ISPECIMEN INC.

FORM 10-Q
(Quarterly Report)

Filed 05/19/25 for the Period Ending 03/31/25

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Telephone	781-301-6700
CIK	0001558569
Symbol	ISPC
SIC Code	8731 - Services-Commercial Physical and Biological Research
Industry	Software
Sector	Technology
Fiscal Year	12/31

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)
☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended March 31, 2025

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File No. 001-40501

iSpecimen Inc.
(Exact name of registrant as specified in its charter)

Delaware	**27-0480143**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

8 Cabot Road, Suite 1800, Woburn, Massachusetts 01801
(Address of principal executive offices) (Zip Code)

(781) 301-6700
(Registrant's telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, par value $0.0001 per share	**ISPC**	**The Nasdaq Stock Market LLC**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of May 15, 2025, there were 2,496,858 shares of common stock, par value $0.0001 per share, of the registrant issued and outstanding.

iSPECIMEN INC.
FORM 10-Q FOR THE QUARTER ENDED MARCH 31, 2025

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

iSpecimen Inc.
Condensed Balance Sheets

	March 31, 2025 (Unaudited)	December 31, 2024
ASSETS		
Current assets:		
Cash and cash equivalents	$ 782,563	$ 1,878,408
Accounts receivable, net of allowance for doubtful accounts of $731,475 and $620,433 at March 31, 2025 and December 31, 2024, respectively	581,652	1,444,636
Prepaid expenses and other current assets	163,823	264,892
Total current assets	1,528,038	3,587,936
Property and equipment, net	76,460	93,563
Internally developed software, net	4,244,236	4,611,954
Other intangible assets, net	668,812	716,700
Operating lease right-of-use asset	313,610	327,977
Security deposits	12,100	12,100
Total assets	$ 6,843,256	$ 9,350,230
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 3,786,134	$ 4,197,561
Accrued expenses	818,254	1,168,786
Operating lease current obligation	45,158	43,369
Deferred revenue	270,208	360,708
Total current liabilities	4,919,754	5,770,424
Operating lease long-term obligation	254,989	268,798
Total liabilities	5,174,743	6,039,222
Commitments and contingencies (See Note 9)		
Stockholders' equity		
Common stock, $0.0001 par value, 200,000,000 shares authorized, 2,498,408 issued and 2,496,858 outstanding at March 31, 2025 and 1,698,454 issued and 1,696,904 outstanding at December 31, 2024	250	170
Additional paid-in capital	75,189,448	75,173,627
Treasury stock, 1,550 shares at March 31, 2025 and December 31, 2024, at cost	(172)	(172)
Accumulated other comprehensive income	—	—
Accumulated deficit	(73,521,013)	(71,862,617)
Total stockholders' equity	1,668,513	3,311,008
Total liabilities and stockholders' equity	$ 6,843,256	$ 9,350,230

See accompanying notes to these unaudited condensed financial statements.
Reflects retroactive effect of a 1-for-20 reverse stock split on September 13, 2024.

iSpecimen Inc.
Condensed Statements of Operations and Comprehensive Loss
(Unaudited)

	Three Months Ended March 31,	
	2025	**2024**
Revenue	$ 1,057,510	$ 2,289,993
Operating expenses:		
Cost of revenue	657,279	1,000,006
Technology	545,367	911,967
Sales and marketing	347,140	665,941
Supply development	93,681	197,839
Fulfillment	293,766	410,854
General and administrative	758,666	2,103,906
Total operating expenses	2,695,899	5,290,513
Loss from operations	(1,638,389)	(3,000,520)
Other income (expense), net		
Interest expense	(1,946)	(4,465)
Interest income	2,788	30,498
Interest and penalties on sales tax liability	(18,540)	—
Other income (expense), net	(2,309)	72,370
Total other income (expense), net	(20,007)	98,403
Net loss	$ (1,658,396)	$ (2,902,117)
Other comprehensive income (loss):		
Net loss	$ (1,658,396)	$ (2,902,117)
Unrealized loss on available-for-sale securities	—	(799)
Total other comprehensive income (loss)	—	(799)
Comprehensive loss	$ (1,658,396)	$ (2,902,916)
Net loss per share - basic and diluted	$ (0.71)	$ (6.36)
Weighted average shares of common stock outstanding - basic and diluted	2,323,135	456,623

See accompanying notes to these unaudited condensed financial statements.
Reflects retroactive effect of a 1-for-20 reverse stock split on September 13, 2024.

iSpecimen Inc.
Condensed Statements of Changes in Stockholders' Equity
(Unaudited)

	Three Months Ended March 31, 2025							
	Common Stock		Treasury Stock		Additional Paid-In	Accumulated Other Comprehensive	Accumulated	Total Stockholders'
	Shares	Amount	Shares	Amount	Capital	Income	Deficit	Equity
Balance at December 31, 2024	1,696,904	$ 170	1,550	$ (172)	$ 75,173,627	$ —	$ (71,862,617)	$ 3,311,008
Stock-based compensation expense	—	—	—	—	1,158	—	—	1,158
Vesting of restricted stock	152	—	—	—	14,743	—	—	14,743
Issuance of common stock through exercise of prefunded warrants	799,631	80	—	—	(80)	—	—	—
Net loss	—	—	—	—	—	—	(1,658,396)	(1,658,396)
Balance at March 31, 2025	2,496,687	$ 250	1,550	$ (172)	$ 75,189,448	$ —	$ (73,521,013)	$ 1,668,513

See accompanying notes to these unaudited condensed financial statements.
Reflects retroactive effect of a 1-for-20 reverse stock split on September 13, 2024.

iSpecimen Inc.
Condensed Statements of Changes in Stockholders' Equity
(Unaudited)

	Three Months Ended March 31, 2025							
	Common Stock		Treasury Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balance at December 31, 2023	454,169	$ 45	1,550	$ (172)	$ 69,105,176	$ 840	$ (59,364,812)	$ 9,741,077
Stock-based compensation expense	—	—	—	—	45,871	—	—	45,871
Vesting of restricted stock	438	—	—	—	48,054	—	—	48,054
Repurchase of common stock purchase warrants exercisable under PIPE Warrants	—	—	—	—	(52,500)	—	—	(52,500)
Issuance of common stock in connection with At the Market Offering Agreement	18,899	2	—	—	138,485	—	—	138,487
Offering costs in connection with At the Market Offering Agreement	—	—	—	—	(204,845)	—	—	(204,845)
Unrealized loss on available-for-sale securities	—	—	—	—	—	(799)	—	(799)
Net loss	—	—	—	—	—	—	(2,902,117)	(2,902,117)
Balance at March 31, 2024	473,506	$ 47	1,550	$ (172)	$ 69,080,241	$ 41	$ (62,266,929)	$ 6,813,228

See accompanying notes to these unaudited condensed financial statements
Reflects retroactive effect of a 1-for-20 reverse stock split on September 13, 2024.

iSpecimen Inc.
Condensed Statements of Cash Flows
(Unaudited)

	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (1,658,396)	$ (2,902,117)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation expense	15,901	93,925
Amortization of internally developed software	367,718	532,750
Amortization of other intangible assets	47,888	47,889
Depreciation of property and equipment	17,103	16,050
Bad debt expense	111,041	197,924
Non-cash interest income related to accretion of discount on available-for-sale securities	—	(27,428)
Change in operating assets and liabilities:		
Accounts receivable – unbilled	—	234,394
Accounts receivable	751,943	93,040
Prepaid expenses and other current assets	101,069	(21,920)
Operating lease right-of-use asset	14,367	40,517
Accounts payable	(411,427)	(364,964)
Accrued expenses	(350,532)	170,208
Operating lease liability	(12,020)	(39,541)
Deferred revenue	(90,500)	(143,090)
Net cash used in operating activities	(1,095,845)	(2,072,363)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capitalization of internally developed software	—	(275,486)
Purchase of property and equipment	—	(9,136)
Purchase of available-for-sale securities	—	(460,932)
Proceeds from sales and maturities of available-for-sale securities	—	2,683,000
Net cash provided by investing activities	—	1,937,446
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of common stock in connection with At the Market Offering Agreement	—	138,487
Payment of offering costs in connection with the issuance of common stock in connection with At the Market Offering Agreement	—	(204,845)
Repurchase of common stock purchase warrants exercisable under PIPE warrants	—	(52,500)
Net cash used in financing activities	—	(118,858)
Net decreases in cash and cash equivalents	(1,095,845)	(253,775)
Cash and cash equivalents at beginning of period	1,878,408	2,343,666
Cash and cash equivalents at end of period	$ 782,563	$ 2,089,891
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 1,946	$ 4,465
Supplemental disclosure of non-cash investing and financing activities:		
Stock issuance costs included in accounts payable and accrued expenses	$ —	$ 73,908

See accompanying notes to these unaudited condensed financial statements.

iSpecimen Inc.
Notes to Unaudited Condensed Financial Statements

1. NATURE OF BUSINESS AND BASIS OF PRESENTATION

Business

iSpecimen Inc. ("iSpecimen" or the "Company") was incorporated in 2009 under the laws of the state of Delaware. The Company has developed and launched a proprietary online marketplace platform that connects medical researchers who need access to subjects, samples, and data, with hospitals, laboratories, and other organizations who have access to them. iSpecimen is a technology-driven company founded to address a critical challenge: how to connect life science researchers who need human biofluids, tissues, and living cells ("biospecimens") for their research, with biospecimens available (but not easily accessible) in healthcare provider organizations worldwide. The iSpecimen Marketplace platform was designed to solve this problem and transform the biospecimen procurement process to accelerate medical discovery. The Company is headquartered in Woburn, Massachusetts and its principal market is North America. The Company operates as one operating and reporting segment.

Basis of Presentation

The accompanying unaudited condensed financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") as determined by Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") for interim financial information, and, pursuant to the rules and regulations of Article 10 of Regulation S-X of the Securities Act of 1933, as amended (the "Securities Act"), published by the Securities and Exchange Commission ("SEC") for interim financial statements. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, the unaudited condensed financial statements reflect all adjustments, which include only normal recurring adjustments necessary for the fair statement of the balances and results of operations for the periods presented. They may not include all of the information and footnotes required by GAAP for complete financial statements. Therefore, these unaudited condensed financial statements should be read in conjunction with the Company's audited financial statements and notes thereto contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2024.

Reverse Stock Split

On October 9, 2023, the Company received a notification from Nasdaq that its Common Stock failed to maintain a minimum bid price of $1.00 over the previous 30 consecutive business days as required by the Listing Rules of The Nasdaq Stock Market.

On July 19, 2024, the Company's stockholders approved a proposal to amend the Company's Fourth Amended and Restated Certificate of Incorporation (the "Certificate of Incorporation") to effect a reverse stock split of the Company's issued and outstanding shares of common stock, as well as any shares of common stock held by the Company in treasury, at a ratio in the range from 1-for-10 to 1-for-20.

On August 19, 2024, the Company's board of directors approved a one-for-twenty (1:20) reverse stock split of the Company's issued and outstanding shares of common stock (the "Reverse Stock Split"). On September 13, 2024, the Company filed with the Secretary of State of the State of Delaware a Certificate of Amendment to the Company's Certificate of Incorporation to effect the Reverse Stock Split. The Reverse Stock Split became effective on September 13, 2024, and the Company's common stock began trading on a split-adjusted basis on Nasdaq on September 16, 2024.

On October 1, 2024, the Company received a notification from Nasdaq that the Staff has determined that for the last 11 consecutive business days, from September 16, 2024 to September 30, 2024, the closing bid price of the Company's Common Stock was $1.00 per share or greater. Accordingly, the Company has regained compliance with Listing Rule 5559(a)(2).

Except as otherwise indicated, all references to the Company's common stock, share data, per share data and related information has been adjusted for the Reverse Stock Split ratio of 1-for-20 as if they had occurred at the beginning of the earliest period presented. The Reverse Stock Split combined each 20 shares of our outstanding common stock and treasury shares into one share of common stock without any change in the par value per share, and the Reverse Stock Split correspondingly adjusted, among other things, the exercise rate of our warrants and options into the Company's common stock. No fractional shares were issued in connection with the Reverse Stock Split, and any fractional shares resulting from the Reverse Stock Split were rounded up to the nearest whole share.

Going Concern Uncertainty and Management's Plan

The Company has recognized recurring losses since inception. As of March 31, 2025, the Company had negative working capital of $3,391,716, an accumulated deficit of $73,521,013, cash and cash equivalents of $782,563, and accounts payable and accrued expenses of $4,604,388. Since inception, the Company has relied upon raising capital and its revenues to finance operations.

The future success of the Company is dependent on its ability to successfully obtain additional working capital and/or to ultimately attain profitable operations. During the three months ended March 31, 2025, the Company continued its efforts, which had begun in 2023, to decrease its capital and operational expenditures by cutting costs and right sizing the Company through a reduction in workforce while streamlining operations and rationalizing resources to focus on key market opportunities. The reductions in workforce since January 1, 2023 through December 31, 2024, cumulatively resulted in an estimated reduction in monthly compensation costs of approximately 146% and technology costs of approximately 64% during the year December 31, 2024 when compared to the year ended December 31, 2023. During the first quarter of 2025, the reductions in workforce resulted in an estimated reduction in monthly compensation costs of approximately 93% and technology costs of approximately 73% during the three months ended March 31, 2025, when compared to the three months ended March 31, 2024. While the Company plans to improve its sales and revenues, the Company is taking steps to significantly reduce and manage expenditures to improve its financial position and ensure continued funding of operations. However, as certain elements of the Company's operating plan are not within the Company's control, the Company is unable to assess their probability of success. During the year ended December 31, 2024, the Company engaged in raising capital through debt financing as discussed in Note 7 and through public equity as discussed in Note 10.

The Company may be unsuccessful in increasing its revenues or contain its operating expenses, or it may be unable to raise additional capital on commercially favorable terms. The Company's failure to generate additional revenues or contain operating costs would have a negative impact on the Company's business, results of operations and financial condition and the Company's ability to continue as a going concern. If the Company does not generate enough revenue to provide an adequate level of working capital, its business plan will be scaled down further.

These conditions raise substantial doubt regarding the Company's ability to continue as a going concern for a period of one year from the date these unaudited condensed financial statements are issued. Management's plan to mitigate the conditions that raise substantial doubt includes generating additional revenues, deferring certain projects and capital expenditures and eliminating certain future operating expenses for the Company to continue as a going concern. However, there can be no assurance that the Company will be successful in completing any of these options. As a result, management's plans cannot be considered probable and thus do not alleviate substantial doubt about the Company's ability to continue as a going concern.

The accompanying unaudited condensed financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the ordinary course of business. The unaudited condensed financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might result from the outcome of the uncertainties described above.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company's significant accounting policies and recent accounting standards are summarized in Note 2 to the Company's Annual Report on Form 10-K for the year ended December 31, 2024. There were no significant changes to these accounting policies during the three months ended March 31, 2025.

Use of Estimates

The preparation of the Company's unaudited condensed financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The Company utilizes certain estimates in the determination of the deferred tax valuation allowances, revenue recognition, stock-based compensation, allowance for doubtful accounts, accrued expenses, and the useful lives of internally developed software and sequenced data. The Company bases its estimates on historical experience and other market-specific or other relevant assumptions that it believes to be reasonable under the circumstances. Actual results could differ from such estimates.

Investments

The Company's investments are considered to be available-for-sale and are recorded at fair value. Unrealized gains and losses are included in accumulated other comprehensive income. Purchases and sales of securities are reflected on a trade-date basis. Realized gains or losses are released from accumulated other comprehensive income and into earnings on the statement of operations, and amortization of premiums and accretion of discounts on the U.S treasury bills are recorded in interest expense or income, respectively.

The Company continually monitors the difference between its cost basis and the estimated fair value of its investments. The Company's accounting policy for impairment recognition requires other-than-temporary impairment charges to be recorded when it determines that it is more likely than not that it will be unable to collect all amounts due according to the contractual terms of the fixed maturity security or that the anticipated recovery in fair value of the equity security will not occur in a reasonable amount of time. Impairment charges on investments are recorded based on the fair value of the investments at the measurement date or based on the value calculated using a discounted cash flow model. Credit-related impairments on fixed maturity securities that the Company does not plan to sell, and for which it is not more likely than not to be required to sell, are recognized in net income. Any non-credit related impairment is recognized as a component of other comprehensive income. Factors considered in evaluating whether a decline in value include: the length of time and the extent to which the fair value has been less than cost; the financial condition and near-term prospects of the issuer; and the likelihood that it will be required to sell the investment.

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. To increase the comparability of fair value measures, the following hierarchy prioritizes the inputs to valuation methodologies used to measure fair value:

- Level 1 — Valuations based on quoted prices for identical assets and liabilities in active markets.

- Level 2 — Valuations based on observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.

- Level 3 — Valuations based on unobservable inputs reflecting the Company's own assumptions, consistent with reasonably available assumptions made by other market participants. These valuations require significant judgment.

For certain financial instruments, including cash and cash equivalents, accounts receivable, and accounts payable, the carrying amounts approximate their fair values as of March 31, 2025 and December 31, 2024, respectively, because of their short-term nature.

Revenue Recognition and Accounts Receivable

The Company recognizes revenue using the five-step approach as follows: (1) identify the contract with the customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract and (5) recognize revenue when (or as) the Company satisfies the performance obligations.

The Company generates revenue by procuring various specimens from hospitals, laboratories, and other supply sites, for the Company's customers using the Company's proprietary software, the iSpecimen Marketplace, to identify, locate, and ultimately validate the required specimens to the Company's customers' requested specifications. The Company's performance obligation is to procure a specimen meeting the customer's specification(s) from a supplier, on a "best efforts" basis, for the Company's customer at the agreed price per specimen as indicated in the customer's contract with the Company. The Company does not currently charge suppliers or customers for the use of the Company's proprietary software. Each customer will execute a material and data use agreement with the Company or agree to online purchase terms, each of which includes terms such as specimen and data use, shipment terms, payment, and cancellation terms. These are then supplemented by purchase orders that specify specimen requirements including detailed inclusion/exclusion criteria, quantities to be collected, and pricing. Collectively, these customer agreements represent the Company's contracts with its customers. Generally, contracts have fixed unit pricing. For certain specimen orders, a refundable customer deposit may be required prior to order fulfillment depending on project set-up requirements, which is presented as deferred revenue. The Company expects to recognize the deferred revenue as revenue within the next twelve months.

Specimen collections occur at supply sites within the Company's network. "Collection" is when the specimen has been removed, or "collected" from the patient or donor. A specimen is often collected specifically for a particular Company order. Once collected, the specimen is assigned by the supplier to the Company and control of the specimen passes to the Company. "Accession" is the process whereby a collected specimen and associated data are registered and assigned in the iSpecimen Marketplace to a particular customer order, which can occur while a specimen is at the supplier site or while at the Company site and it is when control of the specimen passes to the customer. Suppliers may ship specimens to the Company or directly to the customer if specimens must be delivered within a short time period (less than 24 hours after collection) or shipping to the Company is not practical.

The Company has evaluated principal versus agent considerations as part of the Company's revenue recognition policy. The Company has concluded that it acts as principal in the arrangement as it manages the procurement process from beginning to end and determines which suppliers will be used to fulfill an order, usually takes physical possession of the specimens, sets prices for the specimens, and bears the responsibility for customer credit risk.

The Company recognizes revenue over time, as the Company has created an asset with no alternative use to the Company, which has an enforceable right to payment for performance completed to date. At contract inception, the Company reviews a contract and related order upon receipt, to determine if the specimen ordered has an alternative use by the Company. Generally, specimens ordered do not have an alternative future use to the Company and the performance obligation is satisfied when the related specimens are delivered. In the rare circumstances where specimens do have an alternative future use, the Company's performance obligation is satisfied at the time of shipment.

Customers are generally invoiced upon shipment. Depending on the quantity of specimens ordered, it may take several accounting periods to completely fulfill a purchase order. In other words, there can be multiple invoices issued for a single purchase order, reflecting the specimens being delivered over time.

Once a specimen that has no alternative future use and for which the Company has an enforceable right to payment, has been accessioned, the Company records the offset to revenue in accounts receivable – unbilled. Once the specimen has been shipped and invoiced, a reclassification is made from accounts receivable - unbilled to accounts receivable.

Customers are generally given fourteen days from the receipt of specimens to inspect the specimens to ensure compliance with specifications set forth in the purchase order documentation. Customers are entitled to either receive replacement specimens or receive reimbursement of payments made for such specimens. The Company has a nominal history of returns for nonacceptance of specimens delivered. When this occurs, the Company gives the customer a credit for the returns. The Company has not recorded a returns allowance.

The following table summarizes the Company's revenue for the three months ended March 31:

	Three months ended March 31,	
	2025	2024
Specimens - contracts with customers	$ 976,970	$ 2,136,100
Shipping and other	80,540	153,893
Revenue	$ 1,057,510	$ 2,289,993

The Company carries its accounts receivable at the invoiced amount less an allowance for doubtful accounts. On a periodic basis, the Company evaluates its accounts receivable to determine if an allowance for doubtful accounts is necessary, based on the current expected credit loss model. Receivables are written off when deemed uncollectible, with any future recoveries recorded as income when received. As of March 31, 2025 and December 31, 2024, the Company had an allowance for doubtful accounts of $731,475 and $620,433, respectively.

The Company applies the practical expedient to account for shipping and handling activities as fulfillment cost rather than as a separate performance obligation. Shipping and handling costs incurred are included in cost of revenue.

Since 2024, the Company recognized its revenue when the related specimens are delivered.

Internally Developed Software, Net

The Company capitalizes certain internal and external costs incurred during the application development stage of internal-use software projects until the software is ready for its intended use. Amortization of the asset commences when the software is complete and placed into service and is recorded in operating expenses. The Company amortizes completed internal-use software over its estimated useful life of five years on a straight-line basis. Costs incurred during the planning, training and post-implementation stages of the software development life cycle are classified as technology costs and are expensed to operations as incurred.

Other Intangible Assets, Net

The Company procures data generated from sequencing of Formalin-Fixed Paraffin-Embedded ("FFPE") blocks from a third-party sequencer which the Company licenses to its customers with the sale of FFPE blocks at an additional cost. The sequenced data is also organized to form a database of research content that is available for sale through a subscription model. The Company has determined that the sequenced data is an intangible asset and capitalizes the cost to procure the sequenced data. The sequenced data is amortized to cost of revenue over an estimated useful life of five years on a straight-line basis. The costs paid to the third-party sequencer are the only costs capitalized and all other related costs are expensed to operations as incurred.

Impairment of Long-Lived Assets

Management reviews long-lived assets for impairment when circumstances indicate the carrying amount of an asset may not be recoverable. An impairment loss is recognized when expected cash flows are less than the asset's carrying value. Long-lived assets consist of property and equipment, internal-use software and other intangible assets. No impairment charges were recorded for the three months ended March 31, 2025 and 2024.

Debt Issuance Costs

Debt issuance costs are recorded net against the related debt and amortized to interest expense over the life of the related debt.

Stock-Based Compensation

The Company records stock-based compensation for options granted to employees, non-employees, and to members of the board of directors for their services to the Company based on the grant date fair value of awards issued, and the expense is recorded on a straight-line basis over the requisite service period. Forfeitures are recognized when they occur.

The Company uses the Black-Scholes-Merton option pricing model to determine the fair value of stock options. The use of the Black-Scholes-Merton option pricing model requires management to make assumptions with respect to the expected term of the option, the expected volatility of the common stock consistent with the expected life of the option, risk-free interest rates and expected dividend yields of the common stock. The Company has concluded that its historical share option exercise experience does not provide a reasonable basis upon which to estimate expected term. Therefore, the expected term was determined according to the simplified method, which is the average of the vesting tranche dates and the contractual term. Due to the lack of Company-specific historical and implied volatility data, the estimate of expected volatility is primarily based on the historical volatility of a group of similar companies that are publicly traded. For these analyses, companies with comparable characteristics are selected, including enterprise value and position within the industry, and with historical share price information sufficient to meet the expected life of the stock-based awards. The Company computes the historical volatility data using the daily closing prices for the selected companies' shares during the equivalent period of the calculated expected term of its stock-based awards.

The risk-free interest rate is determined by reference to U.S. Treasury zero-coupon issues with remaining maturities similar to the expected term of the options. The Company has not paid, and does not anticipate paying, cash dividends on shares of its common stock.

The fair value of the Company's common stock is equal to the closing price on the specified grant date.

Restricted Stock Units ("RSUs")

The Company recognizes stock-based compensation expense from RSUs ratably over the specified vesting period. The fair value of RSUs is determined to be the closing share price of the Company's common stock on the grant date.

Common Stock Warrants

The Company accounts for common stock warrants as either equity instruments or liabilities, depending on the specific terms of the warrant agreement. The warrants shall be classified as a liability if (1) the underlying shares are classified as liabilities or (2) the entity can be required under any circumstances to settle the warrant by transferring cash or other assets. The measurement of equity-classified non-employee stock-based payments is generally fixed on the grant date and are considered compensatory. For additional discussion on warrants, see Note 10.

Net Loss Per Share

Basic net loss per share is calculated by dividing the net loss applicable to common stockholders by the weighted-average number of shares of common stock outstanding during the period, without consideration for common stock equivalents. Diluted net loss per share is calculated by adjusting the weighted-average number of shares outstanding for the dilutive effect of common stock equivalents outstanding for the period, determined using the treasury-stock method. Therefore, basic and diluted net loss per share applicable to common stockholders were the same for all periods presented.

The table below provides information on shares of the Company's common stock issuable upon vesting and exercise, as of March 31:

	2025	2024
Shares issuable upon vesting of RSUs	578	4,839
Shares issuable upon exercise of stock options	5,055	17,503
Shares issuable upon exercise of Lender Warrant (defined below) to purchase common stock	625	625
Shares issuable upon exercise of Underwriter Warrant (defined below) to purchase common stock	4,500	4,500

Recently Adopted Accounting Standards

In August 2020, the FASB issued ASU No. 2020-06, *Accounting for Convertible Instruments and Contracts in an Entity's Own Equity* ("ASU 2020-06"), which simplifies an issuer's accounting for convertible instruments by reducing the number of accounting models that require separate accounting for embedded conversion features. ASU 2020-06 also simplifies the settlement assessment that entities are required to perform to determine whether a contract qualifies for equity classification and makes targeted improvements to the disclosures for convertible instruments and earnings-per-share (EPS) guidance. This update will be effective for the Company's fiscal years beginning after December 15, 2023, and interim periods within those fiscal years. Early adoption is permitted, but no earlier than fiscal years beginning after December 15, 2020, and interim periods within those fiscal years. Entities can elect to adopt the new guidance through either a modified retrospective method of transition or a fully retrospective method of transition. The Company adopted this standard as of January 1, 2024. ASU 2020-06 did not have a material impact on the Company's unaudited condensed financial statements.

In November 2023, the FASB issued ASU No. 2023-07, *Improvements to Reportable Segment Disclosures* ("ASU 2023-07"), which provides amendments to improve reportable segment disclosures requirements. ASU 2023-07 expands public entities' segment disclosures by requiring disclosure of significant segment expenses that are regularly provided to the chief operating decision maker and included within each reported measure of segment profit or loss, an amount and description of its composition for other segment items, and interim disclosures of a reportable segment's profit or loss and assets. All disclosure requirements under ASU 2023-07 are also required for public entities with a single reportable segment. The amendments in ASU 2023-07 are effective for fiscal years beginning after December 15, 2023, with early adoption permitted. The Company adopted ASU 2023-07 effective January 1, 2024. The adoption of this guidance did not have a material impact on the Company's related disclosures.

3. AVAILABLE-FOR-SALE SECURITIES

The Company's U.S. Treasury bills that were classified as available-for-sale securities fully matured during the year ended December 31, 2024. There were no available securities as of March 31, 2025 and December 31, 2024.

The Company recorded $680 of realized losses in the year ended December 31, 2024.

4. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consisted of the following at the dates indicated:

	March 31, 2025	December 31, 2024
Website	$ 285,377	$ 285,377
Computer equipment and purchased software	91,332	91,332
Equipment	19,291	19,291
Furniture and fixtures	26,982	26,982
Leasehold improvements	12,646	12,646
Total property and equipment	435,628	435,628
Accumulated depreciation	(359,168)	(342,065)
Total property and equipment, net	$ 76,460	$ 93,563

Depreciation expense for property and equipment was $17,103 and $16,050 for the three months ended March 31, 2025 and 2024, respectively.

5. INTERNALLY DEVELOPED SOFTWARE, NET

During the year ended December 31, 2024, the Company capitalized $653,288 of internally developed software costs in connection with the development and continued enhancement of the technology platform and web interfaces. Capitalized costs primarily consist of payroll and payroll-related costs for the Company's employees.

During the three months ended March 31, 2025, the Company did not capitalize any costs of its internally developed software. The Company recognized $367,718 and $532,750 of amortization expense associated with capitalized internally developed software costs during the three months ended March 31, 2025 and 2024, respectively. Accumulated amortization associated with capitalized internally developed software costs as of March 31, 2025 and December 31, 2024 was $9,369,454 and $9,001,736, respectively.

6. OTHER INTANGIBLE ASSETS, NET

During the year ended December 31, 2024, the Company did not sequence any FFPE blocks and therefore did not capitalize any sequenced data as other intangible assets. The Company licenses to its customers, at an additional cost, the sequenced data associated with the sequenced FFPE blocks with the sale of said FFPE blocks. The sequenced data is also organized to form a database of research content that is available for sale to the Company's customers through a subscription model.

During the three months ended March 31, 2025, the Company did not sequence any FFPE blocks and therefore did not capitalize any sequenced data as other intangible assets. The Company recognized $47,888 and $47,889 of amortization expense associated with the capitalized sequenced data during the three months ended March 31, 2025 and 2024, respectively. Accumulated amortization associated with the capitalized sequenced data was $288,963 as of March 31, 2025 and $241,075 as of December 31, 2024.

7. DEBT FINANCING

On September 19, 2024, the Company entered into a Note Purchase Agreement (the "Purchase Agreement") with a lender (the "Lender"). Pursuant to the provisions of the Purchase Agreement, the Lender agreed to provide a loan to the Company in the amount of $1,000,000 (the "Loan") and the Company agreed to issue to the Lender a promissory note in the principal amount of $1,000,000 payable within 12 months after the date of issuance, with interest accruing and payable at a rate of 18% per annum (the "Note"). The Purchase Agreement contains customary representations and warranties and obligates the Lender to provide an additional loan to the Company, in the form of a revolving line of credit of up to $1,000,000, upon our initial filing of a Registration Statement for an underwritten or best-efforts public offering for gross proceeds of at least $5,000,000. On September 25, 2024, the Company and the Lender closed the transactions ("Closing") described in the Purchase Agreement, the Lender provided funds to the Company in the net amount of $959,980 and the Company issued the Note to the Lender in the principal amount of $1,000,000. WestPark served as the placement agent in connection with the Loan and was paid a placement agent fee in the amount of $40,020 for its services.

Debt issuance costs related to the Note totaled $140,020 which comprised of placement agent fee of $40,020 and legal costs of $100,000. The debt issuance cost will be amortized over the loan term of 12 months. The amortization expense which is included in interest expense on the statement of operations, totaled $140,020 for the year ended December 31, 2024.

On October 31, 2024, the Company paid off the outstanding principal balance of $1,000,000 and accrued interest of $18,000 on the Note.

8. FAIR VALUE MEASUREMENTS

As of March 31, 2025 and December 31, 2024, the Company did not have any assets or liabilities measured at fair value on a recurring basis.

9. COMMITMENTS AND CONTINGENCIES

Leases

On July 2, 2024, the Company entered into a new operating lease (the "Woburn Lease") of office space in Woburn, Massachusetts (the "Woburn Premises") for a term of five years and two months, commencing on September 1, 2024, and terminating on October 30, 2029. The Company has a one-time option to extend the term of the Woburn Lease for one additional term of five years, provided that the Company is not in arrears in any payment of rent, the payment of any outstanding invoice, or otherwise in default. On June 28, 2024, the Company exercised a termination option included in the lease agreement of its former office space in Lexington, Massachusetts, and terminated the lease effective August 31, 2024.

Right-of-use assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. ASC 842 requires a lessee to discount its unpaid lease payments using the interest rate implicit in the lease or, if that rate cannot be readily determined, its incremental borrowing rate. The Company used the interest rate of 8% stated in the lease agreement to discount its real estate lease liabilities.

There are no material residual guarantees associated with any of the Company's leases, and there are no significant restrictions or covenants included in the Company's lease agreements. There was no sublease rental income for the three months ended March 31, 2025, and the Company is not the lessor in any lease arrangement, and there were no related-party lease agreements.

Lease Costs

The table below presents certain information related to the lease costs for the Company's operating lease for the three months ended March 31, 2025:

Operating lease expense	$ 20,530
Short-term lease expense	—
Total lease cost	$ 20,530

Lease Position as of March 31, 2025

Right-of-use lease assets and lease liabilities for the Company's operating lease as of March 31, 2025 were recorded in the balance sheet as follows:

Assets	
Operating lease right-of-use assets	$ 313,610
Total lease assets	$ 313,610
Liabilities	
Current liabilities:	
Operating lease liability – current portion	$ 45,158
Non-current liabilities:	
Operating lease liability – net of current portion	254,989
Total lease liability	$ 300,147

Lease Terms and Discount Rate

The table below presents certain information related to the weighted average remaining lease term and the weighted average discount rate for the Company's operating lease as of March 31, 2025:

Weighted average remaining lease term (in years) – operating lease	4.58
Weighted average discount rate – operating lease	8%

Undiscounted Cash Flows

Future lease payments included in the measurement of lease liabilities on the balance sheet are as follows:

2025 (excluding the three months ended March 31, 2025)	$ 48,490
2026	76,372
2027	80,190
2028	84,200
Thereafter	73,675
Total future minimum lease payments	362,927
Less effect of discounting	(62,780)
Present value of future minimum lease payments	$ 300,147

Rent expense for the three months ended March 31, 2025 and 2024 amounted to $20,530 and $43,251, respectively.

Cash Flows

Supplemental cash flow information related to the operating lease for the three months ended March 31, 2025 was as follows:

Non-cash operating lease expense (operating cash flow)	$ 14,367
Change in operating lease liabilities (operating cash flow)	$ (12,020)

Sales Tax Payable

The majority of the Company's customers are researchers, universities, hospitals, and not-for-profit entities that were believed by the Company to have a sales and use tax exemption that generally excludes them from paying sales taxes. The main types of specimens the Company sells are blood, blood plasma, human tissue, human parts, and human bodily fluids and only a few of these products are typically not taxable in some states regardless of the buyer's tax exemption status. The Company historically has not collected sales tax in states where it had sales. Had the Company contemporaneously collected and remitted sales tax for all customers and in all jurisdictions where it would have been required, there would have been no material impact on the Company's unaudited condensed financial statements.

As a result of an entity-wide risk assessment process that commenced in the second quarter of 2023, the Company engaged external tax consultant advisors to complement internal resources and efforts to provide support in assessing the appropriate sales tax treatment associated with the Company's products for all prior years in which the Company had generated revenue, to assist with the facilitation and tracking of Voluntary Disclosure Agreements ("VDAs") in jurisdictions where a potential tax liability may exist and to assist with the implementation of a sales tax software platform solution for the calculation, communication, collection, and remittance of sales tax for all non-exempt future sales.

From the Company's inception through the filing date of this Quarterly Report, the Company now believes that an obligation to collect and remit sales tax existed for certain of its sales of products to certain of its customers. The Company has analyzed its product sales, on an invoice-by-invoice and customer-by-customer basis, to determine which products are subject to sales tax in each jurisdiction, and determining which of its customers are exempt from sales tax, and which customers who were not exempt from sales tax have already paid compensating use tax to the appropriate jurisdiction. Part of this process includes requesting and obtaining exemption letters or representations from its customers or proof of payment of their compensating use tax. As the Company continues to make progress on this project, certain customers have notified the Company that they are not exempt from the payment of sales tax and have not remitted use tax and the Company has started to invoice such customers for past sales tax due.

In 2023, the Company established and accrued a reliable point estimate with a maximum potential of the sales tax liability of approximately $707,000 and the related interests and penalties of approximately $215,000 in accrued expenses on the balance sheet. The estimated liability represents the estimated tax liability for sales made to customers who have notified the Company that they are not exempt from sales taxes and customers who have not responded to Company's request to provide a sales exemption letter. As of December 31, 2023, the Company had also recovered approximately $359,000 of prior taxes from certain customers who do not have a sales tax exemption. During the year ended December 31, 2023, the Company recognized a loss of approximately $564,000 in its statement of operations and comprehensive loss related to the sales tax liability. The Company continued to pursue nonresponsive customers with the expectation that over time, further exemption letters or representations will be received that will reduce the liability.

During the year ended December 31, 2024, the Company received additional sales tax exemption letters or representations from customers. In addition to this, the Company received confirmation from certain tax jurisdictions in which it had previously accrued a potential tax liability that its specimens are exempt from tax in those jurisdictions, therefore, the Company reversed the accrued liability associated with those jurisdictions. The Company also registered in certain states and commenced the filing and remittance of sales taxes. These factors contributed to the reduction of the sales tax liability to approximately $405,000 and the related interests and penalties to approximately $119,000 as of December 31, 2024. During the year ended December 31, 2024, the Company had recovered approximately $512,000 of prior taxes from certain customers who do not have a sales tax exemption. The Company commenced VDA filings with certain tax jurisdictions in the year ended December 31, 2024, during which it started remitting its sales tax obligations.

During the three months ended March 31, 2025, the Company recorded a sales tax liability for approximately $378,000 and the related interests and penalties to approximately $104,000 as of March 31, 2025.

As of March 31, 2025, the Company had recovered approximately $519,000 of prior taxes from certain customers who do not have a sales tax exemption. The Company did not recognize any additional loss in its statement of operations and comprehensive loss related to the sales tax liability during the three months ended March 31, 2025.

Legal Proceedings

From time to time the Company is involved in litigation, claims, and other proceedings arising in the ordinary course of business. Such litigation and other proceedings may include, but are not limited to, actions relating to employment law and misclassification, intellectual property, commercial or contractual claims, or other consumer protection statutes. Litigation and other disputes are inherently unpredictable and subject to substantial uncertainties and unfavorable resolutions could occur. As of March 31, 2025, there was a legal dispute filed against the Company.

Resignation of Chief Information Officer and Filing of Demand for Arbitration

On July 25, 2024, Benjamin Bielak, the Company's Chief Information Officer, until his resignation on July 14, 2024, initiated a Demand for Arbitration against the Company with the American Arbitration Association, pursuant to the dispute resolution provisions contained in Mr. Bielak's employment agreement. The terms and conditions of Mr. Bielak's employment with the Company were governed by his employment agreement.

In his Demand for Arbitration Mr. Bielak claims that the Company failed to provide him with certain bonus payments allegedly due to him for work performed in 2023 and 2024. Mr. Bielak also claims that the Company failed to provide him with severance payments allegedly due pursuant to the provisions of his employment agreement. The total amount of Mr. Bielak's claim for alleged damages is $586,800 plus attorneys' fees and interest.

During the three months ended March 31, 2025, the Company settled this legal matter and the parties agreed to a $215,000 settlement pursuant to a settlement agreement executed on January 30, 2025.

Settlement Agreement with Focus Technology Solutions, LLC

On December 9, 2024, Focus Technologies, Inc. ("Focus") filed a complaint against the Company in the Superior Court of Suffolk County, Massachusetts, alleging non-payment under agreements dated July 29, 2022, related to the provision of information technology services. Focus is seeking approximately $489,572 in damages, plus interest and attorneys' fees. Following the filing, Focus disabled the Company's web-based commerce platform on January 24, 2025, resulting in a shutdown of the iSpecimen Marketplace from January 25, 2025, through February 12, 2025.

To restore service, the parties entered into a settlement agreement on February 11, 2025 (the "Settlement Agreement"), under which the Company agreed to pay $500,000 in nine monthly installments in exchange for the restoration of its platform. The Company made an initial payment of $50,000 on February 12, 2025. However, Focus failed to fully restore the platform, requiring the Company to engage a third-party developer to complete the work in early March 2025. On February 28, 2025, the Company notified Focus that it was in breach of the Settlement Agreement and has since withheld further payments.

Focus has sought to amend its complaint to enforce the Settlement Agreement and has requested pre-judgment security in the amount of $450,000. The Company is opposing these efforts and intends to assert counterclaims against Focus for consequential damages arising from the service disruption and failure to perform under the agreements. While the outcome of this matter cannot be predicted with certainty, the Company does not believe that this litigation will have a material adverse effect on its business, financial condition, or results of operations at this time.

On April 10, 2025, the Court partially granted Focus' Motion for Pre-Judgment Security. The Company is required to open a dedicated bank account by April 20, 2025 and deposit 15% of revenue starting one month after the account opening up to $420,000. The Company will continue to seek relief from the pre-judgment security, and its counterclaim against Focus is still pending, which could ultimately exceed the value of Focus' claims.

10. STOCKHOLDERS' EQUITY

The Company's authorized capital is 250,000,000 shares, of which (1) 200,000,000 shares are common stock, par value $0.0001 per share and (2) 50,000,000 shares are preferred stock, par value $0.0001 per share, which may, at the sole discretion of the Company's board of directors, be issued in one or more series.

Reverse Stock Split

On August 19, 2024, the Company's board of directors approved a one-for-twenty (1:20) reverse stock split of the Company's issued and outstanding shares of common stock. On September 13, 2024, the Company filed with the Secretary of State of the State of Delaware a Certificate of Amendment to the Company's Certificate of Incorporation to effect the Reverse Stock Split. The Reverse Stock Split became effective on September 13, 2024, and the Company's common stock began trading on a split-adjusted basis on Nasdaq on September 16, 2024.

At the Market Offering

On March 5, 2024, the Company put in place an At the Market Offering Agreement (the "ATM Agreement") which allowed the Company to issue and sell shares of its common stock, having an aggregate offering price of up to $1,500,000 (the "ATM Shares"), from time to time through the Sales Agent. During the year ended December 31, 2024, the Company sold 199,004 ATM Shares for gross proceeds of approximately $1,494,000 under the ATM Agreement. The Company incurred offering costs of approximately $255,000, resulting in net proceeds of approximately $1,239,000.

Securities Offering on Form S-1 and Material Definitive Agreement

On October 29, 2024, the Company entered into a placement agency agreement (the "Placement Agency Agreement") with WestPark, and a securities purchase agreement (the "Securities Purchase Agreement") with investors pursuant to which the Company agreed to issue and sell (i) 132,814 shares (the "Shares") of the Company's common stock, par value $0.0001 per share (the "Common Stock") at an offering price of $2.999 per share, and (ii) pre-funded warrants to purchase up to 1,533,852 shares of Common Stock (the "Pre-Funded Warrants") at an offering price of $3.00 per Share, less $0.0001 per Pre-Funded Warrant, for aggregate gross proceeds of $4,998,464 (or $4,999,998 assuming the full exercise of the Pre-Funded Warrants), before deducting placement agent fees and other offering expenses. The Offering closed on October 31, 2024.

As part of its compensation for acting as Placement Agent for the Offering, the Company paid the Placement Agent a cash fee of 4.0% of the aggregate gross proceeds plus reimbursement of certain expenses and legal fees. The Company incurred offering costs of approximately $366,189, resulting in net proceeds of approximately $4,632,275.

Stock Options

There were no options exercises during the three months ended March 31, 2025 and the year ended December 31, 2024.

Warrants

Underwriter Warrants

In connection with the Company's underwriting agreement with ThinkEquity, a division of Fordham Financial Management, Inc. ("ThinkEquity") and the representative of the Company's IPO underwriters, the Company entered into a warrant agreement to purchase up to 4,500 shares of common stock to several affiliates of ThinkEquity (the "Underwriter Warrants"). The Underwriter Warrants are exercisable at a per share exercise price of $200.00 and are exercisable at any time and from time to time, in whole or in part, during the four- and one-half year period commencing 180 days from the effective date of the IPO registration statement. The Underwriter Warrants became exercisable on or after December 16, 2021 (six months from the effective date of the offering) and expire on June 15, 2026. Upon issuance of the Underwriter Warrants, as partial compensation for its services as an underwriter, the fair value of approximately $0.4 million was recorded as equity issuance costs in the year ended December 31, 2021. As of March 31, 2025, the Underwriter Warrants had not been exercised, and had a weighted average exercise price of $200 per share and a remaining weighted average time to expiration of 1.21 years.

Lender Warrant

In connection with the loan agreement entered into with Western Alliance Bank (the "Lender") on August 13, 2021, the Company issued a warrant (the "Lender Warrant") to the Lender to purchase 625 shares of common stock of the Company. The Lender Warrant is exercisable at a per share exercise price of $160.00 and is exercisable at any time on or after August 13, 2021 through August 12, 2031. The Company determined that the Lender Warrant was equity classified. As of March 31, 2025, the Lender Warrant had not been exercised, and had a weighted average exercise price of $160 per share and a remaining weighted average time to expiration of 6.37 years.

PIPE Warrants

On December 1, 2021, the Company completed a private placement (the "PIPE") in which the Company issued warrants (the "PIPE Warrants") to purchase up to an aggregate of 65,625 shares of common stock. These PIPE Warrants have an exercise price of $260.00 per share and are immediately exercisable upon issuance and will expire on the five and one-half-year anniversary of the issuance date.

On February 13, 2024, the Company entered into certain warrant repurchase and termination agreements with the holders of the PIPE Warrants to repurchase the PIPE Warrants for a purchase price equal to $0.80 multiplied by the number of shares of common stock issuable pursuant to such PIPE Warrants. In connection with such repurchases, all past, current and future obligations of the Company relating to the PIPE Warrants were released, discharged and are of no further force or effect.

A summary of total warrant activity during the three months ended March 31, 2025 is as follows:

	Warrants Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term in Years
Balance at December 31, 2023	70,750	$ 255.30	3.47
Granted	799,631	3.00	—
Exercised	—	—	—
Repurchased	(65,625)	0.80	—
Balance at December 31, 2024	804,756	4.22	2.09
Granted	—	—	—
Exercised	(799,631)	3.00	—
Balance at March 31, 2025	5,125	$ 195.12	1.84

11. STOCK-BASED COMPENSATION

Stock Incentive Plans

2021 Plan

In March 2021, the Company adopted the iSpecimen Inc. 2021 Stock Incentive Plan, which was subsequently amended in June 2021 and then on May 25, 2022 (the "2021 Plan"). The 2021 Plan was adopted to enhance the Company's ability to attract, retain and motivate employees, officers, directors, consultants, and advisors by providing such persons with equity ownership opportunities and performance-based incentives. The 2021 Plan authorizes options, restricted stock, RSUs and other stock-based awards. The Company's board of directors, or any committee to which the board of directors delegates such authority, has the sole discretion in administering, interpreting, amending, or accelerating the 2021 Plan. Awards may be made under the 2021 Plan for up to 30,400 shares of the Company's common stock, and the 2021 Plan was made effective with the completion of the IPO.

On May 24, 2023, at the Company's annual meeting of stockholders, the stockholders approved an amendment to the 2021 Plan to increase the number of shares under the 2021 Plan from 30,400 shares of common stock to 93,475 shares of common stock.

No equity awards were granted under the 2021 Plan during the three months ended March 31, 2025. During the three months ended March 31, 2024, 4,017 equity awards were granted under the 2021 Plan, respectively. As of March 31, 2025, there were 67,224 shares of common stock available for future grants under the 2021 Plan.

2013 Plan

The iSpecimen Inc. 2013 Stock Incentive Plan (the "2013 Plan") was adopted on April 12, 2013 and subsequently amended on July 29, 2015. The aggregate number of shares of common stock that may be issued pursuant to the 2013 Plan was 85,679.

No equity awards were granted under the 2013 Plan during the three months ended March 31, 2025 and 2024. According to the 2013 Plan, which was adopted by the Company's board of directors on April 12, 2013, no awards shall be granted under the 2013 Plan after the completion of ten years from the date on which the 2013 Plan was adopted by the Company's board of directors. Therefore, as of April 13, 2023, no further shares had been granted under the 2013 Plan.

Stock Options

The following assumptions were used to estimate the fair value of stock options granted using the Black-Scholes-Merton option pricing model during the three months ended March 31:

	2024
Assumptions:	
Risk-free interest rate	3.49% – 4.56%
Expected term (in years)	0.27 – 4.00
Expected volatility	57.28% –58.71%
Expected dividend yield	—

A summary of stock option activity under the 2021 Plan and 2013 Plan is as follows:

	Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term in Years	Aggregate Intrinsic Value
Balance at December 31, 2023	14,830	$ 43.47	8.53	$ —
Granted	5,521	7.30	—	—
Exercised	—	—	—	—
Cancelled/forfeited	(11,891)	33.99	—	—
Balance at December 31, 2024	8,460	33.20	5.20	—
Granted	—	—	—	—
Exercised	—	—	—	—
Cancelled/forfeited	(3,405)	31.74	—	—
Balance at March 31, 2025	5,055	$ 34.19	7.64	$ —
Options exercisable at March 31, 2025	3,570	$ 44.97	7.08	$ —

The aggregate intrinsic value in the table above represents the difference between the Company's stock price as of the balance sheet date and the exercise price of each in-the-money option on the last day of the period. No stock options were exercised during the three months ended March 31, 2025 and 2024.

No stock options granted during the three months ended March 31, 2025. The weighted average grant date fair value of stock options issued in the three months ended March 31, 2024 was $2.40. The following table sets forth the recorded stock options compensation expense of the Company during the three months ended March 31:

	2025	2024
Operating expenses:		
Technology	$ —	$ 1,545
Sales and marketing	34	496
Supply development	477	211
Fulfillment	512	869
General and administrative	—	16,319
Total stock options expense	$ 1,023	$ 19,440

As of March 31, 2025 and 2024, a total of $9,071 and $93,582 of unamortized compensation expense is being recognized over the remaining requisite service period of 3.50 and 2.23 years, respectively.

Restricted Stock Units

A summary of RSUs activity under the 2021 Plan and 2013 Plan is as follows:

	RSUs Outstanding	Weighted Average Grant Date Fair Value
Unvested Balance at December 31, 2023	5,630	$ 113.09
Granted	—	—
Vested	(1,800)	120.36
Forfeited	(3,008)	102.66
Unvested Balance at December 31, 2024	822	$ 132.34
Granted	—	—
Vested	(152)	117.93
Forfeited	(92)	78.00
Unvested Balance at March 31, 2025	578	$ 107.76

The Company recorded RSUs compensation expense during the three months ended March 31, 2025 and 2024 as follows:

	2025	2024
Operating expenses:		
Technology	$ 2,875	$ 26,943
Sales and marketing	8,808	15,909
Supply development	—	225
Fulfillment	6,815	9,511
General and administrative (recovery)	(3,620)	21,897
Total stock options expense	$ 14,878	$ 74,485

As of March 31, 2025 and 2024, the total unrecognized stock-based compensation expense related to unvested RSUs was $40,679 and $465,070, and it is expected to be recognized on a straight-line basis over a weighted average period of approximately 1.00 and 1.61 years, respectively.

12. INCOME TAXES

As of March 31, 2025 and December 31, 2024, the Company had federal net operating loss carryforwards of approximately $64,200,000 and $62,400,000, respectively, of which approximately $13,300,000 expires at various periods through 2037 and approximately $50,900,000 can be carried forward indefinitely. As of March 31, 2025 and December 31, 2024, the Company had state net operating loss carryforwards of approximately $35,900,000 and $36,100,000, respectively, that expire at various periods through 2045, respectively. At March 31, 2025 and December 31, 2024, the Company had federal and state tax credits of approximately $2,155,100. available for future periods that expire at various periods through 2044. The Company has recorded a full valuation allowance against net deferred income tax assets due to a history of losses generated since inception.

Due to changes in ownership provisions of the Internal Revenue Code, the availability of the Company's federal net operating loss ("NOL") carryforwards may be subject to annual limitations under Section 382 of the Internal Revenue Code against taxable income in the future period, which could substantially limit the eventual utilization of such carryforwards.

13. SEGMENT AND GEOGRAPHIC INFORMATION

Operating segments are defined as components of an enterprise for which separate financial information is available and evaluated regularly by the chief operating decision maker, which is our Chief Executive Officer, in deciding how to allocate resources and in assessing performance. We manage our business globally within one operating segment in accordance with ASC Topic 280, Segment Reporting ("ASC 280"). Segment information is consistent with how management reviews the business, makes investing and resource allocation decisions and assesses operating performance.

The Company has one reportable segment – biospecimens. The Company derive its revenue by procuring specimens from its healthcare provider network and then distributing these annotated biospecimens to its research client base.

Set out below is information about the assets and liabilities as at March 31, 2025 and December 31, 2024 and profit or loss from each segment for the three months ended March 31, 2025 and 2024.

	March 31, 2025	December 31, 2024
Financial statement line item:		
Reportable segment assets	$ 6,843,256	$ 9,350,230
Reportable segment liabilities	5,174,743	6,039,222

	Three Months Ended March 31,	
	2025	2024
Financial statement line item:		
Revenues from external customers	$ 1,057,510	$ 2,289,993
Less:		
Cost of revenue, excluding amortization	609,391	952,117
Technology expenses, excluding amortization	177,649	379,217
Sales and marketing expenses	347,140	665,941
Supply development expenses	93,681	197,839
Fulfillment expenses	293,766	410,854
Other segment items [a]	743,872	2,015,486
Depreciation & amortization expense	432,709	596,689
Interest expense	1,946	4,465
Interest income	(2,788)	(30,498)
Interest and penalties on sales tax liability	18,540	—
Income tax expense	—	—
Reportable segment income (loss)	$ (1,658,396)	$ (2,902,117)

(a) Other segment items included in reportable segment net loss consists mainly of general and administrative expenses for corporate functions, such as insurance expenses, associated software licenses, other payroll and related expenses for human resources, legal, finance and executive teams, other consulting and professional fees for corporate services rendered, other marketing expenses, franchise tax, other gains and losses, and other overhead expense.

The Company's reportable business segment sell their goods in four geographic locations:

- Americas
- Europe
- Middle East/Africa
- Asia Pacific

The following table represents the percentage of total revenue by geographic area, based on the location of the customer for the three months ended March 31, 2025 and 2024, respectively.

	2025	2024
Americas	95.37%	80.93%
Europe, Middle East and Africa	4.63%	17.11%
Asia Pacific	—	1.96%

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

References in this report (the "Quarterly Report") to "we," "us" or the "Company" refer to iSpecimen Inc. The following discussion and analysis of the Company's financial condition and results of operations should be read in conjunction with the unaudited condensed financial statements and the notes thereto contained elsewhere in this Quarterly Report. Certain information contained in the discussion and analysis set forth below includes forward-looking statements that involve risks and uncertainties.

Special Note Regarding Forward-Looking Statements

This Quarterly Report includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), that are not historical facts and involve risks and uncertainties that could cause actual results to differ materially from those expected and projected. All statements, other than statements of historical fact included in this Quarterly Report including, without limitation, statements in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" regarding the Company's financial position, business strategy and the plans and objectives of management for future operations, are forward-looking statements. Words such as "expect," "believe," "anticipate," "intend," "estimate," "seek" and variations and similar words and expressions are intended to identify such forward-looking statements. Such forward-looking statements relate to future events or future performance, but reflect management's current beliefs, based on information currently available. A number of factors could cause actual events, performance, or results to differ materially from the events, performance and results discussed in the forward-looking statements. For information identifying important factors that could cause actual results to differ materially from those anticipated in the forward-looking statements, please refer to the "Risk Factors" section of the Company's Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission (the "SEC") on April 14, 2025. The Company's securities filings can be accessed on the EDGAR section of the SEC's website at www.sec.gov. Except as expressly required by applicable securities law, the Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise.

Overview

We were incorporated in 2009 under the laws of the state of Delaware. Our mission is to accelerate life science research and development via a single global marketplace platform, the iSpecimen Marketplace, which connects researchers to subjects, specimens, and associated data. We are headquartered in Woburn, Massachusetts. We operate as one operating and reporting segment.

In addition to creating a single global platform where both specimen providers and researchers can connect, the platform automates the process of searching for and selecting specimens for research. The platform taps into healthcare provider data to gain insights into the available samples in biobanks or laboratories, or to gain insights into the patient populations to support specimen collections directly from research subjects. The platform receives de-identified data from electronic medical records, laboratory information systems, and other healthcare data sources of available specimens and research subjects and harmonizes the data across all participating organizations.

Researchers can search this data using our intuitive, web-based user interface to obtain specimens more efficiently. They can instantly find the specific specimens they need for their studies, request quotes for these specimens or for custom collections directly from research subjects, place orders, and track and manage their specimens and associated data across projects.

Biospecimen providers also gain efficiencies using the iSpecimen Marketplace, not only because the platform provides instant access to a large researcher base, but because the technology orchestrates the bioprocurement workflow from specimen request to fulfillment. Specimen providers can access intuitive dashboards to view requests, create proposals, and track and manage their orders.

Finally, the platform helps with administrative and reporting functions for researchers, suppliers, and our internal personnel, including user and compliance management.

The iSpecimen Marketplace is composed of four major functional areas: search, workflow, data, and administration and reporting. As capital is made available to do so, we continue to invest in the evolution of these areas to improve engagement with the platform and liquidity across it. Our core business objective is to retain and grow both researcher and supplier usage of our platform to support biospecimen procurement, as well as to position our Company to explore other adjacent business opportunities that can benefit from the use of the iSpecimen Marketplace.

The iSpecimen Marketplace currently supports the supply chain management and bioprocurement process for specimens and associated data. We generate revenue by procuring various specimens from hospitals, laboratories, and other supply sites comprising our network, and delivering them to our medical research customers using our proprietary software to identify and locate the required specimens. Costs paid to acquire specimens from hospitals and laboratories generally vary depending upon the sample type, collection requirements, and data provided. We generally operate in a "just in time" fashion, meaning we procure specimens from our suppliers and distribute specimens to our customers after we obtain an order for specimens from a research client. Generally, we do not speculatively purchase and bank samples in anticipation of future, unspecified needs. We believe our approach offers many advantages over a more traditional inventory-based supplier business model where biorepositories take inventory risks, and where inventory turnover and cash conversion cycles can be lengthy.

Private Placement Offering

On December 1, 2021, we closed on a private placement offering ("PIPE") for gross proceeds of approximately $21 million, before deducting approximately $1.4 million for underwriting discounts and commissions and estimated offering expenses, for (i) an aggregate of 87,500 shares of common stock and (ii) warrants, which are exercisable for an aggregate of up to 65,625 shares of common stock, all of which were repurchased by us on February 13, 2024, and are no longer outstanding.

At the Market Offering

On March 5, 2024, we entered into an At the Market Offering Agreement (the "ATM Agreement") with Rodman & Renshaw LLC as agent (the "Sales Agent") pursuant to which we may issue and sell shares of our common stock, having an aggregate offering price of up to $1,500,000 (the "ATM Shares"), from time to time through the Sales Agent. The ATM Shares when issued will be registered pursuant to our shelf registration statement on Form S-3 (File No 333- 265976), which became effective on July 12, 2022. We sold the ATM Shares, from time to time, pursuant to the ATM Agreement, in transactions that are "at the market offerings" as defined in Rule 415(a)(4) promulgated under the Securities Act. During the year ended December 31, 2024, we issued 199,004 shares of common stock for gross proceeds of approximately $1,494,000 under the ATM Agreement. In connection with the ATM Offering, we incurred offering costs of approximately $255,000, resulting in net proceeds of approximately $1,239,000.

Reverse Stock Split

On October 9, 2023, we received a notification from Nasdaq that our Common Stock failed to maintain a minimum bid price of $1.00 over the previous 30 consecutive business days as required by the Listing Rules of The Nasdaq Stock Market.

On July 19, 2024, our stockholders approved a proposal to amend our Fourth Amended and Restated Certificate of Incorporation to effect a reverse stock split of our issued and outstanding shares of common stock, as well as any shares of common stock held by the Company in treasury, at a ratio in the range from 1-for-10 to 1-for-20.

On August 19, 2024, the Board approved a one-for-twenty (1:20) reverse stock split of our issued and outstanding shares of common stock. On September 13, 2024, we filed with the Secretary of State of the State of Delaware a Certificate of Amendment to our Certificate of Incorporation to effect the Reverse Stock Split. The Reverse Stock Split became effective on September 13, 2024, and our common stock began trading on a split-adjusted basis on Nasdaq on September 16, 2024.

On October 1, 2024, we received a notification from Nasdaq that the Staff has determined that for the last 11 consecutive business days, from September 16, 2024 to September 30, 2024, the closing bid price of our Common Stock was $1.00 per share or greater. Accordingly, we regained compliance with Listing Rule 5559(a)(2).

Except as otherwise indicated, all references to our common stock, share data, per share data and related information have been adjusted for the Reverse Stock Split ratio of 1-for-20 as if they had occurred at the beginning of the earliest period presented. The Reverse Stock Split combined each 20 shares of our outstanding common stock and treasury shares into one share of common stock without any change in the par value per share, and the Reverse Stock Split correspondingly adjusted, among other things, the exercise rate of our warrants and options into our common stock. No fractional shares were issued in connection with the Reverse Stock Split, and any fractional shares resulting from the Reverse Stock Split were rounded up to the nearest whole share.

Debt Financing

On September 19, 2024, we entered into the Purchase Agreement with the Lender. Pursuant to the provisions of the Purchase Agreement, the Lender agreed to provide a loan to us in the amount of $1,000,000 and we agreed to issue to the Lender a promissory note in the principal amount of $1,000,000 payable within 12 months after the date of issuance, with interest accruing and payable at a rate of 18% per annum. The Purchase Agreement contains customary representations and warranties and obligates the Lender to provide an additional loan to us, in the form of a revolving line of credit of up to $1,000,000, upon our initial filing of a Registration Statement for an underwritten or best-efforts public offering for gross proceeds of at least $5,000,000. On September 25, 2024, we and the Lender closed the transactions described in the Purchase Agreement, the Lender provided funds to the Company in the net amount of $959,980 and we issued the Note to the Lender in the principal amount of $1,000,000. WestPark Capital, Inc. (“WestPark”) served as the placement agent in connection with the Loan and was paid a placement agent fee in the amount of $40,020 for its services.

On October 31, 2024, we paid off the outstanding principal balance of $1,000,000 and accrued interest of $18,000 on the Note.

Securities Offering on Form S-1

On October 29, 2024, we entered into a placement agency agreement (the “Placement Agency Agreement”) with WestPark. (the “Placement Agent”), and a securities purchase agreement (the “Securities Purchase Agreement”) with investors pursuant to which we agreed to issue and sell, in a “reasonable best efforts” public offering (the “Offering”) (i) 132,814 shares (the “Shares”) of our common stock, par value $0.0001 per share (the “Common Stock”) at an offering price of $2.999 per share, and (ii) pre-funded warrants to purchase up to 1,533,852 shares of Common Stock (the “Pre-Funded Warrants”) at an offering price of $3.00 per Share, less $0.0001 per Pre-Funded Warrant, for aggregate gross proceeds of $4,998,464 (or $4,999,998 assuming the full exercise of the Pre-Funded Warrants), before deducting placement agent fees and other offering expenses. As part of its compensation for acting as Placement Agent for the Offering, we paid the Placement Agent a cash fee of 4.0% of the aggregate gross proceeds plus reimbursement of certain expenses and legal fees. We intend to use the net proceeds of the offering for repayment of outstanding debt, potential acquisitions of assets or investments in businesses, products and technologies, and for marketing and advertising services. The remainder of the net proceeds will be used for working capital purposes.

The Offering closed on October 31, 2024. The securities sold in the Offering were offered and sold pursuant to a registration statement on Form S-1 (File No. 333-282736), which was filed with the Securities and Exchange Commission (the “Commission”) on October 18, 2024, and subsequently declared effective by the Commission on October 29, 2024.

Impact of the Current Economy

The Company’s financial performance is subject to global economic conditions and their impact on levels of spending by our customer research organizations, particularly discretionary spending for procurement of specimens used for research. Economic recessions may have adverse consequences across industries, including the health and biospecimen industries, which may adversely affect our business and financial condition. We increased our allowance for doubtful accounts in accounts receivables by $111,041 as of March 31, 2025 due to certain customers either lack liquidity or have filed for bankruptcy. We have enhanced procedures related to our credit check process for new and existing customers to mitigate the risk to future collectability of receivables.

Changes in general market, economic and political conditions in domestic and foreign economies or financial markets, including fluctuation in stock markets resulting from, among other things, trends in the economy and inflation, as are being currently experienced, may result in a reduction in researchers’ demand for specimens due to the research organization’s inability to obtain funding.

To further address the current market conditions, we have taken steps, which include but are not limited to, reevaluating our pricing in order to be more competitive, creating campaigns to highlight and fast-track high demand items, enhancing internal team communications to accelerate the sales cycle, moving to a new line of business structure organized by our internal categorization of biospecimen suppliers capabilities to increase efficiency in operations, implementation of next day quotes to increase conversion ratios of quotes to purchase orders, and initiation of efforts to decrease expenditures through reductions in our workforce.

We believe that our business will continue to be resilient through a continued industry-wide economic slowdown in life science research, and that we will continue to work on improving our liquidity to address our financial obligations and alleviate possible adverse effects on our business, financial condition, results of operations or prospects.

Impact of the Russian-Ukrainian War on Our Operations

Our business was negatively impacted during the first half of 2022 by the ongoing war between Russia and Ukraine. At the start of the war, we had approximately $1 million of purchase orders that were slated to be fulfilled by our supply network in Ukraine and Russia. This supply network was shut down at the start of the war. Ukrainian suppliers were disabled due to war conditions and evacuations and some of our Russian suppliers were disabled by sanctions. While we mobilized to shift these purchase orders to other suppliers in the network, the process of specimen collections from other supply sites took time, which caused a delay in the fulfillment of such purchase orders. Alternate suppliers do not have the same favorable unit economics or specimen collection rates, and this also impacted our margins. Additionally, key resources were diverted from operations to resolving the re-fulfillment issues caused by the conflict.

As of March 31, 2025, our supply sites in Russia that had not been under sanctions were accessible and our supply sites in Ukraine were mostly reopened. However, logistics and transportation of specimens out of the country of Ukraine remains challenging and not as economically feasible as they were prior to the beginning of the war. Due to the uncertainty caused by the ongoing war, Ukrainian and Russian suppliers may again become inaccessible to us. Therefore, as long as the uncertainty continues, our policy is to ensure at a purchase order level that an order is not solely sourced from the two countries. The short and long-term implications of the war are difficult to predict as of the date of this Form 10-Q. The imposition of more sanctions and counter sanctions may have an adverse effect on the economic markets generally and could impact our business and the businesses of our supply partners, especially those in Ukraine and Russia. Because of the highly uncertain and dynamic nature of these events, it is not currently possible to estimate the impact of the war on our business and the companies from which we obtain supplies and distribute specimens.

Known Trends, Demands, Commitments, Events or Uncertainties Impacting Our Business

Chief Executive Officer Initiatives

The Company's mission remains to accelerate life sciences research and development, pursuant to a single global marketplace platform. Executive management of the Company continues to review the Company's structure, processes, and resources to evaluate and identify areas for improvement, and has been focused on creating and ensuring a runway for growth and scale for the business.

Throughout the years ended December 31, 2024 and 2023, we have initiated efforts to decrease our capital and operational expenditures by cutting costs and right sizing the Company through reductions in our workforce while streamlining operations and rationalizing our resources to focus on key market opportunities. As a result, we began to experience significant decreases in expenditures starting in the second half of 2023. The reductions in workforce since January 1, 2023 through December 31, 2024, cumulatively resulted in an estimated reduction in monthly compensation costs of approximately 146% and technology costs of approximately 64% during the year December 31, 2024 when compared to the year ended December 31, 2023. During the first quarter of 2025, the reductions in workforce resulted in an estimated reduction in monthly compensation costs of approximately 93% and technology costs of approximately 73% during the three months ended March 31, 2025, when compared to the three months ended March 31, 2024.

During the year ended December 31, 2023, we performed operational process improvement activities to increase collaboration within and between departments. We moved to a line of business structure organized by our internal categorization of biospecimen suppliers' capabilities, which has increased efficiency in our operations and throughout the Company. We continue to see benefits from this move.

We completed the implementation of a next day quote system in the third quarter of 2023 and we continue to see positive results in 2024 and up to the first quarter of 2025, as evidenced by increased conversion ratios of quotes to purchase orders of 35%. Previously, it took an extended number of days to complete a feasibility study in order to provide a customer quote, which negatively impacted the time to convert a quote to a purchase order.

While we are committed to developing our technology, we are investing at a significantly lower level in 2025 when compared to 2024 and prior years, while we focus on growing our revenues through key market opportunities and assessing our capital raise prospects. During the three months ended March 31, 2025 and 2024, we capitalized approximately $0 and $275,000, respectively, of internally developed software costs. These investments have resulted in multiple process improvements, streamlining workflows and providing deeper insights into orders for all users of our marketplace.

We have shifted our focus from high volume to high value suppliers that meet our newly defined costs, quality and speed requirements. We established business criteria that focus on supplier capabilities and revenue growth strategies as well as technology criteria for integrating onto our iSpecimen Marketplace platform and participating with us. During the year ended December 31, 2024, we terminated 180 supplier agreements and are in the final stages of what we call our “supplier network refresh project”. This has resulted in fewer key suppliers, supported by our lean workforce and processes more effectively. We have been reengaging our suppliers in a more meaningful manner which assisted us in the implementation of our next day quote system. We now have a key supplier program whereby we proactively engage with the suppliers to promote our business through marketing campaigns and supplier organizations’ offerings.

Going forward, we will leverage the hard work detailed above to support a sales overhaul. As we wrap up several operationally focused projects, we will now be re-organizing the commercial end of the business. This starts with a new account-based sales approach and the introduction of an outbound sales team to ensure we are meeting our customers and prospects where they are. We are also bringing marketing and sales closer to enable the same efficiencies within the commercial organization, the same way that our line of business realignment brought to the operational side of the business this past year. This refined approach and tighter internal integration will continue to accelerate our next day quote program and deepen customer relationships for increased predictability.

Our strategic business intelligence initiatives have enabled us to understand our market and business better than ever before. We now have the capabilities to use data to know how and where to grow. We will continue adjusting the shape of the business toward our core competencies and the market. We can better use key insights from our sales data to understand market needs to assess areas where we lose deals today, through multiple lenses, in order to adjust our supplier network and marketing efforts accordingly. Conversely, this strategy will also allow us to assess areas where we win with an eye toward expanding deeper into those market niches or disease states.

Following the completion of our supplier network refresh efforts, we will have a better than ever understanding of our key supplier capabilities, specifically focused on their pricing, quality, and speed. Using this information and the outputs of our strategic business intelligence capabilities, we will continue to be able to increase the speed of an opportunity through our sales funnel and our conversion ratios, which we believe will continue to grow our revenue.

Components of Our Results of Operations

Revenue

We generate revenue by procuring various specimens from hospitals, laboratories, and other supply sites, for our medical research customers using our proprietary software, the iSpecimen Marketplace, to identify, locate, and ultimately validate the required specimens to our customers’ requested specifications. The Company’s performance obligation is to procure a specimen meeting the customer specification(s) from a supplier, on a “best efforts” basis, for our customer at the agreed price per specimen as indicated in the customer contract with the Company. We do not currently charge suppliers or customers for the use of our proprietary software. Each customer will execute a material and data use agreement with the Company or agree to online purchase terms, each of which includes terms such as specimen and data use, shipment terms, payment and cancellation terms. These are then supplemented by purchase orders that specify specimen requirements including detailed inclusion/exclusion criteria, quantities to be collected, and pricing. Collectively, these customer agreements represent the Company’s contracts with its customer. Generally, contracts have fixed unit pricing. For certain specimen orders, a refundable customer deposit may be required prior to order fulfillment depending on project set-up requirements, presented as deferred revenue. The Company expects to recognize the deferred revenue within the next twelve months.

We recognize revenue over time, as we have created an asset with no alternative use and we have an enforceable right to payment for performance completed to date. At contract inception, we review a contract and related order upon receipt to determine if the specimen ordered has an alternative use to us. Generally, specimens ordered do not have an alternative future use to us and our performance obligation is satisfied when the related specimens are accessioned. We use an output method to recognize revenue for specimens with no alternative future use. The output is measured based on the number of specimens accessioned.

Customers are typically invoiced upon shipment. Depending on the quantity of specimens ordered, it may take several accounting periods to completely fulfill a purchase order. In other words, there can be multiple invoices issued for a single purchase order, reflecting the specimens being accessioned over time. However, specimens are generally shipped as soon as possible after they have been accessioned.

During 2024, the Company recognized its revenue when the related specimens are delivered.

Cost of Revenue

Cost of revenue primarily consists of the purchase price to acquire specimens from hospitals and laboratories, inbound and outbound shipping costs, supply costs related to samples, payment processing and related transaction costs, costs paid to the supply sites to support sample collections, amortization of capitalized sequenced data costs and other assets related to sequenced data. Shipping costs upon receipt of products from suppliers are recognized in cost of revenue.

Technology

Technology costs include consulting fees, payroll and related expenses for employees involved in the development and implementation of our technology, software license and system maintenance fees, outsourced data center costs, data management costs, amortization of internally developed software, and other expenses necessary to support technology initiatives. Collectively, these costs reflect the efforts we make to offer a wide variety of products and services to our customers. Technology and data costs are generally expensed as incurred.

A portion of technology costs are related to research and development. Costs incurred for research and development are expensed as incurred, except for software development costs that are eligible for capitalization. Research and development costs primarily include salaries and related expenses, in addition to the cost of external service providers.

Sales and Marketing

Sales and marketing costs primarily consist of payroll and related expenses for personnel engaged in marketing and selling activities, including salaries and sales commissions, travel expenses, public relations and social media costs, ispecimen.com website development and maintenance costs, search engine optimization fees, advertising costs; direct marketing costs, trade shows and events fees, marketing and customer relationship management software, and other marketing-related costs.

Supply Development

We have agreements with supply partners that allow us to procure specimens from them and distribute these samples to customers. Supply development costs primarily include payroll and related expenses for personnel engaged in the development and management of this supply network, related travel expenses, regulatory compliance costs to support the network, and other supply development and management costs.

Fulfillment

Fulfillment costs primarily consist of those costs incurred in operating and staffing operations and customer service teams, including costs attributable to assess the feasibility of specimen requests, creating and managing orders, picking, packaging, and preparing customer orders for shipment, responding to inquiries from customers, and laboratory equipment and supplies.

General and Administrative

General and administrative expenses primarily consist of costs for corporate functions, including payroll and related expenses for human resources, legal, finance, and executive teams, associated software licenses, facilities, and equipment expenses, such as depreciation and amortization expense and rent, outside legal expenses, insurance costs, and other general and administrative costs.

Financial Operations Overview and Analysis for the Three Months Ended March 31, 2025 and 2024 (Unaudited)

Comparison of the Three Months Ended March 31, 2025 and 2024

	Three Months Ended March 31,		Change	
	2025	2024	Dollars	Percentage
Revenue	$ 1,057,510	$ 2,289,993	$ (1,232,483)	(54)%
Operating expenses:				
Cost of revenue	657,279	1,000,006	(342,727)	(34)%
Technology	545,367	911,967	(366,600)	(40)%
Sales and marketing	347,140	665,941	(318,801)	(48)%
Supply development	93,681	197,839	(104,158)	(53)%
Fulfillment	293,766	410,854	(117,088)	(28)%
General and administrative	758,666	2,103,906	(1,345,240)	(64)%
Total operating expenses	2,695,899	5,290,513	(2,594,614)	(49)%
Loss from operations	(1,638,389)	(3,000,520)	(1,362,131)	(45)%
Other income, net				
Interest expense	(1,946)	(4,465)	2,519	56%
Interest income	2,788	30,498	(27,710)	(91)%
Interest and penalties on sales tax liability	(18,540)	—	(18,540)	100%
Other income (expense), net	(2,309)	72,370	(74,679)	(103)%
Total other income, net	(20,007)	98,403	(118,410)	120%
Net loss	$ (1,658,396)	$ (2,902,117)	1,243,721	43%

Revenue

Revenue decreased by approximately $1,232,000, or 54%, from approximately $2,290,000 for the three months ended March 31, 2024 to approximately $1,058,000 for the three months ended March 31, 2025. This was primarily due to the decrease of 2,932, or approximately 56%, in specimen count from 5,241 specimens in the three months ended March 31, 2024 to 2,309 specimens in the three months ended March 31, 2025. The significant decrease in specimen count was mainly due to the change in revenue recognition during the fourth quarter of 2024. The specimen counts during the first quarter of 2024 consists of accessioned specimens that were both delivered and not yet delivered specimens to customers, while the specimen counts during the first quarter of 2025 consists only of delivered specimens.

The effect of the decrease in specimen count was partially offset by a change in the specimen mix which caused the average selling price per specimen to increase by approximately $21, or 5%, from approximately $437 in the three months ended March 31, 2024 to approximately $458 in the three months ended March 31, 2025.

Cost of Revenue

Cost of revenue decreased by approximately $343,000, or 34%, from approximately $1,000,000 for the three months ended March 31, 2024 to approximately $657,000 for the three months ended March 31, 2025, which was attributable to an approximately 56% decrease in the number of specimens delivered for the current period as compared to the accessioned specimens in the same period in the prior year, offset by an approximately $94, or 49%, increase in the average cost per specimen.

Technology

Technology expenses decreased by approximately $367,000, or 40%, from approximately $912,000 for the three months ended March 31, 2024 to approximately $545,000 for the three months ended March 31, 2025. The decrease was related to professional fees of approximately $73,000, amortization expense of internally developed software of approximately $165,000 and payroll and related expenses of approximately $129,000.

Technology expenditures capitalized as internally developed software costs decreased by approximately $275,000, or 100%, from approximately $275,000 for the three months ended March 31, 2024 to $0 for the three months ended March 31, 2025 due to reductions in workforce stemming from our decision to invest in the software at a significantly lower level in 2025 when compared to 2024 and prior years.

Sales and Marketing Expenses

Sales and marketing expenses decreased by approximately $319,000, or 48%, from approximately $666,000 for the three months ended March 31, 2024 to approximately $347,000 for the three months ended March 31, 2025. The decrease was primarily attributable to decrease in payroll and related expenses of approximately $270,000 and advertising and promotions expense of approximately $79,000, which were partially offset by the increases in external marketing expense of approximately $28,000 and general operating expenses related to sales and marketing of approximately $2,000.

Supply Development

Supply development expenses decreased by approximately $104,000, or 53%, from approximately $198,000 for the three months ended March 31, 2024 to approximately $94,000 for the three months ended March 31, 2025. The decrease was primarily attributable to a decrease in professional fees of approximately $86,000 and payroll and related expenses of approximately $18,000.

Fulfillment

Fulfillment costs decreased by approximately $117,000, or 28%, from approximately $411,000 for the three months ended March 31, 2024 to approximately $294,000 for the three months ended March 31, 2025. The decrease was primarily attributable to a decrease in professional fees of approximately $3,000 and payroll and related expenses of approximately $116,000 for personnel engaged in pre-sales feasibility assessments and order fulfillment, which was partially offset by the increase in general operating expenses related to fulfillment of approximately $2,000.

General and Administrative Expenses

General and administrative expenses decreased by approximately $1,345,000, or 64%, from approximately $2,104,000 for the three months ended March 31, 2024 to approximately $759,000 for the three months ended March 31, 2025. The decrease was attributable to a decrease in compensation costs of approximately $588,000, general operating expenses of approximately $33,000, professional fees of approximately $213,000, utilities and facilities expenses of approximately $33,000, doubtful account expense of approximately $87,000 and taxes and insurance of approximately $903,000, which were partially offset by increases in depreciation and amortization of approximately $1,000 and franchise tax of $903,000.

Other Income, net

Other income, net, decreased by approximately $118,000, or 120%, from an income of approximately $98,000 for the three months ended March 31, 2024 to an expense of approximately $20,000 for the three months ended March 31, 2025. The decrease in other income (expense), net, was attributable to a decrease of other income of approximately $75,000, decrease in interest and penalties on sales tax liability of approximately $18,000, and a decrease in interest income of approximately $28,000, partially offset by increase in interest expense of approximately $3,000.

Liquidity and Capital Resources

	March 31, 2025 (unaudited)	December 31, 2024	Change Dollars	Change Percentage
Balance Sheet Data:				
Cash and cash equivalents	$ 782,563	$ 1,878,408	$ (1,095,845)	(58)%
Working capital	(3,391,716)	(2,182,488)	(1,209,228)	55%
Total assets	6,843,256	9,350,230	(2,506,974)	(27)%
Total stockholders' equity	1,668,513	3,311,008	(1,642,495)	(50)%

	Three Months Ended March 31, 2025 (unaudited)	Three Months Ended March 31, 2024	Change Dollars	Change Percentage
Statement of Cash Flow Data:				
Net cash flows used in operating activities	$ (1,095,845)	$ (2,072,363)	$ 976,518	(47)%
Net cash flows provided by (used in) investing activities	—	1,937,446	(1,937,446)	(100)%
Net cash flows provided by (used in) financing activities	—	(118,858)	118,858	(100)%
Net decrease in cash and cash equivalents	$ (1,095,845)	$ (253,775)	$ (842,070)	332%

Capital Resources

We have recurring losses since inception. As of March 31, 2025, our available cash and cash equivalents totaled approximately $783,000, which represented a decrease of approximately $1,096,000 from approximately $1,878,000, as of December 31, 2024. We had working capital deficit of approximately $3,392,000, an accumulated deficit of approximately $73,521,000, cash and cash equivalents of approximately $783,000 and accounts payable and accrued expenses of approximately $4,604,000. Our continued viability is dependent on the ability to successfully obtain additional working capital and/or ultimately attain profitable operations. During the three months ended March 31, 2025, the Company continued its efforts, which had begun in 2023, to decrease its capital and operational expenditures by cutting costs and right sizing the Company through a reduction in workforce while streamlining operations and rationalizing resources to focus on key market opportunities. The reductions in workforce since January 1, 2023 through December 31, 2024, cumulatively resulted in an estimated reduction in monthly compensation costs of approximately 146% and technology costs of approximately 64% during the year December 31, 2024 when compared to the year ended December 31, 2023. During the first quarter of 2025, the reductions in workforce resulted in an estimated reduction in monthly compensation costs of approximately 93% and technology costs of approximately 73% during the three months ended March 31, 2025, when compared to the three months ended March 31, 2024. While we plan to improve our sales and revenues, we are taking steps to significantly reduce and manage expenditures to improve our financial position and ensure continued funding of operations. However, as certain elements of our operating plan are not within our control, we are unable to assess their probability. During the year ended December 31, 2024, we engaged in raising capital through debt financing as discussed in Note 7 and through public equity as discussed in Note 10.

We may be unsuccessful in increasing our revenues or contain our operating expenses, or we may be unable to raise additional capital on commercially favorable terms. Our failure to generate additional revenues or contain operating costs would have a negative impact on our business, results of operations and financial condition and our ability to continue as a going concern. If we do not generate enough revenue to provide an adequate level of working capital, our business plan will be scaled down further.

These conditions raise substantial doubt regarding our ability to continue as a going concern for a period of one year after the date of this Quarterly Report. Management's plan to mitigate the conditions that raise substantial doubt includes generating additional revenues, deferring certain projects and capital expenditures and eliminating certain future operating expenses for us to continue as a going concern. However, there can be no assurance that we will be successful in completing any of these options. As a result, management's plans cannot be considered probable and thus do not alleviate substantial doubt about our ability to continue as a going concern.

Cash Flows

Operating Activities

For the three months ended March 31, 2025, net cash used in operating activities was approximately $1,096,000, which consisted of a net loss of approximately $1,658,000 offset by non-cash charges of approximately $486,000, which included approximately of $368,000 related to amortization of internally developed software, approximately $16,000 in stock-based compensation, approximately $111,000 in bad debt expense, approximately $17,000 related to depreciation of property and equipment, and approximately $48,000 related to amortization of other intangible assets.

Total changes in assets and liabilities of approximately $3,000 were attributable to an approximately $752,000 decrease in accounts receivable, an approximately $101,000 decrease in prepaid expenses, an approximately $14,000 decrease in operating lease right-of-use asset, and an approximately $90,000 decrease in deferred revenue, offset by an approximately $411,000 decrease in accounts payable, an approximately $351,000 decrease in accrued expenses and an approximately $12,000 decrease in operating lease liability.

For the three months ended March 31, 2024, net cash used in operating activities was approximately $2,072,000, which consisted of a net loss of approximately $2,902,000 offset by non-cash charges of approximately $861,000, which included approximately $533,000 related to amortization of internally developed software, approximately $198,000 in bad debt expense, approximately $94,000 in stock-based compensation, approximately $48,000 related to amortization of other intangible assets, and approximately $16,000 related to depreciation of property and equipment, which were offset by approximately $27,000 of accretion of discount on available-for-sale securities.

Total changes in assets and liabilities of approximately $31,000 were attributable to an approximately $365,000 decrease in accounts payable, an approximately $143,000 decrease in deferred revenue, an approximately $40,000 decrease in operating lease liability, and an approximately $22,000 increase in prepaid expenses and other current assets, offset by an approximately $234,000 decrease in accounts receivable-unbilled, an approximately $170,000 increase in accrued expenses, an approximately $93,000 decrease in accounts receivable, and an approximately $41,000 decrease in operating lease right-of-use asset.

Investing Activities

There was no cash provided by investing activities during the three months ended March 31, 2025.

Net cash provided by investing activities was approximately $1,937,000 for the three months ended March 31, 2024, which consisted of approximately $2,683,000 of proceeds from sales and maturities of available-for-sale securities, which were offset by approximately $461,000 of purchases of available-for-sale securities, approximately $275,000 of capitalization of internally developed software, and approximately $9,000 of purchase of property and equipment.

Financing Activities

There was no cash provided by financing activities during the three months ended March 31, 2025.

Net cash used in financing activities was approximately $119,000 for the three months ended March 31, 2024, which consisted of approximately $205,000 for the payment of offering costs in connection with the issuance of common stock in connection with the ATM Offering and approximately $53,000 for the repurchase of common stock exercisable under PIPE Warrants, offset by approximately $138,000 of proceeds received from the issuance of common stock in connection with the ATM Offering.

Effects of Inflation and Supply Chain Shortages

Our operations are heavily reliant on specimen availability, and as a result, we often receive more requests than we can fulfill. While the Company is subject to these types of supply chain constraints that are specific to the specimen industry, we have not been materially affected by the more common supply chain issues currently affecting the economy, specifically surrounding transportation. Due to the small size of the packages that we ship, our carriers were able to continue making timely deliveries during the three months ended March 31, 2025. However, there had been an increase in our shipping costs period over period during the three months ended March 31, 2025.

We have experienced negative effects of inflation in certain areas of our business due to the high rates of inflation in the world's current economy. This inflation is affecting employee salaries, which account for a significant portion of our operating costs. Additionally, the costs of supplies have been affected by inflation; however, these costs are not significant to the Company's results.

Inflation has not had a significant impact on the cost of specimens due to our long-term contracts maintained with vendors, which include revenue sharing plans.

Critical Accounting Policies and Estimates

We have chosen accounting policies that we believe are appropriate to accurately and fairly report our operating results and financial condition in conformity with GAAP. We apply these accounting policies in a consistent manner. Our significant accounting policies are discussed in Note 2, "Summary of Significant Accounting Policies," in our financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2024.

The application of critical accounting policies requires that we make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosures. These estimates and assumptions are based on historical experience and other market-specific or other relevant assumptions that we believe to be reasonable under the circumstances. We evaluate these estimates and assumptions on an ongoing basis. If actual results ultimately differ from previous estimates, the revisions are included in results of operations in the period in which the actual amounts become known. The critical accounting policies that involve the most significant management judgments and estimates used in preparation of our unaudited condensed financial statements or are the most sensitive to change from outside factors, are discussed in "Part II. Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2024. There have been no material changes in our critical accounting policies and procedures during the three months ended March 31, 2025.

JOBS Act Transition Period

On April 5, 2012, the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act") was enacted. Section 107 of the JOBS Act provides that an "emerging growth company" can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. In other words, an "emerging growth company" can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies.

We have elected not to "opt out" of such extended transition period, which means that when a standard is issued or revised and it has different application dates for public or private companies, we will adopt the new or revised standard at the time private companies adopt the new or revised standard and will do so until such time that we either (i) irrevocably elect to "opt out" of such extended transition period or (ii) no longer qualify as an emerging growth company.

We are in the process of evaluating the benefits of relying on other exemptions and reduced reporting requirements provided by the JOBS Act. Subject to certain conditions set forth in the JOBS Act, as an "emerging growth company," we intend to rely on certain of these exemptions, including without limitation, (i) providing an auditor's attestation report on our system of internal controls over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act of 2002 and (ii) complying with any requirement that may be adopted by the PCAOB regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements, known as the auditor discussion and analysis. We will remain an "emerging growth company" until the earliest of (i) the last day of the fiscal year in which we have total annual gross revenues of $1.235 billion or more; (ii) December 31, 2026; (iii) the date on which we have issued more than $1 billion in nonconvertible debt during the previous three years; or (iv) the date on which we are deemed to be a large accelerated filer under the rules of the SEC.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Not applicable for smaller reporting companies.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are designed to ensure that information required to be disclosed by us in our Exchange Act reports is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our disclosure controls and procedures as of the end of the fiscal quarter ended March 31, 2025, as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. These controls and procedures are designed to provide reasonable assurance that the information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial and accounting officer, in a manner to allow timely decisions regarding required disclosures. Based on this evaluation, management has concluded that our disclosure controls and procedures were not effective as of March 31, 2025 due to the following material weakness in internal control over financial reporting:

- The Company did not design and maintain adequate controls to maintain appropriate documentation for the tax-exempt status of its customers, calculate and collect sales tax at point of sale, and subsequently report and remit in a timely manner to the relevant tax jurisdictions sales tax obligations.

Notwithstanding the existence of the material weakness described above, management believes that the unaudited condensed financial statements included in this Quarterly Report fairly present, in all material respects, our financial position, results of operations and cash flows as of and for the periods presented, in conformity with GAAP.

Management's Plan for Remediation

The material weakness described above was identified as a result of an entity-wide risk assessment process that commenced in the quarter ended June 30, 2023. The Company is in the process of implementing a remediation plan to improve our internal control over financial reporting and to remediate the related control deficiencies that led to the material weakness. In response to these deficiencies, management, with the oversight of the Audit Committee of the Board of Directors, has identified and implemented steps to remediate the material weakness.

The Company began implementing the remediation plan during the second quarter of fiscal year 2023 and this remediation is ongoing as of the filing date of this Quarterly Report. The following remedial measures are designed to address the material weakness and to continue to improve our internal control over financial reporting.

- We have engaged external tax advisors to complement internal resources and efforts and provide support in assessing the appropriate sales tax treatment associated with the Company's products for all prior years in which the Company had generated revenue.

- We have obtained sales tax exemption letters, representation letters or proof of payments of compensating use tax from our customers and we have started a collection effort of these sales taxes from certain customers who have notified the Company that they do not have a sales tax exemption letter.

- We have begun implementing a sales tax software platform solution for the calculation, collection, and remittance of sales tax for all non-exempt future sales, and assisting with the collection and tracking of VDAs received from states where a potential sales tax liability may exist.

- We have begun designing and implementing enhanced policies, procedures and controls related to the calculation, communication, collection, and remittance of sales tax to relevant jurisdictions.

- We have begun filing VDAs and/or registrations for sales and use taxes in certain states, and the filing and remittance of past due and current periodic sales and use taxes.

- We have begun training appropriate personnel in the effective design and execution of our enhanced policies, procedures, and controls, including the importance of the ongoing, consistent effective execution of such procedures and controls.

We are committed to the remediation of the material weakness and expect to successfully implement enhanced control processes. However, as we continue to evaluate, and work to improve our internal control over financial reporting, management may determine that additional measures to address control deficiencies or modifications to the remediation plan are necessary. Therefore, we cannot assure you when we will be able to fully remediate such weakness, nor can we be certain that additional actions will not be required or what the costs may be of any such additional actions. Moreover, we cannot assure you that additional material weaknesses will not arise in the future.

Changes in Internal Control Over Financial Reporting

We are in the process of implementing certain changes to our internal controls to remediate the material weakness described above. During the fourth quarter of 2024, the Company underwent leadership transitions at the director and officer levels. To mitigate any risks associated with these changes, the Board has increased its oversight of the Company payments and financial transactions. Except as noted above, there were no changes in the Company's internal control over financial reporting during the three months ended March 31, 2025 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

To the knowledge of our management team, there is no material litigation, arbitration or governmental proceeding currently pending against us or any members of our management team in their capacity as such, other than the matter described below. We may from time to time be involved in various legal proceedings and other matters arising in the normal course of business. We may in the future institute additional legal proceedings to enforce our rights and seek remedies, such as monetary damages, injunctive relief and declaratory relief. We cannot predict the results of any such disputes, and despite the potential outcomes, the existence thereof may have an adverse material impact on us because of diversion of management time and attention as well as the financial costs related to resolving such disputes.

On December 9, 2024, Focus Technologies, Inc. filed a complaint against the Company in the Superior Court of Suffolk County, Massachusetts, alleging non-payment under agreements dated July 29, 2022, related to the provision of information technology services. Focus is seeking approximately $489,572 in damages, plus interest and attorneys' fees. Following the filing, Focus disabled the Company's web-based commerce platform on January 24, 2025, resulting in a shutdown of the iSpecimen Marketplace from January 25, 2025, through February 12, 2025.

To restore service, the parties entered into a settlement agreement on February 11, 2025, under which the Company agreed to pay $500,000 in nine monthly installments in exchange for the restoration of its platform. The Company made an initial payment of $50,000 on February 12, 2025. However, Focus failed to fully restore the platform, requiring the Company to engage a third-party developer to complete the work in early March 2025. On February 28, 2025, the Company notified Focus that it was in breach of the Settlement Agreement and has since withheld further payments.

Focus has sought to amend its complaint to enforce the Settlement Agreement and has requested pre-judgment security in the amount of $450,000. The Company is opposing these efforts and intends to assert counterclaims against Focus for consequential damages arising from the service disruption and failure to perform under the agreements. While the outcome of this matter cannot be predicted with certainty, the Company does not believe that this litigation will have a material adverse effect on its business, financial condition, or results of operations at this time.

On April 10, 2025, the Court partially granted Focus' Motion for Pre-Judgment Security. The Company is required to open a dedicated bank account by April 20, 2025 and deposit 15% of revenue starting one month after the account opening up to $420,000. The Company will continue to seek relief from the pre-judgment security, and its counterclaim against Focus is still pending, which could ultimately exceed the value of Focus' claims.

Item 1A. Risk Factors.

There have been no material changes with respect to risk factors previously disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2024, filed with the SEC on April 14, 2025.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not Applicable.

Item 5. Other Information.

Board Committees

On February 19, 2025, the Board of Directors (the “Board”) appointed Ms. Katharyn Field as President of the Company, effective immediately. In connection with her appointment, Ms. Field resigned as a member of the Board, and Ms. Siyun Yang was appointed as an independent director to fill the resulting vacancy, effective immediately.

Ms. Yang has also been appointed to serve on the Audit Committee and Nominating and Corporate Governance Committee of the Board, replacing Ms. Field. Additionally, the Board appointed Mr. Richard Paolone as Chair of the Board, replacing Ms. Field in this role. Mr. Robert Bradley Lim remains the Company’s Chief Executive Officer and a member of the Board.

The table below shows the approved composition of each standing committee of the Board of Directors:

Committee	Chair	Members
Audit Committee	John L. Brooks III	John L. Brooks III, Richard Paolone, and Siyun Yang
Compensation Committee	Richard Paolone	Richard Paolone, Avtar Dhaliwal and John L. Brooks III
Nominating and Corporate Governance Committee	Avtar Dhaliwal	Avtar Dhaliwal and Siyun Yang

Item 6. Exhibits

The following exhibits are filed as part of, or incorporated by reference into, this Quarterly Report.

No.	Description of Exhibit
3.1	Form of Certificate of Amendment to Fourth Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K filed with the SEC on September 11, 2024)
4.1	Senior Note, dated as of September 24, 2024 (incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K filed with the SEC on September 25, 2024)
10.1	Commercial Lease, dated July 2, 2024, between the Company and Cummings Properties, LLC (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed with the SEC on July 3, 2024)
10.2	Notice of Lease Termination, dated June 28, 2024 (incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K filed with the SEC on July 3, 2024)
10.3	Note Purchase Agreement, dated as of September 19, 2024 (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed with the SEC on September 25, 2024)
10.4	Form of Indemnification Agreement, by and between the Company and certain directors and executive officers (incorporated by reference to Exhibit 10.3 of the Company's Form S-1/A (File No. 333-250198) filed with the SEC on December 31, 2020)
31.1*	Certification of Principal Executive Officer Pursuant to Securities Exchange Act Rules 13a-14(a) and 15(d)-14(a), as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Principal Financial Officer Pursuant to Securities Exchange Act Rules 13a-14(a) and 15(d)-14(a), as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1**	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2**	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS*	Inline XBRL Instance Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Labels Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File—the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.

* Filed herewith.

** Furnished.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

iSpecimen Inc.

Date: May 19, 2025

By:	/s/ Robert Bradley Lim
Name:	Robert Bradley Lim
Title:	Chief Executive Officer, Treasurer and Secretary (Principal Executive Officer)

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO RULE 13A-14(A) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Robert Bradley Lim, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of iSpecimen Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the period presented in this report;

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 19, 2025

/s/ Robert Bradley Lim
Robert Bradley Lim
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO RULE 13A-14(A) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Yuying Liang, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of iSpecimen Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the period presented in this report;

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 19, 2025

/s/ Yuying Liang
Yuying Liang
Chief Financial Officer
(Principal Accounting and Financial Officer)

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of iSpecimen Inc. (the “Company”) on Form 10-Q for the quarterly period ended March 31, 2025, as filed with the Securities and Exchange Commission (the “Report”), I, Robert Bradley Lim, Chief Executive Officer, Secretary and Treasurer of the Company, certify, pursuant to 18 U.S.C. §1350, as added by §906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the period covered by the Report.

Date: May 19, 2025

/s/ Robert Bradley Lim

Robert Bradley Lim
Chief Executive Officer, Secretary and Treasurer
(Principal Executive Officer)

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of iSpecimen Inc. (the “Company”) on Form 10-Q for the quarterly period ended March 31, 2025, as filed with the Securities and Exchange Commission (the “Report”), I, Yuying Liang, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as added by §906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the period covered by the Report.

Date: May 19, 2025

/s/ Yuying Liang
Yuying Liang
Chief Financial Officer
(Principal Financial Officer)