PROCYON CORPORATION, a Colorado corporation
164 Douglas Rd East, Oldsmar, FL 34677
(727) 447-2998 - https:procyoncorp.com
info@procyoncorp.com

ANNUAL REPORT

For the period ending June 30, 2025

Outstanding Shares

The number of shares outstanding of our Common Stock was:

8,140,628 as of June 30, 2025

Shell Status

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933, Rule 12b-2 of the Exchange Act of 1934 and Rule 15c2-11 of the Exchange Act of 1934):

Yes [ ] No [x]

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes [ ] No [x]

Change in Control

Indicate by check mark whether a Change in Control of the company has occurred during this reporting period.

Yes [ ] No [x]

9) Disclosure & Financial Information

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

Name:	James B. Anderson
Title:	Chief Financial Officer
Relationship to Issuer:	Chief Financial Officer

B. The following financial statements were prepared in accordance with:

[ ] IFRS
[x] U.S. GAAP

C. The following financial statements were prepared by (name of individual):

Name:	Don Rodriguez, CPA, CVA
Title:	Ferlita, Walsh , Gonzalez & Rodriguez, PA
Relationship to Issuer:	Auditors

PROCYON CORPORATION AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
Years Ended June 30, 2025 and 2024

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REPORT OF INDEPENDENT PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Procyon Corporation and Subsidiaries
Oldsmar, Florida

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Procyon Corporation and subsidiaries (the "Company") as of June 30, 2025 and 2024, the related consolidated statements of operations, stock holder's equity, and cash flows for the years then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are required to be independent with respect to the Company in accordance with the relevant ethical requirements relating to our audits.

We conducted our audits in accordance with the auditing standards of the Public Company Accounting Oversight Board (United States) and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included perfoming procedures to assess the risks of material misstatement, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matter(s) communicated below are matter(s) arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgements. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical matter(s) below, providing separate opinion(s) on the critical audit matter(s) on the accounts or disclosures to which they relate.

We determined that there are no critical audit matters.

/s/ Ferlita, Walsh, Gonzalez & Rodriguez, P.A.
We have served as the Company's auditor since 1998.

Tampa, Florida
December 23, 2025

PROCYON CORPORATION & SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
June 30, 2025 and 2024

		2025		2024
ASSETS				
CURRENT ASSETS				
Cash	$	80,705	$	326,143
Certificates of Deposit, plus accrued interest		332,769		582,677
Accounts Receivable, less allowance for expected credit losses of $37,748 and $15,000 respectively		631,904		512,909
Inventories		696,182		510,006
Prepaid Expenses		910,816		434,150
TOTAL CURRENT ASSETS		2,652,376		2,365,885
PROPERTY AND EQUIPMENT, NET		234,535		262,020
OTHER ASSETS				
Deposits		12,165		4,665
Inventories		286,699		216,701
Intangible Asset		17,000		17,000
ROU Assets - Operating Leases		145,742		338,141
Deferred Tax Asset, Net of Valuation Allowance of $153,760		22,114		-
		483,720		576,507
TOTAL ASSETS	$	3,370,631	$	3,204,412
LIABILITIES AND STOCKHOLDERS' EQUITY				
CURRENT LIABILITIES				
Accounts Payable	$	462,393	$	160,922
Accrued Expenses		440,147		427,647
Short Term Lease Liabilities		139,206		180,665
TOTAL CURRENT LIABILITIES		1,041,746		769,234
LONG TERM LIABILITIES				
Long Term Lease Liabilities		-		139,211
Deferred tax liability, net of valuation allowance of 209,003		-		8,677
TOTAL LONG TERM LIABILITIES		-		147,888
TOTAL LIABILITIES		1,041,746		917,122
COMMITMENTS AND CONTINGENCIES (NOTE G)		-		-
STOCKHOLDERS' EQUITY				
Preferred Stock, 496,000,000 shares authorized, none issued.		-		-
Series A Cumulative Convertible Preferred Stock, no par value; 4,000,000 shares authorized; 154,900 and 154,900 shares issued and outstanding, respectively.		114,660		114,660
Common Stock, no par value, 80,000,000 shares authorized; 8,140,628 and 8,120,388 shares issued and outstanding, respectively		4,467,226		4,462,166
Paid-in Capital		43,730		41,085
Accumulated Deficit		(2,296,731)		(2,330,621)
TOTAL STOCKHOLDERS' EQUITY		2,328,885		2,287,290
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$	3,370,631	$	3,204,412

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

PROCYON CORPORATION & SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
Years Ended June 30, 2025 and 2024

	2025	2024
NET SALES	$ 6,673,870	$ 4,984,433
COST OF SALES	1,690,423	1,092,998
GROSS PROFIT	4,983,447	3,891,435
OPERATING EXPENSES		
Salaries and Benefits	2,856,822	2,085,209
Selling, General and Administrative	2,573,158	2,037,931
	5,429,980	4,123,140
INCOME / (LOSS) FROM OPERATIONS	(446,533)	(231,705)
OTHER INCOME		
(Loss) on Disposal of Assets	-	(1,214)
Other Income / Gain on Extinguishment of Debt	-	974
Rental Income	38,626	36,022
Other Income / Employee Retention Credit	431,497	
Interest Income	19,212	24,641
Interest Expense	(361)	-
Other Expense / Theft Loss	(39,342)	-
	449,632	60,423
INCOME / (LOSS) BEFORE INCOME TAXES	3,099	(171,282)
INCOME TAX (EXPENSE) / BENEFIT	30,791	(169,858)
NET INCOME / (LOSS)	33,890	(341,140)
Dividend requirements on preferred stock	(15,490)	28,178
Basic net income / (loss) available to common shares	$ 18,400	$ (312,962)
Basic net income / (loss) per common share	$ 0.00	$ (0.04)
Weighted average number of common shares outstanding	8,140,628	8,120,388
Diluted net income / (loss) per common share	$ 0.00	$ (0.04)
Weighted average number of common shares outstanding, diluted	8,435,960	8,120,388

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

PROCYON CORPORATION & SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
For the Twelve Months Ended June 30, 2025 and 2024

Twelve Months Ended June 30, 2025	Preferred Stock		Common Stock		Paid-In	Accumulated	Total Stockholders'
	Shares	Amount	Shares	Amount	Capital	Deficit	Equtiy
Balance, June 30, 2024	154,900	114,660	8,120,388	4,462,166	41,085	(2,330,621)	2,287,290
Stock Based Compensation	-	-	20,240	5,060	2,645	-	7,705
Net Income (Loss)	-	-	-	-	-	13,965	13,965
Balance, September 30, 2024	154,900	114,660	8,140,628	4,467,226	43,730	(2,316,656)	$ 2,308,960
Net Income (Loss)	-	-	-	-	-	(29,470)	(29,470)
Balance, December 31, 2024	154,900	114,660	8,140,628	4,467,226	43,730	(2,346,126)	2,279,490
Net Income (Loss)	-	-	-	-	-	307,886	307,886
Balance, March 31, 2025	154,900	114,660	8,140,628	4,467,226	43,730	(2,038,240)	$ 2,587,376
Stock Based Compensation	-	-			-	-	-
Net Income (Loss)	-	-	-	-	-	(258,491)	(258,491)
Balance, June 30, 2025	154,900	$ 114,660	8,140,628	$ 4,467,226	$ 43,730	$ (2,296,731)	$ 2,328,885

Twelve Months Ended June 30, 2024	Preferred Stock		Common Stock		Paid-In	Accumulated	Total Stockholders'
	Shares	Amount	Shares	Amount	Capital	Deficit	Equtiy
Balance, June 30, 2023	167,100	$ 126,860	8,087,388	$ 4,444,766	$ 35,564	$ (1,989,481)	$ 2,617,709
Stock Based Compensation	-	$ -	20,800	$ 5,200	$ 5,521	$ -	$ 10,721
Preferred Stock Converted to Common	(200)	$ (200)	200	$ 200	$ -	$ -	$ -
Net Income (Loss)	-	-	-	-	-	(33,855)	(33,855)
Balance, September 30, 2023	166,900	126,660	8,108,388	4,450,166	41,085	(2,023,336)	2,594,575
Net Income (Loss)	-	-	-	-	-	(242,473)	(242,473)
Balance, December 31, 2023	166,900	126,660	8,108,388	4,450,166	41,085	(2,265,809)	2,352,102
Net Income (Loss)	-	-	-	-	-	(102,788)	(102,788)
Balance, March 31, 2024	166,900	126,660	8,108,388	4,450,166	41,085	(2,368,597)	2,249,314
Preferred Stock Converted to Common	(12,000)	(12,000)	12,000	12,000	-	-	-
Net Income (Loss)	-	-	-	-	-	37,976	37,976
Balance, June 30, 2024	154,900	$ 114,660	8,120,388	$ 4,462,166	$ 41,085	$ (2,330,621)	$ 2,287,290

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

PROCYON CORPORATION & SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended June 30, 2024 and 2023

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income / (Loss)	$ 33,890	$ (341,140)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	81,982	81,701
Allowance for Expected Credit Losses	22,748	3,375
Right of Use Asset Amortization	192,399	189,029
Accrued Interest on Certificate of Deposit	-	(20,205)
Deferred Income Taxes	24,452	(39,146)
Valuation Allowance	(55,243)	209,003
(Gain)/Loss on Sale of Assets	-	1,214
Decrease (increase) in:		
Accounts Receivable	(141,743)	(22,331)
Deposits	(7,500)	4,555
Inventory	(256,174)	35,211
Prepaid Expenses	(476,666)	(135,681)
Increase (decrease) in:		
Accounts Payable	301,471	(14,135)
Accrued Interest Payable		
Accrued Expenses	20,205	160,870
Payment on Operating Lease Liability	(180,670)	(173,571)
NET CASH USED IN OPERATING ACTIVITIES	(440,849)	(61,251)
CASH FLOW FROM INVESTING ACTIVITIES		
Redemption of Certificate of Deposit	249,909	-
Purchase of Property & Equipment	(54,498)	(63,912)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	195,411	(63,912)
CASH FLOW FROM FINANCING ACTIVITIES		
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	-	-
NET CHANGE IN CASH	(245,438)	(125,163)
CASH AT BEGINNING OF THE YEAR	326,143	451,306
CASH AT END OF THE YEAR	$ 80,705	$ 326,143
SUPPLEMENTAL DISCLOSURES		
Interest Paid	$ -	$ -
Taxes Paid	$ -	$ -

NONCASH TRANSACTION DISCLOSURES

During the year ended June 30, 2024, 12,200 shares of Series A Cumulative Preferred Stock converted in the amount of $12,200.

During the year ended June 30, 2024, $10,721 of accrued expenses were settled for issuance of equity.

During the year ended June 30, 2025, $7,705 of accrued expenses were settled for issuance of equity.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business Activity

Procyon Corporation has two wholly-owned subsidiaries, AMERX Health Care Corp. (AMERX) and Sirius Medical Supply, Inc. (Sirius). AMERX manufactures and markets wound and skin care products primarily in the United States whereas Sirius previously marketed diabetic supplies primarily to Medicare patients in the United States. As previously reported, in July 2009, we sold substantially all of the assets of Sirius to a third party, such that, as of July 31, 2009, Sirius no longer has any material operations. Management is considering various options for the future direction of Sirius.

Principles of Consolidation

The consolidated financial statements include the accounts of Procyon Corporation and its wholly-owned subsidiaries, AMERX and Sirius. All material inter-company accounts and transactions are eliminated.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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. Actual results could differ from those estimates.

Cash and Cash Equivalents

For the purpose of the Statements of Cash Flows, the Company considers cash-on-hand, demand deposits in banks and highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Concentration of Credit Risk

The Company maintains its cash at various financial institutions. All accounts are fully insured by the Federal Deposit Insurance Corporation, up to $250,000 per Company. At June 30, 2025 and 2024, our uninsured cash balance was $0 and $105,107 respectively.

Revenue Recognition

The Company recognizes revenue in accordance with the Financial Accounting Standards Board's (FASB) release of Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606) which requires that five basic criteria must be met before revenue can be recognized: (1) identify the contract with a 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 entity satisfies a performance obligation.

Accounts Receivable and Concentration of Credit Risk

In June 2016, the FASB issued guidance (FASB ASC 326), which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Company that are subject to the guidance in FASB ASC 326 were trade accounts receivable. The Company adopted the standard effective July 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in new and enhanced disclosures only.

AMERX grants credit to customers, most of whom are national pharmaceutical distributors, drug stores nationwide and physicians. AMERX wholesales its products to national pharmaceutical distributors and drug stores at a sales term of 2/10, net 30 days. AMERX has a written return policy with its customers. Each return request is reviewed by management for approval. Sales to physicians are at contracted rates and standard payment term is 2/10 net 30 days.

The valuation of accounts receivable is based upon the credit-worthiness of customers as well as historical collection experience. Estimating the credit worthiness of customers and recoverability of customer accounts requires us to exercise considerable judgment. Allowances for expected credit losses are recorded as a selling, general and administrative expense for estimated amounts expected to be uncollectible from third-party payers and customers. The Company bases its estimates on its historical collection and write-off experience, current trends, credit policy, and on analysis of accounts receivable by aging category. As of June 30, 2025 and 2024, allowance for expected credit losses was approximately $37,750 and $15,000, or approximately 6%and 3%, of gross accounts receivable.

Inventories

Inventories are valued at the lower of average cost or net realized value determined by the first-in, first-out method. A portion of inventory is included in non-current inventory. The non-current balance represents product that will most likely not be used within the next 12 months. A majority of this non-current inventory comes from minimum economic level orders necessary to produce product at a reasonable cost.

Property and Equipment

Property and equipment are stated at cost. Depreciation is computed on a straight-line basis over their estimated useful lives. Leased equipment is recorded at it's fair market value at the beginning of the lease term and is depreciated over the life of the equipment.

Deferred Income Taxes

Deferred income taxes are recognized for the expected tax consequences in future years for differences between the tax bases of assets and liabilities and their financial reporting amounts, based upon exacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. The Company accounts for income taxes under Topic 740 - Income Tax in the Accounting Standards Codification. A valuation allowance is used to reduce deferred tax assets to the net amount expected to be recovered in future periods. The estimates for deferred tax assets and the corresponding valuation allowance require us to exercise complex judgments. We periodically review and adjust those estimates based upon the most current information available. We have a valuation allowance of $153,760 as of June 30, 2025. We had a valuation allowance of $209,003 as of June 30, 2024.

Fair Value of Financial Instruments

The carrying value of cash, accounts receivable, prepaid expenses, deposits, inventory, accounts payable and accrued expenses approximate fair value.

Considerable judgement is required in interpreting market data to develop the estimates of fair value, and accordingly, the estimates are not necessarily indicative of the amounts that the Company could realize in a current market exchange.

Shipping and Handling Costs

Shipping and handling costs incurred were approximately $248,000 and $215,000 for the years ended June 30, 2025, and 2024, respectively, and were included in selling, general and administrative expenses.

Advertising and Marketing

The Company records advertising and marketing expenses in the periods in which they are incurred. During the years ended June 30, 2025 and 2024, approximately $597,000 and $536,000, of advertising and marketing costs were included in selling, general and administrative expenses for each respective year.

Stock Based Compensation

In November 2020, our shareholders approved the Procyon Corporation 2020 Stock Option and Incentive Plan (the “2020 Option Plan”).

The Company maintained the Procyon Corporation 2009 Stock Option Plan (the "2009 Option Plan"), which expired on December 8, 2019. The 2009 Option Plan was approved by the Company's shareholders on December 8, 2009. No further stock options or other awards may be granted under the 2009 Option Plan.

The 2009 Option Plan provided for the granting of incentive stock options, non-qualified stock options, and stock appreciation rights ("SARs") to eligible officers, directors, employees and consultants of the Company and its subsidiaries. The 2009 Option Plan is administered by the Compensation Committee. The Board of Directors has authorized the issuance of 500,000 shares of common stock to underlie the granting of incentive stock options and 500,000 shares of common stock to underlie the granting of non-qualified stock options and SARs under the 2009 Option Plan. The Board issued 250,000 shares of common stock to underlie Non-Qualified Stock Options, on September 27, 2016, effective June 30, 2016. However, 40,000 Options to purchase common stock were awarded to Justice Anderson pursuant to his employment agreement effective July 1, 2016 and 25,000 Options to purchase common stock were awarded to Justice Anderson pursuant to his employment agreement effective July 1, 2017. These Options will expire ten years after their respective grant dates. Subsequent to July 1, 2017, no other stock options or other awards have been granted under the 2009 Option Plan. The 1,000,000 shares of common stock that have been reserved for the 2009 Option Plan (250,000 recently issued for Non-Qualified Stock Options) have not been registered under the Securities Act of 1933.

Eligible participants under the 2009 Option Plan must be such full or part-time officers and other employees, non-employee directors and key persons (including consultants and prospective employees) of the Company and its Subsidiaries as are selected from time to time by the Compensation Committee in its sole discretion. Only employees may receive incentive stock options. Employees, non-employee directors and consultants may receive non-qualified stock options or SARs.

Non-Qualified Stock Options granted under the 2009 Option Plan many have a term of not more than ten years from the date of grant. The exercise price must be not less than 100% of the fair market value of the underlying common stock on the date of grant. Incentive Stock Options can be granted under the 2009 Option Plan for a term not exceeding ten years, except for Ten Percent Owners of our common stock, as defined in the Plan, for whom the maximum option term is five years. Incentive Stock Options are granted with an exercise price of not less than 100% of the fair market value of the underlying common stock on the date of grant. However, for Incentive Stock Options owned by Ten Percent Owners, the exercise price must be 110% of the Fair Market Value of the underlying stock on the date of grant.

The 2020 Option Plan provides for the granting of Incentive Stock Options, meeting the requirements of 422 of the Internal Revenue Code (the “Code”), Non-Qualified Stock Options, which do not qualify as Incentive Stock Options, Stock Appreciation Rights (“SARs”), Restricted Stock, Restricted Stock Units, or Other Stock-Based Awards (together, an “Award”). An SAR is an Award entitling the recipient to receive shares of Common Stock having a value equal to the excess of the Fair Market Value of the Stock on the date of exercise over the exercise price of the Stock Appreciation Right multiplied by the number of shares of Stock with respect to which the Stock Appreciation Right shall have been exercised. “Restricted Stock Unit” means an unfunded, unsecured right to receive, on the applicable settlement date, one Share or an amount in cash or other consideration determined by the Administrator equal to the value thereof as of such payment date, which right may be subject to certain vesting conditions and other restrictions. “Other Stock-Based Awards” means other Awards of Shares, and other Awards that are valued in whole or in part by reference to, or are otherwise based on, Shares or other property.

The Board of Directors has authorized the issuance of 2,000,000 shares of Common Stock to underlie the granting of Awards under the 2020 Option Plan. The 2,000,000 shares of Common Stock that have been reserved for the 2020 Option Plan have not been registered under the Securities Act of 1933. We have no present plans to register such shares. Incentive Stock Options may only be granted to employees of the Company or its Subsidiaries and shall be subject to and shall be construed consistently with the requirements of Section 422 of the Code. Incentive Stock Options can be granted for a term not exceeding ten years, except for Ten Percent Owners of our Common Stock, for whom the maximum option term is five years. Incentive Stock Options are granted with an exercise price of not less than 100% of the Fair Market Value of the underlying Common Stock on the date of grant. However, for Ten Percent Owners, the exercise price must be 110% of the Fair Market Value of the underlying Stock on the date of grant. Further, the aggregate Fair Market Value (determined as of the time of grant) of the shares of Stock with respect to which Incentive Stock Options granted under the Plan and any other plan of the Company or its parent and subsidiary corporations become exercisable for the first time by a Participant during any calendar year shall not exceed $100,000.

Non-Qualified Stock Options are Options that is not intended to be or otherwise do not qualify as an Incentive Stock Option. Non-Qualified Stock Options shall be granted and have a term of not more than ten years from the date of grant. The exercise price must be not less than 100% of the Fair Market Value of the underlying Common Stock on the date of grant. Non-Qualified Stock Option can be awarded to employees, officers, directors or consultants.

Effective June 30, 2021, the Company granted 25,000 non-qualified stock options to Justice W. Anderson and 25,000 non-qualified stock options to James B. Anderson for exceeding certain performance standards in fiscal 2021, pursuant to the terms of their respective Restated and Amended Executive Employment Agreements dated July 1, 2020. Each of the options were dated September 24, 2021, but were granted and effective as of June 30, 2021 for a ten year term and have an exercise price of .373 per share.

The fair value of a stock option is determined using the Black-Scholes option-pricing model, which values options based on the stock price at the grant date, the expected life of the option, the estimated volatility of the stock, the expected dividend payments, and the risk-free interest rate over the life of the option.

The Black-Scholes option valuation model was developed for estimating the fair value of traded options that have no vesting restrictions and are fully transferable. Because option valuation models require the use of subjective assumptions, changes in these assumptions can materially affect the fair value of the options. Our options do not have the characteristics of traded options, therefore, the option valuation models do not necessarily provide a reliable measure of the fair value of our options.

Agreements to grant 40,000 and 25,000 Options to purchase common stock were executed and delivered to Justice Anderson, pursuant to his executive employment agreements, on September 27, 2016 and August 23, 2017, respectively, but with grant dates of June 30, 2016 and June 30, 2017, respectively. Equity instruments issued to non-employees in exchange for goods, fees and services are accounted for under the fair value-based method of Accounting Standards Codification Topic 718 - Compensation - Stock Compensation (“Topic 718").

Effective as of June 30, 2021, the Company granted 25,000 non-qualified stock options to Justice W. Anderson and 25,000 non-qualified stock options to James B. Anderson for exceeding certain performance standards in fiscal 2021, pursuant to the terms of their respective Restated and Amended Executive Employment Agreements dated July 1, 2020. Each of the options were granted on June 30, 2021 with a ten year term and have an exercise price of .373 per option.

The Company granted 12,848 non-qualified stock options to Fred Suggs, Board of Directors member, for services provided for fiscal year end 2024. The Company granted zero non-qualified stock options to Fred Suggs, Board of Directors member, for services provided for fiscal year end 2025.

Additional information with respect to stock option activity is as follows:

	Number of Shares	Weighted Average Exercise Price	
Outstanding at June 30, 2023	115,000	$	0.26
Granted	25,432	$	0.24
Exercised	-	$	-
Cancelled	-	$	-
Outstanding at June 30, 2024	140,432	$	0.25
Granted	-	$	-
Exercised	-	$	-
Cancelled	-	$	-
Outstanding at June 30, 2025	140,432	$	0.25
Options exercisable at June 30, 2024	140,432	$	0.25
Options exercisable at June 30, 2025	140,432	$	0.25

Net Income Per Common Share

The Company computes net income per share in accordance with Accounting Standards Codification Topic 260 - Earnings per Share (Topic 260). Topic 260 requires presentation of both basic and diluted earnings per shares (EPS) on the face of the income statement. Basic EPS is computed by dividing net income available to common shareholders (numerator) by the weighted average number of common shares outstanding (denominator) during the period. Diluted EPS gives effect to all dilutive potential common shares outstanding during the period including stock options, using the treasury stock method, and convertible preferred stock, using the if-converted method. In computing diluted EPS, the average stock price for the period is used in determining the number of shares assumed to be purchased from the exercise of stock options. Diluted EPS excludes all dilutive potential common shares if their effect is anti-dilutive.

Subsequent Events

We have evaluated subsequent events through December 23, 2025, which is the date the financial statements were available to be issued.

NOTE B - INVENTORIES

Inventories consisted of the following:

	June 30, 2025	June 30, 2024
Finished Goods	$ 899,904	$ 629,750
Raw Materials	82,977	96,957
	$ 982,881	$ 726,707

At June 30, 2025 and 2024, respectively, $286,699 and $216,701 of our inventory was considered non-current as it will not be used within a one year period.

NOTE C - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

As of June 30, 2025	Total
Office Equipment	236,412
Furniture and Fixtures	83,135
Software	222,108
Leasehold improvements	27,142
Production Equipment	21,911
Building	22,493
	613,201
Less accumulated depreciation	(378,666)
	$ 234,535

Depreciation expense was $81,982 for the year ended June 30, 2025.

As of June 30, 2024	Total
Office Equipment	$ 205,938
Furniture and Fixtures	82,636
Software	198,583
Leasehold Improvements	27,142
Production Equipment	21,911
Building	22,493
	558,703
Less accumulated depreciation	(296,683)
	$ 262,020

Depreciation expense was $81,701 for the year ended June 30, 2024.

NOTE D - INTANGIBLE ASSETS

On June 30, 2017, the Company acquired the formulation of its care lotion from its manufacturer for $17,000. The Company has determined that this asset has an indefinite useful life and therefore is not being amortized, but instead will be tested for impairment at least annually in accordance with the provisions of FASB ASC 350, Intangibles - Goodwill and Other.

NOTE E - ACCRUED EXPENSES

Accrued expenses consist of the following at June 30, 2025 and 2024.

	2025	2024
Accrued Payroll	$ 78,924	$ 146,847
Accrued Paid Time Off	76,292	50,279
Accrued Professional Fees	50,449	59,171
Accrued Incentive Plan	110,044	47,470
Accrued Consulting Fees	74,006	106,842
Other	50,432	17,038
Total	$ 440,147	$ 427,647

NOTE F - LINE OF CREDIT

A line of credit was procured in June 2021, with a bank. The limit for this line of credit is $250,000 as well. Terms of the Line of credit include and an interest rate that fluctuates at prime plus a half of point, interest only. The line of credit matures on June 30, 2025. This line of credit, renews annually until either party decides otherwise. At June 30, 2025, the Company owed $0 on the line of credit.

Interest expense for the years ended June 30, 2025 and 2024 was $0 and $0, respectively.

The line of credit is guaranteed by Justice W. Anderson, President and Chief Executive Officer.

With the previous line of credit expiring, the Company secured a new line of credit with an asset based lender. The assets used to secure this new line include Accounts Receivable amounts only. The total line of credit fluctuates on a weekly basis based on the current receivables. Interest is charged at a rate of prime plus 3.5%, with prime floor of 6%.

NOTE G - COMMITMENTS AND CONTINGENCIES

The Company leases its office space, warehouse space and certain equipment. The minimum lease payments due under the lease agreements for fiscal years ended June 30, are as follows:

2026	141,062
	$ 141,062

NOTE H - STOCKHOLDERS' EQUITY

During January 1995, the Company's Board of Directors authorized the issuance of up to 4,000,000 shares of Series A Cumulative Convertible Preferred Stock. The preferred stockholders are entitled to receive, if declared by the board of directors, quarterly dividends at an annual rate of $.10 per share of Series A Cumulative Convertible Preferred Stock per annum. Dividends accrue without interest and are cumulative from the date of issuance of the Series A Cumulative Convertible Preferred Stock and are payable quarterly in arrears in cash or publicly traded common stock when and if declared by the board of directors. As of June 30, 2025, no dividends have been declared. Dividends in arrears on the outstanding preferred shares total $437,226 or approximately $2.82 per share as of June 30, 2025. So long as any shares of Series A Preferred Stock are outstanding, the Company is prohibited from declaring dividends or other distributions related to its Common Stock or purchasing, redeeming or otherwise acquiring any of the Common Stock.

The preferred stockholders have the right to convert each share of Series A Cumulative Convertible Preferred Stock into one share of the Company's common stock at any time without additional consideration. Each share of Series A Cumulative Convertible Preferred Stock is subject to mandatory conversion into one share of common stock of the Company, effective as of the close of a public offering of the Company's common stock provided, however, that the offering must provide a minimum of $1 million in gross proceeds to the Company and the initial offering price of such common stock must be at least $1 per share. In addition to the rights described above, the holders of the Series A Cumulative Convertible Preferred Stock have voting rights equal to the common stockholders based upon the number of shares of common stock into which the Series A Cumulative Convertible Preferred Stock is convertible. The Company is obligated to reserve an adequate number of shares of its common stock to satisfy the conversion of all of the outstanding Series A Cumulative Convertible Preferred stock.

Share-based compensation expense recognized during the period is based on the value of the portion of share-based payment awards that is ultimately expected to vest. As share-based compensation expense recognized in the statement of operations is based on awards ultimately expected to vest, it can be reduced for estimated forfeitures. The ASC topic Stock Compensation requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. The share based compensation accrued and charged against income for the periods ended June 30, 2025 and 2024 was $12,897 and $7,705 respectively.

NOTE I - EARNINGS PER SHARE

As required by Accounting Standards Codification Topic 260 - Earnings per Share (“Topic 260"), the following table sets forth the computation of basic and diluted earnings per share:

	Years Ended June 30,	
	2025	2024
Numerator:		
Net (Loss) Income	$ 33,890	$ (341,140)
Adjustment for basic earnings per share:		
Dividend requirements on preferred stock	(15,490)	28,178
Numerator for basic earnings per share- Net income available to common stockholders	$ 18,400	$ (312,962)
Effect of dilutive securities:		
Numerator for diluted earnings per share- Net income available to common stockholder	$ 18,400	$(312,962)
Denominator:		
Denominator for basic earnings per share- Weighted-average common shares	8,140,628	8,120,388
Effect of dilutive securities: Stock options	140,432	0
Weighted-average Dilutive potential common shares	154,900	0

Denominator for dilutive earnings per share- Adjusted weighted-average shares and assumed conversions	8,435,960	8,120,388
Basic Net Income per share	$ 0.00	$ (0.04)
Diluted Net Income per share	$ 0.00	$ (0.04)

NOTE J - INCOME TAXES AND AVAILABLE CARRYFORWARD

As of June 30, 2025, the Company had consolidated income tax net operating loss ("NOL") carryforwards for federal income tax purposes of approximately $607,000. NOL arising before December 31, 2020 will expire in various years ending through the year 2035 and for losses arising in taxable years beginning after December 31, 2020, the deduction is limited to 80% of taxable income and can be carried forward indefinitely. The utilization of certain loss carryforwards are limited under Section 382 of the Internal Revenue Code.

The components of the provision for income taxes expenses are attributable to continuing operations as follows:

	Year ended June 30, 2025	Year ended June 30, 2024
Current		
Federal	$ -	$ -
State	-	-
	-	-
Deferred		
Federal	$ 25,512	$ (140,737)
State	5,279	(29,121)
	$ 30,791	$ (169,858)

Deferred income taxes reflect the net tax effects of the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities are as follows:

	Non-Current
Deferred tax assets:	
NOL and contribution carryforwards	$ 153,760
Share based payments	9,001
Lease Liabilities - operating leases	35,282
Accrued compensated absences	19,336
Accrued bonus	27,891
Other	9,567
	254,837
Deferred tax (liabilities):	
Right of use assets - operating leases	(36,939)
Excess of tax over book depreciation	(42,024)
Total deferred tax (liabilities)	(78,963)
Net deferred tax asset (liability)	175,874
Valuation Allowance	(153,760)
Net deferred tax asset	$ 22,114

The change in the valuation allowance is as follows:

June 30, 2025	$ (153,760)
June 30, 2024	(209,003)
	$ 55,243

Income taxes for the years ended June 30, 2025 and 2024 differ from the amounts computed by applying the effective income tax rates of 25.35% to income before income taxes as a result of the following:

	2025	2024
Expected benefit (provision) at US statutory rate	$ (651)	$ 35,969
State income tax net of federal benefit (provision)	(135)	7,442
Nondeductible expense	(9,000)	(4,640)
Change in estimates of losses carryforward	(14,666)	374
Change in valuation allowance	55,243	(209,003)
Income tax benefit (expense)	$ 30,791	$ (169,858)

The earliest tax year still subject to examination by taxing jurisdictions is fiscal year June 30, 2022.

The Company performed a review of its uncertain tax positions in accordance with Accounting Standards Codification ASC 740-10 "Uncertainty in Income Taxes". In this regard, an uncertain tax position represents the Company's expected treatment of a tax position taken in a filed tax return, or planned to be taken in a future tax return, that has not been reflected in measuring income tax expense for financial reporting purposes.

NOTE K - CONCENTRATION OF SUPPLY RISK

The Company's manufacturing and packaging activities are performed at a production facility owned and operated by a non-affiliated pharmaceutical manufacturer. At the present time, the manufacturer is the major source of the Company's wound care products. The sudden loss or failure of this manufacturer could significantly impair AMERX's ability to fulfill customer orders on a short-term basis and therefore, could materially and adversely affect the Company's operations. However, the Company has maintained a long-term relationship with this manufacturer and does not expect a discontinuance of its wound care products from the manufacturer in the near term. The Company has also opened relationships with other manufactures to address supply risk.

NOTE L - MAJOR CUSTOMER

During the year ended June 30, 2024 sales from one customer accounted for approximately 10% of AMERX's sales. In fiscal 2025 one customer accounted for approximately 10% of AMERX's sales.

NOTE M - RESEARCH AND DEVELOPMENT

AMERX incurred $30,260 and $30,100 during the years ended June 30, 2025 and 2024, respectively, towards research and development efforts. These efforts were directed towards additional studies aimed at expanding existing markets, correcting issues with FDA compliance and manufacturing.

NOTE N - RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Operating Leases

In August 2020, the Company entered into a lease agreement to lease certain office equipment with a lease term of 63 months. The lease renews on a month-to-month basis and contains an option to purchase the equipment at fair market value or return the equipment. Historically, the Company has not exercised the option to purchase at the end of the initial lease term for similar leases and simply returned the equipment at the end of the initial lease term. Initial rent amount was $574 per month. In applying ASC 842, the Company uses a lease term of 63 months and an incremental borrowing rate of 4.25% which was the borrowing rate on the Company's line of credit with a financial institution.

In January 2021, the Company entered in a lease agreement to lease warehouse space with a lease term of 64 months. The Company pays no rent for the first four months of the lease and pays $4,792.50 per month beginning the 5th month of the lease. Rent will increase each succeeding year by no less than 2% but not more than 5%. The rent amount includes common area maintenance charges which are considered nonlease components. In applying ASC 842, the Company is electing to account for nonlease components as being related to the lease component. In addition, the Company uses a lease term of 64 months and an incremental borrowing rate at prime rate of 3.25% which was the borrowing rate on the Company's recent line of credit with a financial institution.

In January 2021, the Company entered in a lease agreement to lease office space with a lease term of 64 months. The Company pays no rent for the first four months of the lease and pays $9,372 per month beginning the 5th month of the lease. Rent will increase each succeeding year by no less than 2% but not more than 5%. The rent amount includes common area maintenance charges which are considered nonlease components. In applying ASC 842, the Company is electing to account for nonlease components as being related to the lease component. The Company also incurred initial direct cost of $114,083 related to existing improvements in the leased space. This initial direct cost has been included in determining the initial ROU asset and liability amounts. In addition, the Company uses a lease term of 64 months and an incremental borrowing rate at prime rate of 3.25% which was the borrowing rate on the Company's recent line of credit with a financial institution.

In May 2021, the Company entered into a lease agreement to lease certain office equipment with a lease term of 39 months. The lease expires at the end of the lease term and the Company can simply return the equipment at the end of the initial lease term or upgrade the equipment during or at the end of the current lease term. Initial rent amount was $547 per month. In applying ASC 842, the Company uses a lease term of 39 months and an incremental borrowing rate of 4.25% which was the borrowing rate on the Company's line of credit with a financial institution.

The following is information related to the Company's right-of-use assets and liabilities for its operating leases:

ROU assets - operating leases obtained in exchange for lease liabilities - operating leases	$979,744
Amortization of ROU assets since lease inception	(834,002)
ROU assets - operating leases at June 30, 2025	$145,742
Lease liabilities - operating leases on adoption date	$ 979,744
Payments on lease liabilities	(840,538)
Lease liabilities - operating leases on June 30, 2025	139,206
Lease liabilities - operating leases due in the 12 months ending June 30, 2026	139,206
Lease liabilities - operating leases due after June 30, 2026	$ 0

Variable lease expense was $200,081 and $202,270 for the years ended June 30, 2025 and 2024, respectively.

Weighted average remaining lease term was 0.74 years and weighted average discount rate was 3.27% at June 30, 2025.

Sublease to a Third Party

The Company entered into a lease agreement with an unrelated party to sublease a portion of the warehouse space that it is leasing from its landlord. The contract conveys the right to control the use of the specified area of the warehouse for a period of time in exchange for consideration. Therefore, the sublease meets the definition of a lease pursuant to ASC 842. The Company classifies the sublease as an operating lease because it does not transfer ownership at the end of the lease term. The sublease is for a term of twelve months and it contains a renewal option of which the sublessee is not reasonably certain to exercise. The Company received sublease income of $38,626 and $36,022 during the year ended June 30, 2025 and 2024, respectively.

The following is the amount of sublease income the Company will receive over the next five years:

12 months ending June 30,	
2025	$ 14,930
2026	-
2027	-
2028	-
2029	-
	$ 14,930

NOTE O - RECENT ACCOUNTING PRONOUNCEMENTS

Adoption of new accounting standards

New accounting standards or accounting standards updates were assessed and determined to be either not applicable or not having a material impact on the Company’s consolidated financial statements or processes.