308,481
Other current liability	-	527,972
Operating lease liability - current	9,330	23,163
Short-term loan payable	665,943	10,874
	878,518	924,616
Operating lease liability - long term	1,034	9,182
Other long-term liability	7,532	7,235
	887,084	941,033
TOTAL LIABILITIES	887,084	941,033
STOCKHOLDERS' EQUITY		
Preferred stock, \$0.0001 par value; 20,000,000 shares authorized, 10,000,000- shares issued and outstanding	-	1,000
Common stock, \$0.0001 par value; 2,000,000,000 shares authorized 1,100,088,944 and 1,075,600,000 shares issued and outstanding, respectively	110,009	107,560
Additional paid-in capital	6,629,456	4,559,472
Accumulated deficit	(3,963,559)	(3,442,970)
Accumulated other comprehensive income (loss)	669,454	450,569
	3,445,360	1,675,631
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 4,332,444	\$ 2,616,664

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

Stemcell Holdings, Inc.
Consolidated Statements of Operations
(Unaudited)

	For the Year ended December 31,	
	2025	2024
Sales	\$ 2,768,357	\$ 1,194,243
Cost of sales	1,348,919	308,254
Gross profit (loss)	1,419,438	885,989
Operating expenses		
Stock-based compensation	-	550,000
General and administrative	1,878,576	1,547,671
Total operating expenses	1,878,576	2,097,671
Income (loss) from operations	(459,138)	(1,211,682)
Other income (expense)		
Interest income	11,875	3,065
Interest expense	(1,913)	(1,083)
Other income (expense)	(70,945)	2,560
Foreign currency exchange loss	-	(8,798)
Total other income (expense)	(60,983)	(4,256)
Net income (loss) before income taxes	(520,589)	(1,215,938)
Provision for income taxes	(468)	(30,544)
Net loss	\$ (520,589)	\$ (1,246,482)
Other Comprehensive Income (loss)		
Foreign Currency translation adjustment	218,885	282,297
Total Comprehensive Income (loss)	\$ (301,704)	\$ (964,185)
Net loss per share		
Basic and diluted	\$ (0.00)	\$ (0.00)
Weighted average shares outstanding		
Basic and diluted	1,098,893,532	1,045,804,098

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

Stemcell Holdings, Inc.
Consolidated Statements of Stockholders' Equity
For the Years Ended December 31, 2025 and 2024
(Unaudited)

	Preferred Stock		Common Stock		Additional	Accumulated	Accumulated	Total
	Shares	Amount	Shares	Amount	Paid-In Capital	Other Comprehensive Income (Loss)		
Balance, December 31, 2023	-	\$ -	1,000,000,000	\$ 100,000	\$ 1,900,156	\$ 168,272	\$ (2,196,488)	\$ (28,060)
Preferred Stock issued to CEO	10,000,000	1,000	-	-	549,000	-	-	550,000
Common stock sold for cash	-	-	75,600,000	7,560	2,110,316	-	-	2,117,876
Comprehensive income (loss)	-	-	-	-	-	282,297	(1,246,482)	(964,185)
Balance, December 31, 2024	10,000,000	\$ 1,000	1,075,600,000	\$ 107,560	\$ 4,559,472	\$ 450,569	\$ (3,442,970)	\$ 1,675,631
Cancellation of preferred stock	(10,000,000)	(1,000)	-	-	1,000	-	-	-
Common stock sold for cash	-	-	24,488,944	2,449	2,068,984	-	-	2,071,433
Comprehensive income (loss)	-	-	-	-	-	218,885	(520,589)	(301,704)
Balance, December 31, 2025	-	\$ -	1,100,088,944	\$ 110,009	\$ 6,629,456	\$ 669,454	\$ (3,963,559)	\$ 3,445,360

Stemcell Holdings, Inc.
Consolidated Statements of Cash Flows
(Unaudited)

	For the Year Ended December 31, 2025	For the Year Ended December 31, 2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (520,589)	\$ (1,246,482)
Adjustments to reconcile net loss to net cash used by operating activities:		
Stock-based compensation	-	550,000
Forgiveness of officer compensation	(217,100)	-
Right of use assets	21,981	27,512
Changes in operating assets and liabilities:	-	-
Accounts receivable	(227,085)	15,190
Inventory	(289,597)	(658,647)
Prepaid expenses and other current assets	(330,980)	(340,007)
Other receivables	-	-
other long-term assets	4,606	(27,962)
Accounts payable & accrued liabilities	97,712	(167,789)
Accrued liabilities - related party	(39,974)	68,481
Other current liabilities	(527,972)	527,972
Right of use lease liabilities	(21,981)	(27,512)
Other long term liabilities	297	7,235
Net Cash Used by Operating Activities	(2,050,682)	(1,272,009)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net loans to related parties	(280,968)	(413,159)
Proceeds from sale of subsidiary	-	-
Net Cash Provided by Investing Activities	(280,968)	(413,159)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from sale of common stock	2,071,433	2,117,876
Proceeds from short term loans	655,069	10,874
Net Cash (Used in) Provided by Financing Activities	2,726,502	2,128,750
Effects of changes on foreign exchange rates	218,885	282,297
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	613,737	7,285
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	756,186	30,307
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 1,369,923	\$ 756,186
SUPPLEMENTAL DISCLOSURES:		
Cash paid for interest	\$ -	\$ -
Cash paid for income taxes	\$ -	\$ -
Non-cash investing and financing activities:		
Common stock issued for acquisition of subsidiary	\$ -	\$ -

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

STEMCELL HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024
(Unaudited)

NOTE 1 - ORGANIZATION AND DESCRIPTION OF BUSINESS

Stemcell Holdings, Inc., a Delaware corporation (“the Company”) was incorporated under the laws of the State of Delaware on October 25, 2015. With the acquisition of SC-HD, K.K, the Company provides stemcell supernatant products.

On May 24, 2021, Takaaki Matsuoka resigned as Chief Executive Officer, Chief Financial Officer, President, Secretary and Treasurer and Masato Ozawa was appointed to those positions (see Note 3).

On January 1, 2022, the Company entered into a Stock Purchase Agreement with Masato Ozawa. Pursuant to the agreement, Mr. Ozawa transferred the Company 100 shares of the common stock of Stemcell KK, a Japanese corporation, which represents 100% of its issued and outstanding shares, in consideration of JPY 1,000,000 (\$8,687). Following the stock purchase transaction, the Company gained a 100% equity interest in Stemcell KK. and Stemcell KK became a wholly-owned subsidiary of the Company.

On January 1, 2023, the Company sold its 100 shares of common stock in Stemcell KK for \$7,630. Upon the sale of the common stock, Stemcell KK was no longer a subsidiary of the Company.

On December 28, 2023, the Company entered into an Acquisition Agreement with SC-HD, K.K (SC-HD), a Japanese corporation. The Company issued 572,622,000 shares of its common stock to acquire 100% of SC-HD and it became a wholly-owned subsidiary of the Company.

On November 17, 2024, the board of Directors appointed Takayuki Matsuo as its new CEO, Chairman of the Board, Chief Financial Officer, Corporate Secretary and Treasurer of the Issuer.

On December 17, 2024, Med, Inc., a Japanese entity, sold 354,524,400 unregistered restricted common shares of the Company and 10,000,000 unregistered restricted Convertible and Voting Preferred shares to Novel Way, Inc., a Japanese entity. At the time of the transaction, the issuer had 1,075,600,000 common shares outstanding and 10,000,00 Preferred shares issued and outstanding. Each share of convertible and Voting Stock has 100 common share votes for each share outstanding.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

This summary of significant accounting policies is presented to assist in understanding the Company's financial statements. These accounting policies conform to accounting principles, generally accepted in the United States of America, and have been consistently applied in the preparation of the financial statements.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, SC-HD, K.K. All significant inter-company balances and transactions have been eliminated.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reported period. In the opinion of management, all adjustments necessary in order to make the financial statements not misleading have been included. Actual results could differ from those estimates.

Cash and Cash Equivalents

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

Income Taxes

The Company accounts for income taxes using a method that requires recognition of deferred tax assets and liabilities for expected future tax consequences of temporary differences that currently exist between tax bases and financial reporting bases of the Company's assets and liabilities which is commonly known as the asset and liability method. In assessing the ability to realize deferred tax assets, the Company considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized.

The Company evaluates its tax positions taken or expected to be taken in the course of preparing the Company's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions not deemed to meet the "more-likely-than-not" threshold are recorded as an expense in the applicable year. Management's evaluation of uncertain tax positions may be subject to review and adjustment at a later date based upon factors including, but not limited to, an on-going analysis of tax laws, regulations and interpretations thereof, with due consideration given to the fact that tax periods are open to examination by tax authorities. The Company does not have any material unrecognized tax benefits as of December 31, 2025 and 2024.

Basic Earnings (Loss) Per Share

The Company computes basic and diluted earnings (loss) per share in accordance with ASC Topic 260, *Earnings per Share*. Basic earnings (loss) per share is computed by dividing net income (loss) by the weighted average number of common shares outstanding during the reporting period. Diluted earnings (loss) per share reflects the potential dilution that could occur if stock options and other commitments to issue common stock were exercised or equity awards vest resulting in the issuance of common stock that could share in the earnings of the Company. As of December 31, 2025 and 2024 the Company does not have any potentially dilutive shares outstanding.

Fair Value of Financial Instruments

The Company's balance sheet includes certain financial instruments. The carrying amounts of current assets and current liabilities approximate their fair value because of the relatively short period of time between the origination of these instruments and their expected realization.

ASC 820, *Fair Value Measurements and Disclosures*, defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a fair value hierarchy that distinguishes between (1) market participant assumptions developed based on market data obtained from independent sources (observable inputs) and (2) an entity's own assumptions about market participant assumptions developed based on the best information available in the circumstances unobservable inputs). The fair value hierarchy consists of three broad levels, which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

- Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability (e.g., interest rates); and inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 - Inputs that are both significant to the fair value measurement and unobservable.

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management as of December 31, 2025. The respective carrying value of certain on-balance-sheet financial instruments approximated their fair values due to the short-term nature of these instruments. These financial instruments include accrued expenses. As of December 31, 2025, the Company had no financial instruments.

Leases

The Company follows the provisions of ASC 842, and records right-of-use (“ROU”) assets and lease obligations for its operating leases, which are initially recognized based on the discounted future lease payments over the term of the lease. If the rate implicit in the Company's leases is not readily determinable, the Company's applicable incremental borrowing rate is used in calculating the present value of the sum of the lease payments.

The lease term is defined as the non-cancelable period of the lease plus any options to extend or terminate the lease when it is reasonably certain that the Company will exercise the option. The Company has elected not to recognize ROU asset and lease obligations for its short-term leases, which are defined as leases with an initial term of 12 months or less.

Foreign Currency Translations

The Company’s functional and reporting currency is the U.S. dollar. The Company has transactions in the Japanese Yen. All transactions initiated in Japanese Yen are translated into U.S. dollars in accordance with ASC 830- 30, “Translation of Financial Statements,” as follows:

- 1) Monetary assets and liabilities at the rate of exchange in effect at the balance sheet date.
- 2) Equity at historical rates.
- 3) Revenue and expense items at the average rate of exchange prevailing during the period.

Adjustments arising from such translations are deferred until realization and are included as a separate component of stockholders’ equity as a component of comprehensive income or loss. Therefore, translation adjustments are not included in determining net income (loss) but reported as other comprehensive income. Gains and losses from foreign currency transactions are included in earnings in the period of settlement.

	Year ended December 31,	
	2025	2024
Spot JPY: USD Exchange Rate	\$ 0.0064	\$ 0.0063
Average JPY: USD exchange rate	\$ 0.0067	\$ 0.0066

Revenue Recognition

The Company recognizes revenue from its contracts with customers in accordance with ASC 606 - Revenue from Contracts with Customers. The Company recognizes revenues when satisfying the performance obligation of the associated contract that reflects the consideration expected to be received based on the terms of the contract.

Revenue related to contracts with customers is evaluated utilizing the following steps: (i) Identify the contract, or contracts, with a customer; (ii) Identify the performance obligations in the contract; (iii) Determine the transaction price; (iv) Allocate the transaction price to the performance obligations in the contract; (v) Recognize revenue when the Company satisfies a performance obligation.

The Company receives orders for its stemcell products from medical clinics. Revenues are recognized based on the agreed upon sales or transaction price with the customer when control of the promised goods are transferred to the customer. The transfer of goods to the customer and satisfaction of the Company’s performance obligation will occur either at the time when products are shipped or when the products arrive and are received by the customer depending on the shipping terms. No discounts are offered by the Company as part of payment terms. The Company does not provide an estimate for returns as there is no anticipation for any returns in the normal course of business.

Accounts Receivable

In the normal course of business, the Company extends credit to its customers on a short-term basis. Although the credit risk associated with these customers is minimal, the Company routinely reviews its accounts receivable balances and makes provisions for doubtful accounts. When an account is deemed uncollectible, the Company charges off the receivable against the bad debt reserve. A considerable amount of judgment is required in assessing the realization of these receivables including the current creditworthiness of each customer and related aging of the past-due balances, including any billing disputes. In order to assess the collectability of these receivables, the Company performs ongoing credit evaluations of its customers’ financial condition.

Through these evaluations, the Company may become aware of a situation where a customer may not be able to meet its

financial obligations due to deterioration of its financial viability, credit ratings or bankruptcy. The allowance for doubtful accounts is based on the best information available to the Company and is reevaluated and adjusted as additional information is received. The Company evaluates the allowance based on historical write-off experience, the size of the individual customer balances, past-due amounts and the overall national economy. As of December 31, 2025 and 2024, the Company had allowance for doubtful of accounts of \$536 and \$530, respectively.

Business Combinations

In accordance with ASC 805, Business Combinations, the Company accounts for all business combinations using the acquisition method of accounting. Under this method, assets and liabilities, including any remaining non-controlling interests, are recognized at fair value at the date of acquisition. The excess of the purchase price over the fair value of assets acquired, net of liabilities assumed, and non-controlling interests is recognized as goodwill. Certain adjustments to the assessed fair values of the assets, liabilities, or non-controlling interests made subsequent to the acquisition date, but within the measurement period, which is up to one year, are recorded as adjustments to goodwill. Any adjustments subsequent to the measurement period are recorded in income. Any cost or equity method interest that the Company holds in the acquired company prior to the acquisition is re-measured to fair value at acquisition with a resulting gain or loss recognized in income for the difference between fair value and the existing book value. Results of operations of the acquired entity are included in the Company's results from the date of the acquisition onward and include amortization expense arising from acquired tangible and intangible assets.

Goodwill

The Company allocates goodwill to reporting units based on the reporting unit expected to benefit from the business combination. We evaluate our reporting units on an annual basis and, if necessary, reassign goodwill using a relative fair value allocation approach. Goodwill is tested for impairment at the reporting unit level (operating segment or one level below an operating segment) on an annual basis and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. These events or circumstances could include a significant change in the business climate, legal factors, operating performance indicators, competition, or sale or disposition of a significant portion of a reporting unit.

Application of the goodwill impairment test requires judgment, including the identification of reporting units, assignment of assets and liabilities to reporting units, assignment of goodwill to reporting units, and determination of the fair value of each reporting unit. The fair value of each reporting unit is estimated primarily using a discounted cash flow methodology. This analysis requires significant judgments, including estimation of future cash flows, which is dependent on internal forecasts, estimation of the long-term rate of growth for our business, estimation of the useful life over which cash flows will occur, and determination of our weighted average cost of capital.

The estimates used to calculate the fair value of a reporting unit change from year to year based on operating results, market conditions, and other factors. Changes in these estimates and assumptions could materially affect the determination of fair value and goodwill impairment for each reporting unit.

During the year ended December 31, 2025 and 2024, the Company had \$0 and \$0 of goodwill impairment, respectively. The goodwill impairment was recorded as part of the gain on sale of subsidiary.

Reclassifications

Certain prior period information has been reclassified to conform to current period presentation.

Segment Reporting

Segment information is prepared on the same basis that our CEO, who is our Chief Operating Decision Maker ("CODM"), manages our segments, evaluates financial results, and makes key operating decisions. The Company has one reportable operating segment, its stemcell product business which derives its revenue from the sale of stemcell supernatant products. The CODM uses net income from operations to evaluate and make key operating decisions. The information regularly provided to the CODM on the segment's revenues and significant expenses aligns with the categories presented in the Consolidated Statements of Operations. Furthermore, the segment's assets are reported on the Consolidated Balance Sheets as total assets.

New Accounting Pronouncements

In November 2023, the FASB issued Accounting Standards Update (ASU) 2023-07, Segment Reporting (Topic 280) — Improvements to Reportable Segment Disclosures, which adds new disclosure requirements related to significant segment expenses regularly provided to the chief operating decision maker (CODM) and included in each reported measure of segment profit or loss, other segment items that constitute the difference between segment revenues less significant segment expenses and the measure of profit or loss, disclosure of the CODM's title and position as well as an explanation of how the CODM uses the reported measures and expanded interim disclosures. ASU 2023-07 is effective for financial statements for annual periods beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024. The Company has implemented this ASU during the year ended December 31, 2024,

and determined no retrospective changes were necessary.

On December 14, 2023, the FASB issued ASU 2023-09 “Income Taxes (Topic 740): Improvements to Income Tax Disclosures” related to improvements to income tax disclosures. The amendments in this update require enhanced jurisdictional and other disaggregated disclosures for the effective tax rate reconciliation and income taxes paid. The amendments in this update are effective for fiscal years beginning after December 15, 2024. The adoption of this pronouncement is not expected to have a material impact on the Company’s consolidated financial statements.

NOTE 2 - GOING CONCERN

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. The Company intends to finance its future development activities and its working capital needs largely from the sale of equity securities, at such times as the Company determines to be appropriate, pursuant to exemptions from registration under applicable securities laws, with some additional funding from other traditional financing sources, such as bank borrowings and other indebtedness, until such time that funds provided by operations are sufficient to fund working capital and other business requirements. The consolidated financial statements of the Company do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts and classifications of liabilities that might be necessary should the Company be unable to continue as a going concern.

NOTE 3 – OTHER RECEIVABLES

During the year ended December 31, 2022, the Company entered into a liquidation agreement with a non-affiliated company for \$449,303 (58,863,270 JPY) to cancel a provisional registration agreement for the purchase of property that was entered into during 2022. The Company sold Stemcell KK during the year ended December 31, 2023 (see Note 8) and this receivable was included in the sale. As of December 31, 2025 and 2024, the balance related to this receivable was \$0.

NOTE 4 – SHAREHOLDER EQUITY

Preferred Stock

The authorized preferred stock of the Company consists of 20,000,000 shares with a par value of \$0.0001. On July 22, 2024, the Company awarded 10,000,000 shares of Series A Preferred Stock to Mr Ozawa in lieu of salary accumulated, which was recognized as stock-based compensation. The Series A Preferred stock has no dividend rights, a par value of \$0.0001, can convert into an equal number of common shares of the Company, and each share of preferred stock can vote 100 shares of common stock while outstanding. During the year ended December 31, 2025, the Board of Directors and Mr Ozawa agreed to cancel the preferred shares. As of December 31, 2025, there were 0 shares of Series A Preferred Stock outstanding.

Common Stock

The authorized common stock of the Company consists of 2,000,000,000 shares with a par value of \$0.0001. There were 1,110,088,944 and 1,075,600,000 shares of common stock issued and outstanding as of December 31, 2025 and 2024, respectively.

During the year ended December 31, 2025, the Company received cash proceeds of \$2,071,433 from the sale of 141,894,000 shares of common stock, of which none of the shares have been issued as of December 31, 2025.

During the year ended December 31, 2024, the Company received cash proceeds of \$2,117,786 from the sale of 124,580,944 shares of common stock, of which 47,007,000 were not issued in 2024, with 75,600,000 shares issued during the year. The Company issued 24,488,944 of these shares during the year ended December 31, 2025 and there are 24,492,000 shares remaining to be issued.

In aggregate, there were 166,341,000 shares of common stock not yet issued as of December 31, 2025.

NOTE 5 – RELATED PARTY TRANSACTIONS

Loan Payable

During the year ended December 31, 2022, the Company acquired Stemcell KK from Mr. Ozawa as described in Note 1. In the acquisition of Stemcell KK, the Company acquired \$199,870 in short-term loans payable - related party from Mr. Ozawa. The Company received \$305,861 in proceeds during the year leaving a short-term loans payable – related party balance of \$505,731 as of December 31, 2022. The loan was due on demand and had a 0% interest rate. The Company sold Stemcell KK during the year ended December 31, 2023 (see Note 8) and this loan payable was included in the sale. As of December 31, 2024, the balance related to this loan payable was \$0.

Receivables

During the year ended December 31, 2022, the Company acquired Stemcell KK from Mr. Ozawa as described in Note 1. In the acquisition of Stemcell KK, the Company acquired \$16,802 in a related party receivable from Mr. Ozawa. During the year ended December 31, 2022, the Company advanced \$288,518 leaving a balance related party receivable balance of \$305,320 as of December 31, 2022. The advance carried a 1% interest and was due July 5, 2023. The Company sold Stemcell KK during the year ended December 31, 2023 (see Note 8) and this receivable was included in the sale. As of December 31, 2024, the balance related to this receivable was \$0.

During the year ended December 31, 2023, the Company acquired SC-HD, K.K as described in Note 1. In the acquisition of SC-HD, K.K, the Company acquired a two loan receivable balances of \$566,845 and \$310,698, respectively. The loans are to companies controlled and owned by Mr. Takayuki Matsuoka, a major shareholder of the Company. The loans carry a 5% interest and are due November 30, 2025 and July 31, 2025, respectively.

As of December 31, 2025 and 2024, the related party receivables balance was \$653,924 and \$372,956, respectively.

Accrued Liabilities

As of December 31, 2025 and 2024, the Company owed to its CEO for compensation. Additionally, Mr Ozawa incurred a total of \$53,176 of business expenses on behalf of the Company, and was reimbursed \$1,395 during the year ended December 31, 2025.

NOTE 6 – NOTES PAYABLE

During the year ended December 31, 2022, the Company acquired Stemcell KK from Mr. Ozawa as described in Note 1. In the acquisition of Stemcell KK, the Company acquired \$608,300 in loans payable. The loans carry a 1% interest rate and has a maturity date of February 1, 2025. The Company repaid \$364,996 of the principal balance during 2022 leaving a balance of \$243,304 as of December 31, 2022. The Company sold Stemcell KK during the year ended December 31, 2023 (see Note 7) and this note payable was included in the sale. As of December 31, 2024, the balance related to this note payable was \$0.

NOTE 8 – INCOME TAXES

The Company, which acts as a holding company on a non-consolidated basis, does not plan to engage any business activities and current or future loss will be fully allowed. For the period ended December 31, 2025 and 2024, the Company as a holding company registered in the state of Delaware, has incurred a net loss and, therefore, has no income tax liability. The net deferred tax asset generated by the loss carry forward has been fully reserved.

United States

The Company has not recognized an income tax benefit for its operating losses generated based on uncertainties concerning its ability to generate taxable income in future periods. The tax benefit for the period presented is offset by a valuation allowance established against deferred tax assets arising from the net operating losses, the realization of which could not be considered more likely than not. In future periods, tax benefits and related deferred tax assets will be recognized when management considers realization of such amounts to be more likely than not. Should a change in ownership occur, net operating loss carryforwards may be limited to use in future years.

The Company recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. No such interest or penalties were recognized during the years ended December 31, 2025 and 2024. The Company had no accruals for interest and penalties at December 31, 2025 and 2024.

The Company's federal income tax returns since December 31, 2020 remain subject to examination by the Internal Revenue Service.

During 2025 and 2024, the Company incurred net losses and, therefore, has no tax liability. The Company made the election in Japanese tax law to not carry forward losses, therefore the Company has \$0 net operating loss carry over and \$0 deferred tax assets.

NOTE 9 – LEASES

In July 2024, SC-HD KK entered into a lease for office space, for a term of 24 months ending on July 22, 2026 and monthly payments of JPY 245,910 or approximately \$1,555.

Operating lease right-of-use ("ROU") assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease.

The components of lease expense and supplemental cash flow information related to the lease for the period are as

follows:

	<u>At December 31, 2025</u>	<u>At December 31, 2024</u>
Lease Cost		
Operating lease cost (included in general and administrative in the Company's statement of operations)	\$ 23,163	\$ 27,512
Other Information		
Cash paid for amounts included in the measurement of lease liabilities for the year ended December 31, 2023	\$ 21,981	\$ 27,512
Weighted average remaining lease term – operating leases (in years)	0.5	1.5
Average discount rate – operating lease	3%	3%

The supplemental balance sheet information related to leases for the period is as follows:

	<u>At December 31, 2025</u>	<u>At December 31, 2024</u>
Operating leases		
Remaining right-of-use assets	\$ 10,364	\$ 32,345
Short-term operating lease liabilities	\$ 9,330	\$ 23,163
Long-term operating lease liabilities	1,034	9,182
Total operating lease liabilities	<u>\$ 10,364</u>	<u>\$ 32,345</u>

Maturities of the Company's undiscounted lease liabilities are as follows:

<u>Year Ending</u>	<u>Operating Leases</u>
2026	\$ 10,364
Total lease payments	10,364
Less: Imputed interest/present value discount	-
Present value of lease liabilities	<u>\$ 10,364</u>

NOTE 10 – COMMITMENTS

On November 17, 2024, the Company entered into an independent consulting agreement with Masato Ozawa through November 2027.

NOTE 11 - SUBSEQUENT EVENTS

The Company has evaluated subsequent events since December 31, 2025 and through the date these financial statements were issued, and has determined there have been no subsequent events for which disclosure is required.