

Star Jets International, Inc.
Notes to the Financial Statements
December 31, 2023

Corporate overview:

Star Jets International, Inc. (the Company), with its principal office located at 750 Lexington Avenue in New York, NY owns and operates a private jet charter brokerage and its shares trade in the Pink Market of OTC under symbol JETR. The Company was originally organized as “June Project 1 Corp” on May 26, 1998 (inception) under the corporate laws of the State of Florida. On April 13, 2007 the Company changed its name to “Medcore Holding, Inc.” and on January 29, 2010 to Advanced Defense Technologies, Inc. (ADTI).

On September 28, 2017 ADTI entered into a reverse acquisition transaction by purchasing all outstanding shares of NTE Acquisition Corp. and its wholly owned LLC subsidiary Star Jets International LLC. On October 6, 2007, in connection with a Certificate of Amendment to the Articles of Incorporation, ADTI changed its name to Star Jets International, Inc.

Pursuant to joint resolutions of the board of directors and of the stockholders, duly passed on November 27, 2017 a reverse stock split in the ratio of 100 shares of existing common to 1 share of new common stock was adopted. The purpose for the stock split were to (i) Increase the stock price to make the Company’s common stock more attractive to potential investors (ii) Increase the stock price to make the company’s common stock eligible for future up-lifting on OTCQB and (iii) Create a capitalization structure more fitting to the Company’s size. Upon approval by the Financial Industry Regulatory Authority (FINRA) of the Company’s application for name change and stock split, on February 12, 2018 the transfer agent (Pacific Stock Transfer Co.) converted 561,780,990 of old shares into 5,618,517 of new shares.

The Company issued 9,150,000, 100,000 and 2,000,000 (post-split) of common shares on March 7th, June 6th and October 17th of 2018, respectively. On April 10th, 2019, the Company issued 1,600,000 of restricted common shares to RB Capital Partners. On July 18, 2019 the Company issued 500,000 of restricted common shares to SE SFJ LLC. On August 8, 2019 the Company issued 100,000 of restricted common shares to Esposito Intellectual Enterprises, LLC and 100,000 of restricted common shares to DKG Global Consultants. On August 17th, 2020 the Company issued 1,600,000 of unrestricted common shares to RB Capital Partners. On November 7th, 2020 the Company issued 280,000 of restricted common shares to Mr. David Kernan (200,000 shares) and (80,000 shares) to Mr. Howard Issacs for services rendered. On February 26, 2021, the Company issued 2,000,000 in common shares to RBC Capital and on March 22, 2021 the company issued 350,000 shares of Common Stock and 2,200,000 Common shares as compensation for services rendered. Common shares outstanding as of June 30, 2021 were 25,598,537 with 735 active shareholders. The common shares outstanding as of December 31, 2021 were 27,598,537 with 732 active shareholders and 108,127,985 as of December 31, 2022 and 2023.

On November 6th, 2020, the Company declared and issued 137,657 of Preferred Shares representing accumulated in-kind dividend to Richard Sitomer and Richard Allen Sitomer Trust, the only two shareholders of the preferred class. The accumulated dividends calculation covered amounts due from 4th quarter of 2017 through September 30th, 2020.

On November 22, 2022, each of Mr. Sitomer and the Richard Allen Sitomer Family Trust (a trust for which Mr. Geoffrey Sitomer, the father of Mr. Sitomer, serves as a trustee) (the "Sitomer Family Trust"), agreed to cancel all of their shares of Series A Preferred Stock. In return they were issued and received 77,879,600 common stock at a par value of \$0.001, comprising 72% of all common shares outstanding.

Business overview:

The Company operates as a private jet broker with an emphasis on providing superior pricing and personal services to its clientele on a global basis. Leveraging a network of 5,000 private jet operators and access to over 15,000 aircrafts enables the Company to deliver any jet, anytime, anywhere.

A loyal base of approximately 100 very high net worth individuals and numerous businesses ranging from financial institutions, hedge funds, entertainment and consumer product companies provide a steady stream of revenues on an annual basis.

The Company successfully launched its on-line booking platform and app for the Android and iPhone operating during the fourth quarter of 2018. The platform, similar to the UBER operating platform, is expected to eliminate costly brokerage commissions, provide 24-hour global access to the clientele base and enable the Company to acquire a growing share of the private jet market.

Marketing:

The Company actively engages in online marketing and advertising through a number of service providers such as Google AdWords and other similar services to attract new clients. The Company utilizes multimedia channels such as CNBC and print media to target affluent travelers. The advertising campaign is expected to result in an increase in brand awareness and charter flight bookings. Referrals and testimonials from the existing client base are also a contributing driver to the growth in bookings.

Competition:

There are many different types of competitors in the private jet industry. There are fractional ownership programs like NetJets and Flight Options. There are Membership programs, like Wheels Up and others. There are membership seat programs, such as Jetsmarter. In addition, there are other brokerage firms and local operators that manage and own private jets.

The Company does not own or lease any aircraft or engage in operating a fleet. In lieu of costly membership or fractional ownership programs offered by some competitors, the Company provides a SkyCard plan. The SkyCard plan is designed to cater to the individual needs of each client and eliminates the need to engage in multiple costly fund transfer activities. A SkyCard participant benefits from purchasing a set number of trips within a specified geographical area and a specified range of aircraft

models/types at a favorable price. The Company aims to obtain the best available aircraft at the best price for each individual travel need.

Risk Factors: Market demand for our product; Access to operators:

The risk factors associated with the private jet industry are as follows:

The Economy. The economy is always a factor in the private jet business. Better economic performance results in higher revenue flow while a downturn in the economic conditions can present challenges to generating revenues for this business. Because the Company is a broker, it does not have any exposure to payments on aircraft leases and other related expenses. If clients are not feeling flush, they can always trade down to a lesser expensive aircraft.

The competition is always a risk factor. However, there is competition in every business. Because of our relationships in the industry, the Company doesn't believe this is a significant factor.

Local operators. There is always a risk from local operators. However, Star Jets International can offer one-way pricing on aircraft that local operators traditionally do not offer.

Pilot shortage. There is a lack of pilots in the private jet industry. This is a risk factor for availability of aircraft for charter and pilot's duty day.

Summary of Significant Accounting Policies:

This summary of significant accounting policies of the Company is presented to assist in understanding The Company's financial statements. These accounting policies conform to generally accepted accounting principles in the U.S. (GAAP) and have been consistently applied in the preparation of the financial statements.

Going Concerns

The accompanying financial statements (unaudited) have been prepared in conformity with accounting principles generally accepted in the United States of America, which contemplate the continuation of the Company as a going concern. As shown in the accompanying financial statements (unaudited), the Company had a loss of \$(425,420) for the year ended December 31, 2023.

Management anticipates that the Company will continue to develop its online Booking Platform to secure online request for flight quotation and close on some of the inquiries. There is no assurance that the Company can successfully commercialize its Online Booking Platform as there is no assurance that any of its technologies or products will receive market acceptance.

The Company generated revenues of \$14.2MM and incurred \$11.9MM in Cost of Goods Sold resulting in \$2.3MM in Gross Profit Margin for the year ended December 31, 2023. Major categories of operating expenses include commission and fees, legal professional expenses, and advertising costs.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The most significant of these estimates and assumptions relate to loss recognition, fair values of assets required and liabilities assumed in the normal course of business, market values for stock-based employee compensation expense, income taxes, including the valuations or deferred tax assets, litigation reserves and environmental obligations and the recoverability relating to the useful lives and valuation of recorded amounts of long-lived assets, identifiable intangible assets and goodwill. Changes in estimates are reflected in the periods during which they become known. Actual amounts will differ from these estimates and could differ materially.

Revenue Recognition

The Company anticipates that sales revenues will be generated from charter quote arrangements. Each client trip is individually quoted and will vary based on destination and aircraft availability. All trips are paid for prior to departure either through use of credit cards, bank transfers or use of SkyCard accounts. Revenue and cost of goods sold are recognized on date of departure.

Cash and Cash Equivalents

The Company considers Demand Deposits and Certificates of Deposits, with an original maturity of one year or less, to be cash equivalents. As of December 31, 2023, the Company's 4 separate demand deposit balance totaled \$212k and there were no funds invested in a Certificate of Deposit. The accounts are maintained at Bank of America, an FDIC insured financial institution.

Concentration of Credit Risk

The Company currently maintains substantially all its cash with major financial institutions. The Federal Deposit Insurance Corporation ("FDIC") insures each depositor for up to \$250,000. The Company has not experienced any losses in such accounts.

Fair Value of Financial Instruments

As required by the Fair Value Measurements and Disclosures Topic of the FASB ASU 2018-13 "Financial Instruments", fair value on financial instruments is measured based on a three tier fair value hierarchy which prioritizes the inputs used in measuring fair value as follows: (Level 1) observable inputs such as quoted prices in active markets; (Level 2) inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and (LEVEL 3) unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

The three levels of the financial instrument fair value hierarchy are described below:

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2: Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3: Prices or valuation techniques that require inputs that are both significant to the fair value measurement and observable (supported by little or no market activity).

Management has concluded that the carrying amounts of the Company's financial instruments consisting of cash approximated their fair values as of December 31, 2023.

Stock-Based Compensation

The Company follows the fair value-based method of accounting for stock-based employee compensation, which requires the Company to expense all stock-based employee compensation. Stock-based employee compensation is primarily a non-cash because the Company settles these obligations by issuing shares of JETR common stock instead of settling such obligations with cash payments.

Compensation expense for all restricted stock unit and stock option awards is recognized on a straight-line basis over the requisite service period for the entire award based on the grant date fair value. All the stock options granted to employees by the Company are non-qualified stock options under U.S. income tax regulations. Compensation expense for performance unit's payable in JETR common stock is based on the fair value of the units at the grant date (measured date), adjusted each reporting period for progress towards the target award, and recognized on a straight-line basis over the requisite service period.

There has been no stock-based compensation since the inception of the Company.

Intangible Assets

In January 2017, the FASB issued ASU 2017-04, *Simplifying the Test for Goodwill Impairment*. ASU 2017-04 simplifies the accounting for goodwill impairment by requiring impairment charges to be based on the first step test under Accounting Standards Codification (ASC) 350. Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 350 "Intangibles – Goodwill and Other" requires the Company to complete, on at least an annual basis, an analysis to determine if intangible assets are impaired as of the balance sheet date.

The Company has not performed the Topic 350 intangible asset impairment analysis as it does not own any Intangibles or Intellectual Property assets.

Long-lived Assets

The Company accounts for its long-lived assets in accordance with ASC Topic 360-10-05, "Accounting for the Impairment or Disposal of Long-Lived Assets." ASC Topic 360-10-05 requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the historical cost or carrying value of an asset may no longer be appropriate. The Company assesses recoverability of the carrying value of an asset by estimating the future net cash flows expected to result from the asset, including eventual disposition. If the future net cash flows are less than the carrying value of the asset, an impairment loss is recorded equal to the difference between the assets carrying value and its fair value or disposable value.

As of December 31, 2023 the Company did not own any long-term assets.

Commitments and Contingencies

Certain conditions may exist as of the date the financial statements are issued which may result in a loss to the Company, but which will only be resolved when one or more future events occur or fail to occur. The Company's Management and, to the extent necessary, its legal counsel would assess such contingent liabilities, and such contingencies related to legal proceedings that would be pending against the Company or unasserted claims that may result in such proceedings, the Company and, to the extent necessary, its legal counsel, would evaluate the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein.

If the assessment of a contingency indicated that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Company's financial statements. If the assessment indicated that a potentially material loss contingency is not probable, but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of the possible loss if determinable and material, would be disclosed.

Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the nature of the guarantee would be disclosed.

The Company's policy is to accrue all legal costs expected to be incurred per event, up to the amount of their deductible.

As of December 31, 2023, there were no Commitments or Contingencies, and the Company is not a defendant in any litigation nor is the Company aware of any potential or threatened litigation.

Accounting Standards Issued and Standards Not Yet Implemented

In February 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2015-2, which changes the analysis that a reporting entity must perform to determine whether it should consolidate certain types of legal entities. This update is effective for the interim and annual periods beginning after December 15, 2015. The adoption of this standard will not have an impact on the Company's financial position, results of operations or cash flow.

In January 2015, the FASB issued ASU 2015-1, which eliminates from GAAP the concept of extraordinary items. The update is effective for the Company for an interim and annual period beginning after December 15, 2015. The adoption of this standard will not have an impact on the Company's financial position, results of operations or cash flow.

In June 2014, the FASB issued ASU 2014-12, which provides new guidance on accounting for share-based payments when the terms of an award provide that a performance target could be achieved after the requisite service period. The update requires a reporting entity to treat a performance target that affects vesting and that could be achieved after the requisite service period as a performance condition under Accounting Standards Codification (ASC) 718 *Compensation – Stock Compensation*, an apply existing guidance as it relates to awards with performance conditions that affect vesting to account for

such awards. The update is effective for the Company for the interim and annual periods beginning after December 15, 2015. The adoption of this standard will not have an impact on the Company's financial position, results of operations or cash flow.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, which will replace numerous requirements in U.S. GAAP, including industry-specific requirements, provides companies with a single revenue recognition model for recognizing revenue from contracts with customers and significantly expand the disclosure requirements for revenue arrangements. The new standard will be effective for the Company for interim and annual reporting periods beginning January 1, 2017. The two permitted transition methods under the new standard are the full retrospective method, in which case the standard would be applied to each prior reporting period presented, or the modified retrospective method, in which case the cumulative effect of applying the standard would be recognized at the date of initial application.

Except for the SkyCard program, the Company treats each quote sheet for a trip as a standalone contract. Revenue related to each contract is recognized when the trip commences. Payments received under the SkyCard program are recorded as a liability and recognized as revenue when the trip commences. The Company maintains a record of outstanding SkyCard balances by customer.

New Accounting Standards Implemented

In April 2014, the FASB issued ASU 2014-08, *Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity* that provides new guidance on the accounting and reporting of discontinued operations. Under the new guidance, only disposals representing a strategic shift in operations should be presented as discontinued operations. Those strategic shifts should have a major effect on the organization's operations and financial results. Additionally, the new guidance requires additional disclosures about discontinued operations.

The Company does not have any discontinued operation.

Loans Payables to Officers

The Company has no outstanding loans payable to any Principal or related party as of December 31, 2023.

Note -7 Equity Transactions

Pursuant to the Stock Purchase Agreement executed on September 28, 2017, and Section 607.0625 of the Florida Business Corporation Act, Star Jets International issued 530,035 shares of Series A Preferred Stock to Mr. Richard Sitomer and the Richard Allen Sitomer Family Trust. The shares have voting rights, and holders will be entitled to a paid-in-kind dividend of 8%, accruing 5 years from the date of issuance.

Also pursuant to the Stock Purchase Agreement executed on September 28, 2017, Star Jets International issued 7.5MM common shares (750MM in pre-reverse split terms) to the following parties: Zone Capital Partners (1MM shares), William A. Forkner (1MM shares), Keith Sazer (1MM shares), Jay Wright and designees (3.50MM shares), and Tahim and Associates (1MM million shares).

These shares were issued on March 7, 2018 as 7.5MM common shares after effectiveness of the reverse split.

On April 10th, 2019, the Company issued 1,600,000 of unrestricted common shares to RB Capital Partners. On July 18, 2019 the Company issued 500,000 of restricted common shares to SE SFJ LLC. On August 8, 2019 the Company issued 100,000 of restricted common shares to Esposito Intellectual Enterprises, LLC and 100,000 of restricted common shares to DKG Global Consultants. On August 17th, 2020 the Company issued 1,600,000 of unrestricted common shares to RB Capital Partners. On November 7th the Company issued 280,000 of restricted common shares to Mr. David Kernan (200,000 shares) and (80,000 shares) to Mr. Howard Issacs for services rendered.

On February 26, 2021 the Company issued 2,000,000 shares to RB Capital. On March 22, 2021, the Company issued 150,000 to Stephen Gooderham and 200,000 shares to Alomar Family LLC for services rendered. On May 11 and June 2 of 2021, the Company issued 200,000 and 2,000,000 Common stock for consulting services provided by Mr. Seth Farbman and RB Capital, respectively. On August 16, 2021, the Company issued 2,000,000 Common stock for consulting services provided by RB Capital Partners.

The Company issued 9,150,000, 100,000 and 2,000,000 (post-split) of common shares on March 7th, June 6th and October 17th of 2018, respectively. On April 10th, 2019, the Company issued 1,600,000 of restricted common shares to RB Capital Partners. On July 18, 2019 the Company issued 500,000 of restricted common shares to SE SFJ LLC. On August 8, 2019 the Company issued 100,000 of restricted common shares to Esposito Intellectual Enterprises, LLC and 100,000 of restricted common shares to DKG Global Consultants. On August 17th, 2020 the Company issued 1,600,000 of unrestricted common shares to RB Capital Partners. On November 7th, 2020 the Company issued 280,000 of restricted common shares to Mr. David Kernan (200,000 shares) and (80,000 shares) to Mr. Howard Issacs for services rendered. On February 26, 2021, the Company issued 2,000,000 in common shares to RBC Capital and on March 22, 2021 the company issued 350,000 shares of Common Stock and 2,200,000 Common shares as compensation for services rendered. Common shares outstanding as of June 30, 2021 were 25,598,537 with 735 active shareholders. The common shares outstanding as of December 31, 2021 were 27,598,537 with 732 active shareholders and 108,127,985 as of December 31, 2022 and 2023.

The Company has 108,127,985 outstanding as of December 31, 2022.

Income Taxes

The Company accounts for income taxes under FASB ASC 740-10, which requires use of the liability method. FASB ASC 740-10-25 provides that deferred tax assets and liabilities are recorded based on the differences between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes, referred to as temporary differences.

Deferred income taxes are provided for temporary differences arising from using the straight-line depreciation method for financial statement purposes and accelerated methods of depreciation for income taxes, including differences between book and tax for amortizing organization expenses. In addition, deferred income taxes are recognized for certain expense accruals, allowances and net

operating loss carry forwards available to offset future taxable income, net of valuation allowances for potential expiration and other contingencies that could impact the Company's ability to recognize the benefit.

The Company is required to file federal and state income tax returns. Various taxing authorities may periodically audit the Company's income tax returns. These audits would include questions regarding the company's tax filing positions, including the timing and amount of deductions. Management has performed its evaluation of all income tax positions taken on all open income tax returns and has determined that there were no positions taken that do not meet the "more likely than not" standard. Accordingly, there are no provisions for income taxes, penalties or interest receivable or payable relating to uncertain income tax provisions in the accompanying financial statements.

From time to time, the Company may be subject to interest and penalties assessed by various taxing authorities. These amounts have historically been non-existent and would be classified as other expenses if they occur.