



INTERNATIONAL STAR

**INTERNATIONAL STAR, INC.**

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**Third Quarter Report for the Period Ending  
September 30, 2023**

# **Disclosure Statement Pursuant to the OTC Pink Basic Disclosure Guidelines**

## **INTERNATIONAL STAR, INC.**

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Suite 16020  
Dover, DE 19901

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[www.ilstinc.com](http://www.ilstinc.com)  
SIC Code: 7389

## **Quarterly Report**

For the period ending September 30, 2023 (the "Reporting Period")

### **Outstanding Shares**

The number of shares outstanding of our Common Stock was:

1,936,364,391 as of September 30, 2023

1,936,364,391 as of December 31, 2022

1,936,364,391 as of December 31, 2021

### **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:

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

Yes:  No:

### **Change in Control**

Indicate by check mark whether a Change in Control<sup>1</sup> of the company has occurred **over this reporting period**:

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<sup>1</sup> "Change in Control" shall mean any events resulting in:

- (i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities;
- (ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets;

Yes:  No:

**1) Name and address(es) of the issuer and its predecessors (if any)**

In answering this item, provide the current name of the issuer and any names used by predecessor entities, along with the dates of the name changes.

The name of the issuer is International Star, Inc.

The state of incorporation or registration of the issuer and of each of its predecessors (if any) during the past five years; Please also include the issuer's current standing in its state of incorporation (e.g. active, default, inactive):

The issuer was incorporated on September 5, 1993 as a Nevada corporation and its current status in the state of Nevada is "Active."

Describe any trading suspension orders issued by the SEC concerning the issuer or its predecessors since inception:

None

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

On or about February 14, 2023, International Star, Inc. (the "Company") completed its acquisition (the "Acquisition") of Budding Equity Inc. ("BEI"). As a result of the Acquisition, ILST became the sole owner of all of BEI's outstanding shares, making BEI the Company's wholly-owned subsidiary.

The address(es) of the issuer's principal executive office:

8 The Green, Suite 16020, Dover, DE 19901

The address(es) of the issuer's principal place of business:

*X Check if principal executive office and principal place of business are the same address:*

Has the issuer or any of its predecessors been in bankruptcy, receivership, or any similar proceeding in the past five years?

No:  Yes:  If Yes, provide additional details below:

On May 25, 2021, a petition was filed against the Company in the District Court of Clark County, Nevada, entitled "In the Matter of International Star, Inc., a Nevada corporation" under case number A-21-835183-P by Alpharidge Capital, LLC, along with an Application for Appointment of Custodian, after several requests were made to prior management to reinstate the Company's Nevada charter, which had been revoked.

On June 3, 2021, the District Court of Clark County, Nevada entered an Order Granting the Application for Appointment of Alpharidge Capital, LLC (the "Order") as Custodian of the Company. Pursuant to the Order,

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(iii) A change in the composition of the Board occurring within a two (2)-year period, as a result of which fewer than a majority of the directors are directors immediately prior to such change; or

(iv) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

Alpharidge Capital, LLC (the “Custodian”) was granted the authority to take any actions on behalf of the Company that were reasonable, prudent or done pursuant to the OTC Markets Group Inc.’s Pink Basic Disclosure Guidelines (v3 February 2021), including, but not limited to, issuing shares of stock and issuing new classes of stock, as well as entering into contracts on behalf of the Company.

On December 9, 2021, the District Court of Clark County, Nevada entered an Order Granting Alpharidge Capital’s motion to terminate custodianship.

## 2) Security Information

### **Transfer Agent**

Name: Clear Trust, LLC  
Phone: 813.235.4490  
Email: [inbox@cleartrusttransfer.com](mailto:inbox@cleartrusttransfer.com)  
Address: 16540 Pointe Village Dr., Suite 205, Lutz, FL 33558

### **Publicly Quoted or Traded Securities:**

*The goal of this section is to provide a clear understanding of the share information for its publicly quoted or traded equity securities. Use the fields below to provide the information, as applicable, for all outstanding classes of securities that are publicly traded/quoted.*

Trading symbol:	<u>ILST</u>
Exact title and class of securities outstanding:	<u>Common Stock</u>
CUSIP:	<u>460371206</u>
Par or stated value:	<u>0.001 par value</u>
Total shares authorized:	<u>6,010,000,000 as of September 30, 2023</u>
Total shares outstanding:	<u>1,936,364,391 as of September 30, 2023</u>
Total number of shareholders of record:	<u>165 as of September 30, 2023</u>

*All additional class(es) of publicly quoted or traded securities (if any):* None.

### **Other classes of authorized or outstanding equity securities:**

*The goal of this section is to provide a clear understanding of the share information for its other classes of authorized or outstanding equity securities (e.g. preferred shares). Use the fields below to provide the information, as applicable, for all other authorized or outstanding equity securities.*

Exact title and class of the security:	<u>Preferred Shares</u>
CUSIP (if applicable):	<u>N/A</u>
Par or stated value:	<u>0.001 par value</u>
Total shares authorized:	<u>10,000,000 as of September 30, 2023 (1)</u>
Total shares outstanding (if applicable):	<u>See Below</u>
Total number of shareholders of record (if applicable):	<u>See Below</u>

Exact title and class of the security:	<u>Special 2021 Series A Preferred Stock</u>
CUSIP (if applicable):	<u>N/A</u>
Par or stated value:	<u>0.001 par value</u>
Total shares authorized:	<u>50 as of September 30, 2023</u>

Total shares outstanding (if applicable):	<u>50 as of September 30, 2023</u>
Total number of shareholders of record (if applicable):	<u>1 as of September 30, 2023</u>
Exact title and class of the security:	<u>Series B Preferred Stock</u>
CUSIP (if applicable):	<u>N/A</u>
par or stated value:	<u>0.001 par value</u>
Total shares authorized:	<u>168,000 as of September 30, 2023</u>
Total shares outstanding (if applicable):	<u>72,477 as of September 30, 2023</u>
Total number of shareholders of record (if applicable):	<u>3 as of September 30, 2023</u>

- (1) The 10,000,000 authorized Preferred Shares include the Company's Special 2021 Series A Preferred Stock and Class B Preferred Shares, which are disclosed separately in this section.

**Security Description:**

*The goal of this section is to provide a clear understanding of the material rights and privileges of the securities issued by the company. Please provide the below information for each class of the company's equity securities, as applicable:*

**1. For common equity, describe any dividend, voting and preemption rights.**

*Dividend Rights.* Subject to NRS Section 78.288, dividends may be declared by the Company's Board of Directors (the "Board") and paid by the Corporation out of the net earnings of the unreserved and unrestricted earned surplus of the Corporation, or out of the unreserved and unrestricted net earnings of the current fiscal year, or in treasury shares of the Corporation. The decision to pay dividends is made by our Board, in its discretion, and is dependent on our earnings, management's assessment of future capital needs, and other factors. We have not historically paid a dividend, and we do not expect to pay any cash dividends on our common stock in the foreseeable future.

*Voting Rights.* Each outstanding share of Common Stock is entitled to one (1) vote on each matter submitted to a vote at a shareholder meeting, provided the voted or represented shares are held in compliance with any payment plan, subscription, or stock purchase agreement.

*Preemption Rights.* The rights, preferences and privileges of holders of our common stock are subject to the terms of any series of preferred stock that may be issued in the future. The Company's common stock does not have preemption rights.

**2. For preferred stock, describe the dividend, voting, conversion, and liquidation rights as well as redemption or sinking fund provisions.**

**2021 Series A Preferred Stock**

*Dividend Rights.* The shares of 2021 Series A Preferred Stock are not entitled to any dividends in respect thereof.

*Voting Rights.* The holder of the 2021 Series A Preferred Stock votes together with the holders of preferred stock (including on an as converted basis) and common stock as a single class. The 2021 Series A Preferred Stock stockholder is entitled to 60% of all votes (including, but not limited to, common stock, and

preferred stock (including on an as converted basis)) entitled to vote at each meeting of stockholders of the Corporation (and written actions of stockholders in lieu of meetings) with respect to any and all matters presented to the stockholders of the Corporation for their action or consideration.

*Conversion Rights.* Each share of the Company's Special 2021 Series A Preferred Stock can be converted into 200,000,000 shares of the Company's common stock. In the aggregate, all of these 50 shares can be converted into 10,000,000,000 shares of Common Stock.

*Liquidation Rights.* The shares of the Special 2021 Series A Preferred Stock are not entitled to participate in any proceeds available to the Corporation's shareholders upon the liquidation, dissolution or winding up of the Corporation.

*Redemption or Sinking Fund Provisions.* None.

#### Series B Preferred Stock

*Dividend Rights.* The shares of Series B Preferred Stock are not entitled to any dividends in respect thereof.

*Voting Rights.* The holder(s) of the shares of Series B Preferred Stock have no voting rights.

*Conversion Rights.* The shares of Series B Preferred Stock are eligible for conversion ("Conversion") into common shares, par value \$0.001 per share, of the Corporation (the "Common Stock"), subject to the following terms:

- (i) All unconverted shares of Series B Preferred Stock may be redeemed by the Company at any time for a cash payment equal to Ten Dollars (\$10.00 USD) per share of Series B Preferred Stock. All Series B Preferred Stock that is so redeemed shall immediately be transferred by the Holder to the Company;
- (ii) The shares of Series B Preferred Stock may not be converted by the Holders of said shares until the earlier of: (a) a Registration Statement covering the Common Stock shall have been declared effective by the SEC and no stop order suspending the effectiveness of the Registration Statement shall have been issued and no proceedings for that purpose shall have been initiated or threatened by the SEC or any other Governmental Authority, or (b) a period of at least one year has elapsed since the completion of an audit of the Company's financial statements by an auditing firm registered with the U.S. Public Company Accounting Oversight Board ("PCAOB");
- (iii) The Conversion value of each share of Series B Preferred Stock shall be Ten Dollars (\$10.00 USD), and the purchase price of the Common Stock into which such Preferred Stock is being converted shall be equal to the average of the daily volume-weighted average price ("VWAP") of the Common Stock during the five (5)-trading days immediately preceding the Conversion date, as reported by Bloomberg L.P.

*Liquidation Rights.* The shares of Series B Preferred Stock do not participate in any proceeds available to the Corporation's shareholders upon the liquidation, dissolution or winding up of the Corporation.

*Redemption or Sinking Fund Provisions.* None.

**3. Describe any other material rights of common or preferred stockholders.** None.

4. Describe any material modifications to rights of holders of the company's securities that have occurred over the reporting period covered by this report. None.

3) Issuance History

The goal of this section is to provide disclosure with respect to each event that resulted in any changes to the total shares outstanding of any class of the issuer's securities **in the past two completed fiscal years and any subsequent interim period.**

Disclosure under this item shall include, in chronological order, all offerings and issuances of securities, including debt convertible into equity securities, whether private or public, and all shares, or any other securities or options to acquire such securities, issued for services. Using the tabular format below, please describe these events.

A. Changes to the Number of Outstanding Shares

Indicate by check mark whether there were any changes to the number of outstanding shares within the past two completed fiscal years

No:  Yes: X (If yes, you must complete the table below)

Shares Outstanding as of Second Most Recent Fiscal Year End:			*Right-click the rows below and select "Insert" to add rows as needed.						
Opening Balance Date 12/31/2021 Common: 1,936,364,391 Preferred: 50									
Date of Transaction	Transaction type (e.g., new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to.  *You must disclose the control person(s) for any entities listed	Reason for share issuance (e.g. for cash or debt conversion) -OR- Nature of Services Provided	Restricted or Unrestricted as of this filing	Exemption or Registration Type
<u>2/13/2023</u>	<u>New Issuance</u>	<u>24,927</u>	<u>Series B Preferred Stock</u>	<u>\$.001 (par value)</u>	<u>No</u>	<u>Daniel Rubin</u>	<u>For purchase of Budding Equity, Inc.</u>	<u>Restricted</u>	<u>Rule 144</u>
<u>2/13/2023</u>	<u>New Issuance</u>	<u>24,927</u>	<u>Series B Preferred Stock</u>	<u>\$.001 (par value)</u>	<u>No</u>	<u>909663 Ontario Ltd</u>	<u>For purchase of Budding Equity, Inc.</u>	<u>Restricted</u>	<u>Rule 144</u>
<u>2/13/2023</u>	<u>New Issuance</u>	<u>2,623</u>	<u>Series B Preferred Stock</u>	<u>\$.001 (par value)</u>	<u>No</u>	<u>Michael Lickver</u>	<u>For purchase of Budding Equity, Inc.</u>	<u>Restricted</u>	<u>Rule 144</u>
<u>2/27/2023</u>	<u>New Issuance</u>	<u>20,000</u>	<u>Series B Preferred Stock</u>	<u>\$.001 (par value)</u>	<u>No</u>	<u>Daniel Rubin</u>	<u>Cash investment</u>	<u>Restricted</u>	<u>Rule 144</u>

Shares Outstanding on Date of This Report:  <u>Ending Balance:</u> Date 9/30/23 Common: 1,936,364,391 Preferred: 72,527  (Preferred consists of 50 Special 2021 Series A Preferred Shares; and 72,477 Series B Preferred Shares)	
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**Example:** A company with a fiscal year end of December 31<sup>st</sup>, in addressing this item for its Annual Report, would include any events that resulted in changes to any class of its outstanding shares from the period beginning on January 1, 2021 through December 31, 2022 pursuant to the tabular format above.

Use the space below to provide any additional details, including footnotes to the table above:

### B. Promissory and Convertible Notes

Indicate by check mark whether there are any outstanding promissory, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer's equity securities:

No:  Yes:  (If yes, you must complete the table below)

Date of Note Issuance	Outstanding Balance (\$)	Principal Amount at Issuance (\$)	Interest Accrued (\$)	Maturity Date	Conversion Terms (e.g. pricing mechanism for determining conversion of instrument to shares)	Name of Noteholder <small>*You must disclose the control person(s) for any entities listed.</small>	Reason for Issuance (e.g. Loan, Services, etc.)
8/10/2022	\$1,266,154 (1)	\$1,164,773 (1)	\$101,381	(2)	\$0.005 per share (3)	Leonite Fund I, LP (4)	Loan

Use the space below to provide any additional details, including footnotes to the table above:

(1) On August 10, 2022, the Company issued a Senior Secured Convertible Promissory Note to Leonite Fund I, LP, in the principal amount of up to \$625,000. The note was issued with an original issue discount of \$75,000, for gross proceeds of up to \$550,000, to be advanced in one or more tranches, with the original issue discount applied on a pro rata basis based on the percentage of the purchase price advanced. The Note is secured by all of the assets of the Company. As of the final day of the reporting period, the Company had received eight tranches of funding and owed \$1,164,773 in principal to Leonite along with accrued interest of \$101,381, for a total of \$1,266,154. The loan bears interest at 12% per annum and each tranche matures 12 months following the advance date. All payments due under the Note are payable at maturity.

(2) Each tranche matures 12 months following the advance.

(3) The note is convertible into common shares at the option of the holder at a fixed price of \$0.005 per share.

(4) Avi Geller is an individual with voting/investment control over Leonite Fund I, LP.

### 4) Issuer's Business, Products and Services

The purpose of this section is to provide a clear description of the issuer's current operations. (Please ensure that these descriptions are updated on the Company's Profile on [www.otcmarkets.com](http://www.otcmarkets.com)).

- A. Summarize the issuer's business operations (If the issuer does not have current operations, state "no operations")

International Star Inc. currently operates, through its wholly-owned subsidiary, Budding Equity Inc., a royalty-based business that owns intellectual property contracts with movie studios which provide for the licensing of that IP to third parties for cannabis hardware. The company also has joint venture partnerships with Ice Cube and Kevin Smith for licensing and branding cannabis products that are sold and distributed by third-party licensed producers. A core focus of ILST remains on acquiring and developing innovative businesses with high growth potential in the cannabis space and beyond. ILST remains intent on growing its current brands through synergistic opportunities.

The Company operates a royalty-based business owning IP contracts with movie studios, and it maintains joint ventures with renowned celebrities for licensing and branding cannabis products. Its IP portfolio encompasses Ice Cube's "Good Day" and "Fryday" cannabis lines, Kevin Smith's "Snoogens," "Berzerker" and "Snoochie Boochies" offerings, "Jay and Silent Bob" accessories, and licensing collaborations with Paramount's "Cheech and Chong Up in Smoke", Sony's "Pineapple Express," and "Trailer Park Boyz."

In addition, during 2023, the Company made two film-related investments, in a film project with the working title, "All My Friends Are Dead" and in a production company, "B Studios," for a combined aggregate investment of \$285,000.

During the first three quarters of 2023, the Company has begun to evolve from depending solely on third-party IP to creating its own, allowing more control and fostering innovation.

- B. List any subsidiaries, parent company, or affiliated companies.

The Company has one subsidiary, Budding Equity, Inc., which is wholly-owned by the Company.

- C. Describe the issuers' principal products or services.

Please refer to the Company's response to subsection 4(A) above.

## **5) Issuer's Facilities**

The goal of this section is to provide a potential investor with a clear understanding of all assets, properties or facilities owned, used or leased by the issuer and the extent in which the facilities are utilized.

In responding to this item, please clearly describe the assets, properties or facilities of the issuer, give the location of the principal plants and other property of the issuer and describe the condition of the properties. If the issuer does not have complete ownership or control of the property (for example, if others also own the property or if there is a mortgage on the property), describe the limitations on the ownership.

If the issuer leases any assets, properties or facilities, clearly describe them as above and the terms of their leases.

The Company utilizes certain third-party logistics ("3PL") providers and, in connection therewith, leases space within the 3PL's facilities.

## **6) Officers, Directors, and Control Persons**

Using the table below, please provide information, as of the period end date of this report, regarding any officers, or directors of the company, individuals or entities controlling more than 5% of any class of the issuer's securities, or any person that performs a similar function, regardless of the number of shares they own. **If any insiders listed are corporate shareholders or entities, provide the name and address of the person(s) beneficially owning or controlling such corporate shareholders, or the name and contact information (City, State) of an individual representing the corporation or entity in the note section.**

Include Company Insiders who own any outstanding units or shares of any class of any equity security of the issuer.

The goal of this section is to provide an investor with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant or beneficial shareholders.

Names of All Officers, Directors and Control Persons	Affiliation with Company (e.g. Officer Title /Director/Owner of more than 5%)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding	Names of control person(s) if a corporate entity
<u>Nochum Greenberg</u>	<u>CEO (Interim), Chairman and Director</u>	<u>Ft. Lauderdale, Florida</u>	<u>0</u>	<u>N/A</u>	<u>--</u>	<u>N/A</u>
<u>Avi Minkowitz</u>	<u>Director</u>	<u>Toronto, Ontario (Canada)</u>	<u>2,000,000</u>	<u>Common</u>	<u>--</u>	<u>N/A</u>
<u>ILST Holdco, Inc.</u>	<u>Owner of more than 5%</u>	<u>Brooklyn, New York</u>	<u>50</u>	<u>Series A Preferred</u>	<u>100</u>	<u>(1)</u>
<u>Daniel Rubin</u>	<u>Owner of more than 5%</u>	<u>Toronto, Ontario (Canada)</u>	<u>44,927</u>	<u>Series B Preferred</u>	<u>62</u>	<u>N/A</u>
<u>909663 Ontario Ltd</u>	<u>Owner of more than 5%</u>	<u>Toronto, Ontario (Canada)</u>	<u>24,927</u>	<u>Series B Preferred</u>	<u>34</u>	<u>(2)</u>

(1) As of the period end date of this report, ILST Holdco LLC owns Fifty (50) shares of the Company's Special 2021 Series A Preferred Stock, which represents 100% of the issued and outstanding shares of such class of stock. The Fifty (50) shares of Special 2021 Series A Preferred Stock collectively have 60% voting rights and each share can be converted into 200,000,000 shares of the Company's common stock. The Manager of ILST Holdco is Avi Minkowitz, with a residential address of Toronto, Ontario (Canada). Mr. Minkowitz also serves as a Director of the Company and as a consultant to Leonite Capital, an affiliate of Leonite Fund I, LP, a creditor of the Company. (See Section 3(B) above.)

(2) The principal of 909663 Ontario Ltd. is Robert Klein, with a residential address of Toronto, Ontario (Canada).

## 7) Legal/Disciplinary History

- A. Identify whether any of the persons or entities listed above have, in the past 10 years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

No

2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;

No

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or

No

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities.

No

- B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

None

## **8) Third Party Service Providers**

Provide the name, address, telephone number and email address of each of the following outside providers. You may add additional space as needed.

Securities Counsel (must include Counsel preparing Attorney Letters).

Name: Zvi Raskin, Attorney At Law  
Address 1: 1 Hillcrest Center Drive, Suite 230  
Address 2: Spring Valley, NY 10977  
Phone: 845.202.3999  
Email: [zr@raskinlegal.com](mailto:zr@raskinlegal.com)

Accountant or Auditor

Name: David Natan, CPA  
Firm: Natan & Associates, LLC  
Address 1: 6720 NW 74th Court  
Address 2: Parkland, FL 33067  
Phone: 786-412-6085

Email: dn474747@aol.com

Investor Relations

Firm: The Paloma Project Ltd.  
Address 1: Unit 19, The Circle, Queen Elizabeth Street  
Address 2: Street, London SE1 2JE, United Kingdom  
Phone: 917-985-8529 (U.S.)  
Email: Rpl@pdrs.market

*All other means of Investor Communication:*

X (Twitter): X  
Discord: --  
LinkedIn: X  
Facebook: --  
[Other ] --

Other Service Providers

Provide the name of any other service provider(s) that **that assisted, advised, prepared, or provided information with respect to this disclosure statement**. This includes counsel, broker-dealer(s), advisor(s), consultant(s) or any entity/individual that provided assistance or services to the issuer during the reporting period.

Name: \_\_\_\_\_  
Firm: \_\_\_\_\_  
Nature of Services: \_\_\_\_\_  
Address 1: \_\_\_\_\_  
Address 2: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Email: \_\_\_\_\_

**9) Financial Statements**

The following financial statements were prepared in accordance with:

- IFRS  
 U.S. GAAP

The following financial statements were prepared by (name of individual)<sup>2</sup>:

Name: David Natan  
Title: CPA  
Relationship to Issuer: Outside Accountant  
Describe the qualifications of the person or persons who prepared the financial statements: CPA

Provide the following financial statements for the most recent fiscal year or quarter. For the initial disclosure statement (qualifying for Pink Current Information for the first time) please provide reports for the two previous fiscal years and any subsequent interim periods.

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<sup>2</sup> The financial statements requested pursuant to this item must be prepared in accordance with US GAAP or IFRS and by persons with sufficient financial skills.

Audit letter, if audited;  
Balance Sheet;  
Statement of Income;  
Statement of Cash Flows;  
Statement of Retained Earnings (Statement of Changes in Stockholders' Equity)  
Financial Notes

## **10) Issuer Certification**

*Principal Executive Officer:*

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles but having the same responsibilities) in each Quarterly Report or Annual Report.

The certifications shall follow the format below:

I, Nochum Greenberg, certify that:

1. I have reviewed this Disclosure Statement for International Star Inc.;
2. Based on my knowledge, this disclosure statement 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 disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

11/20/23 [Date]

/s/ Nochum Greenberg [CEO's Signature]

(Digital Signatures should appear as "/s/ [OFFICER NAME]")

*Principal Financial Officer:*

I, Nochum Greenberg, certify that:

1. I have reviewed this Disclosure Statement for International Star Inc.;
2. Based on my knowledge, this disclosure statement 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 disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

11/20/23 [Date]

/s/ Nochum Greenberg [CFO's Signature]

(Digital Signatures should appear as "/s/ [OFFICER NAME]")

**INTERNATIONAL STAR, INC.**  
**BALANCE SHEETS**  
**(UNAUDITED)**

	<b>September 30,</b>	<b>December 31,</b>
	<b>2023</b>	<b>2022</b>
<b>ASSETS</b>		
Current assets		
Cash	\$ 31,147	\$ 9,027
Accounts receivable	163,892	-
Inventory	261,735	-
Prepaid interest	-	7,590
Other assets	25,180	-
Total current assets	<u>481,954</u>	<u>16,617</u>
Notes receivable	-	317,304
Investments	285,000	98,825
Total assets	<u><u>\$ 766,954</u></u>	<u><u>\$ 432,746</u></u>
<b>LIABILITIES &amp; STOCKHOLDERS' DEFICIT</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 216,117	\$ 22,499
Accrued interest	101,381	17,898
Government loan	29,556	-
Total current liabilities	<u>347,054</u>	<u>40,396</u>
Notes payable, net of discount	1,164,773	426,050
	<u>1,511,827</u>	<u>466,446</u>
Stockholders' Deficit		
Preferred Series B \$0.0001 par value, 10,000,000 shares authorized, 10,000,000 and 72,477 and -0- shares issued and outstanding, September 30, 2023 and December 31, 2022, respectively	72	-
Common stock, \$0.0001 par value; 6,000,000,000 shares authorized, 1,936,364,391 shares issued and outstanding June 30, 2023 and December 31, 2022	1,936,364	1,936,364
Additional paid in capital	5,474,712	4,750,014
Accumulated deficit	<u>(8,156,021)</u>	<u>(6,720,078)</u>
Total Stockholders' (Deficit)	<u>(744,872)</u>	<u>(33,700)</u>
Total Liabilities and Stockholders' Deficit	<u><u>\$ 766,954</u></u>	<u><u>432,746</u></u>

**INTERNATIONAL STAR INC.  
STATEMENTS OF OPERATIONS  
(UNAUDITED)**

	<b>Three Months Ended September 30, 2023</b>	<b>Nine months Ended September 30, 2023</b>
Revenue	\$ 85,554	\$ 269,344
Operating Expenses:		
Administrative expenses	102,981	249,980
Royalty expense	78,282	180,751
Impairment of goodwill	(113,801)	1,044,577
Total operating expenses	<u>67,462</u>	<u>1,475,308</u>
Income (Loss) from operations	18,092	(1,205,964)
Other (expense) income		
Interest (expense)	(140,494)	(229,979)
Total other expense	<u>(140,494)</u>	<u>(229,979)</u>
Income (loss) before provision for income taxes	(122,402)	(1,435,943)
Provision for income taxes	-	-
Net (Loss)	<u>\$ (122,402)</u>	<u>\$ (1,435,943)</u>
Basic and diluted loss per common share	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>
Weighted average number of shares outstanding	<u>1,936,364,391</u>	<u>1,936,364,391</u>

**INTERNATIONAL STAR, INC.**  
**STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
**(UNAUDITED)**

	<b>Preferred Stock</b>		<b>Common Stock</b>		<b>Additional</b>	<b>Accumulated</b>	<b>Total</b>
	<b>Shares</b>	<b>Value</b>	<b>Shares</b>	<b>Value</b>	<b>Paid-in</b>	<b>Deficit</b>	<b>Stockholders'</b>
					<b>Capital</b>		<b>Equity</b>
Balance, December 31, 2022	-	\$ -	1,936,364,391	\$ 1,936,364	\$ 4,750,014	\$ (6,720,078)	\$ (33,700)
Issuance of Series B Preferred	78,200	78			781,922		782,000
Net loss						(1,215,047)	(1,215,047)
Balance, March 31, 2023	78,200	\$ 78	1,936,364,391	\$ 1,936,364	5,531,936	\$ (7,935,125)	\$ (466,747)
Net loss						(98,494)	(98,494)
Balance, June 30, 2023	78,200	\$ 78	1,936,364,391	\$ 1,936,364	5,531,936	\$ (8,033,619)	\$ (565,240)
Return of preferred shares for acquisition adjustment	(5,723)	(6)			(57,224)		(57,230)
Net loss						(122,402)	(122,402)
Balance, September 30, 2023	72,477	\$ 72	1,936,364,391	\$ 1,936,364	5,474,712	\$ (8,156,021)	\$ (744,872)

**INTERNATIONAL STAR INC.  
STATEMENTS OF CASH FLOWS  
(UNAUDITED)**

	<b>Nine months Ended September 30, 2023</b>
<b>Cash Flows From Operating Activities:</b>	
Net loss	\$ (1,435,943)
Amortization of note discount	138,723
Impairment of goodwill	1,044,577
Changes in assets and liabilities:	
Accounts receivable	(149,600)
Inventory	(68,339)
Prepaid interest	7,590
Other assets	14,778
Accounts payable and accrued liabilities	266,447
Net cash (used in) operating activities	<u>(181,768)</u>
<b>Cash Flows From Investing Activities:</b>	
Acquisition of Budding Equity Inc., net of cash received	5,594
Film investment	(285,000)
Net cash (used in) investing activities	<u>(279,406)</u>
<b>Cash Flows From Financing Activities:</b>	
Proceeds from the Sale of Preferred B Stock	782,000
Proceeds from loans	738,723
Payments on promissory notes	(1,037,429)
Net cash provided by financing activities	<u>483,294</u>
Net Increase In Cash	22,120
Cash At The Beginning Of The Period	9,027
Cash At The End Of The Period	<u><u>\$ 31,148</u></u>

**INTERNATIONAL STAR, INC.**  
**NOTES TO CONSOLIDATED (UNAUDITED) FINANCIALS STATEMENT**  
**FOR THE THREE- AND NINE-MONTH PERIODS**  
**ENDED SEPTEMBER 30, 2023**

**NOTE 1 – ORGANIZATION AND NATURE OF OPERATIONS**

International Star, Inc. was incorporated in Nevada in October 1993 (referred to herein as "the Company"). Historically, the Company's business operations were primarily focused on exploration of mining claims and mining properties. In June 2022, a controlling stake in International Star was acquired by ILST Holdco LLC, a limited liability company organized under the laws of the State of Delaware. Under its new management, the Company's strategic objective is to acquire, merge with and build revenue and cash flow producing companies in order to create successful and financially robust enterprises which would consistently create and build stakeholders' value.

On August 24, 2022, the Company entered into a transaction to acquire Budding Equity, Inc. ("BEI") a Canadian company that partners with movie studios and celebrities to monetize their intellectual property (IP) in the burgeoning global cannabis industry, using best in class manufacturers and distributors. On or about February 14, 2023, the Company completed its acquisition of BEI. As a result, IST became the sole owner of all of BEI's outstanding shares, making BEI the Company's wholly-owned subsidiary.

The Company has a fiscal year end of December 31 and is listed on the OTC Pink Markets under the trading symbol ILST. Historically, prior to the Company's acquisition by ILST Holdco LLC, the Company had abandoned its business and failed to take steps to dissolve, liquidate and distribute its assets. It had also failed to meet the required reporting requirements with the Nevada Secretary of State, hold an annual meeting of stockholders and pay its annual franchise tax from 2015 to 2021 which resulted in its Nevada charter being revoked. The Company also failed to provide adequate current public information as defined in Rule 144, promulgated under the Securities Act of 1933, and was thus subject to revocation by the Securities and Exchange Commission pursuant to Section 12(k) of the Exchange Act. On May 25, 2021, a shareholder filed a petition for custodianship, with the District Court, Clark County, Nevada and was appointed as the custodian of the Company on June 3, 2021. The Company's Nevada charter was reinstated on June 4, 2021, and all required reports were filed with the State of Nevada shortly thereafter.

The Company remains active as of the date of this report and provides adequate current public information to meet the requirements under the Securities Act of 1933.

The Company incurred operating losses in previous years resulting in an accumulated deficit of \$6,419,202 on December 31, 2022. By November 8, 2013, the Company filed Form 15-12G with the SEC to terminate its reporting obligations under the 1934 Act. Following its December 31, 2015 quarterly report, the Company stopped all forms of making public reports of its operational and financial results.

On April 22, 2021, Alpharidge Capital, LLC, a shareholder of the Company, served a demand to the Company, at its last address of record, to comply with the Nevada Secretary of State statutes N.R.S. 78.710 and N.R.S. 78.150. On May 25, 2021, a petition was filed against the Company in the District Court of Clark County, Nevada, entitled “In the Matter of International Star, Inc., a Nevada corporation” under case number A-21-835183-P by Alpharidge Capital, LLC, along with an Application for Appointment of Custodian, after several attempts to have prior management reinstate the Company’s Nevada charter, which had been revoked.

On June 03, 2021, the District Court of Clark County, Nevada entered an Order Granting Application for Appointment of Alpharidge Capital, LLC (the “Order”), as Custodian of the Company. Pursuant to the Order, Alpharidge Capital, LLC (the “Custodian”) had the authority to take reasonable and prudent actions on behalf of the Company including, but not limited to, issuing shares of stock, and issuing new classes of stock, as well as entering in contracts on behalf of the Company. In addition, the Custodian, pursuant to the Order, was required to meet the requirements under the Nevada charter.

On June 11, 2021, pursuant to a Securities Purchase Agreement (SPA) the Custodian granted to Community Economic Development Capital, LLC. (“CED Capital”), 50 Series A preferred shares (convertible at 1 into 200,000,000 common shares, and having voting rights of 60% of all votes) in exchange for \$35,000 which the Company used to fund the reinstatement of the Company with the State of Nevada, which included the settlement of the Stock Transfer Agent’s balance. CED Capital also undertook to make all reasonable efforts to provide adequate current public information to meet the requirements under the Securities Act of 1933.

On June 15, 2021, the Company filed a Certificate of Revival with the Secretary State of the State of Nevada, which reinstated the Company’s charter and appointed a new Resident Agent in Nevada.

On June 16, 2021, the Custodian appointed Ambrose O Egbuonu, who is associated with Alpharidge Capital, LLC., as the Company’s president, CEO, secretary, treasurer, and director.

On December 9, 2021, the District Court of Clark County, Nevada entered an Order Granting Alpharidge Capital’s motion to terminate custodianship.

On April 15, 2022, Mr. Ambrose Egbuonu resigned from the position of director of the Company.

On July 20, 2021, the preferred shares were transferred to Caren D. Currier for \$75,000 paid in cash.

Subsequently, Caren D Currier was elected as President, CEO, secretary, treasurer, and director of the Company. The holder of the 50 Series A preferred shares has control of the Company through 60% voting rights over all classes of stock and the 50 Series A preferred shares are convertible into 10,000,000,000 shares (50 Series A preferred shares multiplied by 200,000,000) of the Company's common stock. Subsequently, on or about June 10, 2022, ILST Holdco LLC, through a private transaction, acquired the 50 Series A preferred shares from Caren Currier.

The shares of Special 2021 Series A Preferred Stock are convertible into 10,000,000,000 shares of the Company's Common Stock, with each such share having one vote.

Following the election of Caren D. Currier as President, CEO, secretary and treasurer of the Company, Mr. Ambrose Egbuonu resigned from the position of President, CEO, secretary, and treasurer of the Company.

On February 14, 2023, the Company completed its acquisition (the "Acquisition") of Budding Equity Inc. ("BEi"), and the Company is now the sole owner of all of BEi's outstanding shares, making BEi the Company's wholly-owned subsidiary. As of February 14, 2023, upon the completion of the Acquisition, the Company believes that it has ceased to be a shell company. With the BEi acquisition, the Company is now operating an established cannabis royalty business with significant licensing agreements in place. This business generates royalty revenues from both the sale of celebrity cannabis strains (in multiple states) as well as licensed and branded cannabis-related hardware.

## **NOTE 2 – BASIS OF PRESENTATION AND GOING CONCERN**

### Basis of Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States. All intercompany transactions have been eliminated.

### Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates the realization of assets and the liquidation of liabilities in the normal course of business. As of September 30, 2023, the Company had an accumulated deficit of \$8,156,021 and \$181,768 in cash used in operating activities. The Company cannot be certain that it will be successful even if it obtains outside funding. These factors, among others, raise substantial doubt about the Company's ability to continue as a going concern. The accompanying consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

## **NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES**

### Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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 consolidated 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 purposes of the statement of cash flows, cash equivalents include demand deposits, money market funds, and all highly liquid debt instruments with original maturities of three months or less.

### Financial Instruments

The FASB issued ASC 820-10, Fair Value Measurements and Disclosures, for financial assets and liabilities. ASC 820-10 provides a framework for measuring fair value and requires expanded disclosures regarding fair value measurements.

ASC 820-10 defines fair value as the price that would be received for an asset or the exit price that would be paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants on the measurement date. ASC 820-10 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs, where available. The following summarizes the three levels of inputs required by the standard that the Company uses to measure fair value:

- Level 1: Quoted prices in active markets for identical assets or liabilities
- Level 2: Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the related assets or liabilities.
- Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

### Concentrations and Credit Risks

The Company's financial instruments that are exposed to concentrations and credit risk primarily consist of

its cash, sales, and accounts receivable. The Company places its cash and cash equivalents with financial institutions of high credit worthiness. At times, its cash and cash equivalents with a particular financial institution may exceed any applicable government insurance limits. The Company's management plans to assess the financial strength and creditworthiness of any parties to which it extends funds, and as such, it believes that any associated credit risk exposures are limited.

### Foreign Currency Translation

The accounts of the Company are accounted for in accordance with the Statement of Financial Accounting Statements No. 52 ("SFAS 52"), "Foreign Currency Translation". The financial statements of the Company are translated into US dollars as follows: assets and liabilities at year-end exchange rates; income, expenses, and cash flows at average exchange rates; and shareholders' equity at historical exchange rates.

Monetary assets and liabilities, and the related revenue, expense, gain and loss accounts, of the Company are re-measured at year-end exchange rates. Non-monetary assets and liabilities, and the related revenue, expense, gain, and loss accounts are re-measured at historical rates. Adjustments which result from the re-measurement of the assets and liabilities of the Company are included in net income.

### Share-Based Compensation

ASC 718, Compensation – Stock Compensation, prescribes accounting and reporting standards for all share-based payment transactions in which employee services are acquired. Transactions include incurring liabilities, or issuing or offering to issue shares, options, and other equity instruments such as employee stock ownership plans and stock appreciation rights. Share-based payments to employees, including grants of employee stock options, are recognized as compensation expense in the financial statements based on their fair values. That expense is recognized in the period of grant.

The Company accounts for stock-based compensation issued to non-employees and consultants in accordance with the provisions of ASC 505-50, Equity – Based Payments to Non-Employees. Measurement of share-based payment transactions with non-employees is based on the fair value of whichever is more reliably measurable: (a) the goods or services received; or (b) the equity instruments issued. The fair value of the share-based payment transaction is determined at the earlier of performance commitment date or performance completion date.

As of December 31, 2022 and 2021, respectively, there was \$-0- and \$-0- of recognized expense related to non-vested stock-based compensation arrangements granted. There have been no options granted during the nine months ended September 30, 2023.

## Income Taxes

The Company accounts for income taxes under ASC 740, Income Taxes. Under the asset and liability method of ASC 740, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period the enactment occurs.

A valuation allowance is provided for certain deferred tax assets if it is more likely than not that the Company will not realize tax assets through future operations. Deferred tax assets or liabilities were offset by a 100% valuation allowance, therefore there has been no recognized benefit as of December 31, 2022 and 2021, respectively. Further it is unlikely with the change of control that the Company will have the ability to realize any future tax benefits that may exist.

## Commitments and Contingencies

The Company follows ASC 450-20, Loss Contingencies, to report accounting for contingencies. Liabilities for loss contingencies arising from claims, assessments, litigation, fines and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount of the assessment can be reasonably estimated.

## Earnings Per Share

Net income (loss) per share is calculated in accordance with ASC 260, Earnings Per Share. The weighted-average number of common shares outstanding during each period is used to compute basic earnings or loss per share. Diluted earnings or loss per share is computed using the weighted average number of shares and diluted potential common shares outstanding. Dilutive potential common shares are additional common shares assumed to be exercised.

Basic net income (loss) per common share is based on the weighted average number of shares of common stock outstanding on September 30, 2023 and December 31, 2022. Due to net operating loss, there is no presentation of dilutive earnings per share, as it would be anti-dilutive.

## Accounting Pronouncements

There are no recently issued accounting pronouncements that will have a material impact on the Company.

#### **NOTE 4 – INVESTMENTS**

During the three months ended September 30, 2023, the Company invested \$85,000 into a film project. The balance outstanding of investments was \$285,000 as of September 30, 2023.

#### **NOTE 5 – BUSINESS ACQUISITION, PROMISSORY NOTE ACQUISITION**

On February 14, 2023, the “Company” completed its acquisition (the “Acquisition”) of Budding Equity Inc. (“BEi”), and the Company is now the sole owner of all of BEi’s outstanding shares, making BEi the Company’s wholly-owned subsidiary. As of February 14, 2023, upon the completion of the Acquisition, the Company believes that it has ceased to be a “shell company.” With the BEi acquisition, the Company is now operating an established cannabis royalty business with significant licensing agreements in place. This business generates royalty revenues from both the sale of celebrity cannabis strains (in multiple states) as well as licensed and branded cannabis-related hardware.

The Company had previously acquired 7.5% of the common stock of BEi. Under the terms of the Acquisition the Company acquired the remaining 92.5% of the common stock of BEi by issuing a Promissory Note in the amount of \$1,094,000 with a zero percent interest rate (0%). On the date of acquisition, the Company also assumed \$47,666 in net liabilities, resulting in total purchase consideration and goodwill of \$1,144,996. As of March 31, 2023, the Company fully impaired the goodwill of \$1,144,996 resulting in an impairment charge of the same amount on its Consolidated Statements of Operations.

Subsequent to the Acquisition, the Company paid down the \$1,094,000 Promissory Note by issuing 58,200 Preferred B shares valued at \$582,000 -see Note 7 Equity, and by paying \$158,857 in cash during the three months ended March 31, 2023. During the three months ended June 30, 2023 the Company made additional payments of \$176,571 against the Promissory Note.

During the three months ended September 30, 2023 the Company made an additional payment of \$120,000 against the Promissory Note reducing the outstanding balance due to \$56,571. On September 22, 2023 the Company entered into a Modification Agreement (“Modification”) with the Sellers of BEi to reduce the balance due on the Promissory Note of \$56,571 to \$-0-, and for the sellers to return 5,723 shares of Preferred B shares they had received valued at \$57,230. These modification arose as a result of the Company receiving less assets than originally forecast. The total value of the modification to the Company amounted to \$113,801 and reducing the impairment of goodwill to \$1,044,577.

#### **NOTE 6 – CONVERTIBLE NOTES PAYABLE**

On August 10, 2022, the Company issued a Senior Secured Convertible Promissory Note to Leonite Fund I,

LP, in the principal amount of up to \$625,000 payable in tranches. The loan bears interest at 12% per annum and each tranche matures 12 months following the advance date. All payments due under the Note are payable at maturity. The Note is convertible into common shares at the option of the holder at a fixed price of \$0.005 per share. The Note has both conversion price protection and anti-dilution protection provisions. The Note is secured by all of the assets of the Company. During the second and third quarters, the Company received an additional \$400,000 in drawdowns from Leonite, net of discount. As of September 30, 2023, all note discount had been expensed to interest charges and the Convertible Note Balance amounted to \$1,164,773.

As of September 30, 2023, the Company had accrued \$101,381 in interest on the Leonite convertible notes.

As additional consideration under the terms of this Senior Secured Convertible Promissory Note, the Company issued warrants to Leonite which are exercisable for 62,500,000 Common Shares of the Company. These warrants are exercisable for 60 Months, contain full-ratchet anti-dilution protection provisions, and have an exercise price of \$0.005. Using Black Scholes methodology these warrants were valued at \$312,500 and immediately expensed as a financing cost during the year ended December 31, 2022.

## **NOTE 7 - EQUITY**

### *Common stock*

The Company has 6,000,000,000 shares of \$0.001 par value common stock authorized. As of September 30, 2023 and 2022 there were 1,936,364,391 shares of common stock issued and outstanding.

### *Preferred Stock*

The Company has 10,000,000 shares of \$0.001 par value preferred stock authorized.

#### Series A Preferred Stock

As of September 30, 2023 and December 31, 2022 there were 50 Series A preferred shares outstanding with each share convertible at 1 into 200,000,000 common shares, and having voting rights of 60% of all votes. These shares are held by ILST Holdco LLC.

#### Series B Preferred Stock

As of September 30, 2023, a total of 168,000 shares of Series B Preferred Stock, par value \$0.001, were designated and there were 72,477 shares of Series B Preferred Stock outstanding. 52,477 shares of Series B Preferred Stock are held by the Sellers of BEi (see Note 5) and 20,000 Series B shares are held by Daniel Rubin.

*Voting Rights.* Except as otherwise required by law, the holder of the shares of Series B Preferred Stock have no voting rights.

*Conversion to Common Shares.* The shares of Series B Preferred Stock are eligible for conversion (“Conversion”) into common shares, par value \$0.001 per share, of the Corporation (the "Common Stock"), subject to the following terms:

- (i) The unconverted shares of Series B Preferred Stock may be redeemed by the Company at any time, in whole or in part, upon election by the Company, for a cash payment equal to Ten Dollars (\$10.00 USD) per share of Series B Preferred Stock. All Series B Preferred Stock that is so redeemed shall immediately be transferred by the Holder to the Company;
- (ii) The shares of Series B Preferred Stock may not be converted by the Holders of said shares until the earlier of: (a) a Registration Statement covering the Common Stock shall have been declared effective by the SEC and no stop order suspending the effectiveness of the Registration Statement shall have been issued and no proceedings for that purpose shall have been initiated or threatened by the SEC or any other Governmental Authority, or (b) a period of at least one year has elapsed since the completion of an audit of the Company’s financial statements by an auditing firm registered with the U.S. Public Company Accounting Oversight Board ("PCAOB");
- (iii) The Conversion value of each share of Series B Preferred Stock shall be Ten Dollars (\$10.00 USD), and the purchase price of the Common Stock into which such Preferred Stock is being converted shall be equal to the average of the daily volume-weighted average price (“VWAP”) of the Common Stock during the five (5)-trading days immediately preceding the Conversion date, as reported by Bloomberg L.P.

*Dividends, Liquidation.* The shares of Series B Preferred Stock shall not be entitled to any dividends in respect thereof and shall not participate in any proceeds available to the Corporation's shareholders upon the liquidation, dissolution or winding up of the Corporation.

*No Impairment.* The Corporation shall not intentionally take any action which would impair the rights and privileges of the Series B Preferred Stock set forth herein or the rights of the holder thereof. The Corporation will not, by amendment of its certificate of incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Corporation, but will at all times in good faith assist in the carrying out of all the provisions herein and in the taking of all such action as may be necessary or appropriate in order to protect the rights of the holder of the Series B Preferred Stock against impairment.

## **NOTE 8 - COMMITMENTS AND CONTINGENCIES**

### Risks and Uncertainties

The Company's operations are subject to significant risks and uncertainties including financial, operational, and regulatory risks, including the potential risk of business failure.

### Legal and other matters

In the normal course of business, the Company may become a party to litigation matters involving claims against the Company. The Company's management is unaware of any pending or threatened assertions and there are no current matters that would have a material effect on the Company's financial position or results of operations.