

#### OUTSTANDING SHARE DATA

As of April 11, 2025, the following securities were outstanding:

Common stock: 5,469,037,729 shares

#### OFF-BALANCE SHEET TRANSACTIONS

We currently have no off-balance sheet arrangements that have or are reasonably likely to have a current or future material effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

#### ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

As a Smaller Reporting Company, as defined by Rule 12b-2 of the Exchange Act and in Item 10(f)(1) of Regulation S-K, we are electing scaled disclosure reporting obligations and therefore are not required to provide the information requested by this Item.

#### ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The financial statements and related notes are included as part of this Annual Report.

**TWO HANDS CORPORATION**  
**INDEX**  
**December 31, 2024 and 2023**

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM	F-1
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Balance Sheets	F-2
Consolidated Statements of Operations and Comprehensive Income (Loss)	F-3
Consolidated Statement of Stockholders' Deficit	F-4
Consolidated Statements of Cash Flows	F-6
Notes to Consolidated Financial Statements	F-7

## **REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Shareholders of Two Hands Corporation:

### **Opinion on the Financial Statements**

We have audited the accompanying consolidated balance sheets of Two Hands Corporation ("the Company") as of December 31, 2024 and 2023, the related consolidated statements of operations and comprehensive income (loss), stockholders' deficit, and cash flows for each of the years in the two-year period ended December 31, 2024 and the related notes (collectively referred to as the "financial statements"). In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2024, in conformity with accounting principles generally accepted in the United States of America.

### **Explanatory Paragraph Regarding Going Concern**

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company incurred a net loss and has a stockholders' deficit, which raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

### **Basis for Opinion**

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. 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. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, 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 consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

### **Critical Audit Matters**

Critical audit matters are matters 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 judgments. We determined that there were no critical audit matters.

*/s/ Sadler, Gibb & Associates, LLC*

We have served as the Company's auditor since 2017.

Draper, UT  
April 14, 2025

**TWO HANDS CORPORATION**  
**CONSOLIDATED BALANCE SHEETS**

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<b>ASSETS</b>		
Current assets		
Cash	\$ 1,733	\$ 24,351
Accounts receivable, net	71,431	92,561
VAT taxes receivable	12,283	3,080
Inventory	—	39,489
Prepaid expenses	—	10,000
Total current assets	<u>85,447</u>	<u>169,481</u>
Property and equipment, net	6,025	9,513
Operating lease right-of-use asset	<u>6,263</u>	<u>15,559</u>
Total assets	<u>\$ 97,735</u>	<u>\$ 194,553</u>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 528,643	\$ 523,486
Due to related party	—	883,534
Notes payable	115,642	113,333
Line of credit	834,405	629,507
Promissory notes	2,081,016	—
Non-redeemable convertible notes, net - related party	100,000	—
Current portion of operating lease right-of-use liability	6,263	8,759
Total current liabilities	<u>3,665,969</u>	<u>2,158,619</u>
Long-term liabilities		
Promissory notes	—	247,862
Non-redeemable convertible notes, net	—	502,500
Operating lease right-of-use liability, net of current portion	—	6,800
Total long-term liabilities	<u>—</u>	<u>757,162</u>
Total liabilities	<u>3,665,969</u>	<u>2,915,781</u>
Commitments and Contingencies	—	—
Temporary equity		
Series A convertible preferred stock; \$0.01 par value; 200,000 shares designated, 0 shares issued and outstanding	—	—
Series B convertible preferred stock; \$0.01 par value; 100,000 shares designated, 0 shares issued and outstanding	—	—
Series C convertible preferred stock; \$0.001 par value; 150,000 shares designated, 0 shares and 80,000 shares issued and outstanding, respectively	—	76,116
Series D convertible preferred stock; \$0.001 par value; 200,000 shares designated, 0 shares issued and outstanding	—	—
Series E convertible preferred stock; \$0.0001 par value; 300,000 shares designated, 0 shares issued and outstanding	—	—
Total temporary equity	<u>—</u>	<u>76,116</u>
Stockholder's deficit		
Preferred stock; \$0.001 par value; 1,000,000 shares authorized, 0 issued and outstanding	—	—
Common stock; \$0.0001 par value; 12,000,000,000 shares authorized, 5,469,037,729 and 42,090,329 shares issued and outstanding, respectively	546,905	4,210
Additional paid-in capital	90,288,032	89,278,354
Accumulated other comprehensive income	116,977	6,270
Accumulated deficit	(94,520,148)	(92,086,178)
Total stockholders' deficit	<u>(3,568,234)</u>	<u>(2,797,344)</u>
Total liabilities and stockholders' deficit	<u>\$ 97,735</u>	<u>\$ 194,553</u>

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

**TWO HANDS CORPORATION**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)**

	For the year ended December 31,	
	2024	2023
Sales	\$ 709,526	\$ 783,489
Cost of goods sold	657,718	721,377
Gross profit	51,808	62,112
Operating expenses		
General and administrative	1,217,145	1,341,299
Total operating expenses	1,217,145	1,341,299
Loss from operations	(1,165,337)	(1,279,187)
Other income (expense)		
Amortization of debt discount and interest expense	(174,898)	(159,335)
Gain on disposition	—	50,695
Loss on settlement of non-redeemable convertible notes and promissory notes	(1,093,735)	(6,775,835)
Total other income (expense)	(1,268,633)	(6,884,475)
Net loss attributed to Two Hands Corporation	(2,433,970)	(8,163,662)
Add: deemed contribution - Series A Stock modification	—	190,040
Add: deemed contribution - Series C Stock modification	—	2,211,884
Net loss attributed to Two Hands Corporation common stockholders	<u>\$ (2,433,970)</u>	<u>\$ (5,761,738)</u>
Other comprehensive income (loss)		
Foreign currency translation adjustment	110,707	(32,871)
Total other comprehensive income (loss)	110,707	(32,871)
Comprehensive loss	<u>\$ (2,323,263)</u>	<u>\$ (5,794,609)</u>
Loss per common share - basic and diluted	<u>\$ (0.00)</u>	<u>\$ (0.56)</u>
Weighted average number of common shares outstanding - basic and diluted	<u>1,153,983,813</u>	<u>10,352,044</u>
The accompanying footnotes are an integral part of these consolidated financial statements.		

**TWO HANDS CORPORATION**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT**  
For the year ended December 31, 2024 and 2023

	Common Stock		Common Stock to be Issued	Additional Paid-in Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount					
<b>Balance, December 31, 2023</b>	42,090,329	\$ 4,210	\$ —	\$ 89,278,354	\$ 6,270	\$ (92,086,178)	\$ (2,797,344)
Stock issued for conversion of non-redeemable convertible notes	4,054,949,100	405,495	—	641,562	—	—	1,047,057
Stock issued for settlement of debt - related party	8,000,000	800	—	295,200	—	—	296,000
Stock issued for settlement of promissory notes	1,331,998,300	133,200	—	—	—	—	133,200
Stock issued for the conversion of Series C convertible preferred stock	32,000,000	3,200	—	72,916	—	—	76,116
Foreign currency translation adjustment	—	—	—	—	110,707	—	110,707
Net loss	—	—	—	—	—	(2,433,970)	(2,433,970)
<b>Balance, December 31, 2024</b>	<b><u>5,469,037,729</u></b>	<b><u>\$ 546,905</u></b>	<b><u>\$ —</u></b>	<b><u>\$ 90,288,032</u></b>	<b><u>\$ 116,977</u></b>	<b><u>\$ (94,520,148)</u></b>	<b><u>\$ (3,568,234)</u></b>

	Common Stock		Common Stock to be Issued	Additional Paid-in Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount					
<b>Balance, December 31, 2022</b>	137,403	\$ 14	\$ 336,000	\$ 78,909,153	\$ 39,141	\$ (83,922,516)	\$ (4,638,208)
Rounding on reverse stock split	9,870	—	—	—	—	—	—
Stock issued for conversion of non-redeemable convertible notes	16,920,700	1,694	—	6,892,788	—	—	6,894,482
Stock issued for settlement of debt - related party	7,324	1	—	274,792	—	—	274,793
Stock issued for the conversion of Series A convertible preferred stock	25,000,000	2,500	—	56,965	—	—	59,465
Stock issued for the conversion of Series B convertible preferred stock	11,000	1	—	109,781	—	—	109,782
Stock issued for the conversion of Series C convertible preferred stock	4,000	—	—	296,951	—	—	296,951
Stock issued to settle stock to be issued	32	—	(336,000)	336,000	—	—	—
Deemed contribution - Series A Stock modification	—	—	—	190,040	—	—	190,040
Deemed contribution - Series C Stock modification	—	—	—	2,211,884	—	—	2,211,884
Foreign exchange loss	—	—	—	—	(32,871)	—	(32,871)
Net loss	—	—	—	—	—	(8,163,662)	(8,163,662)
<b>Balance, December 31, 2023</b>	<b>42,090,329</b>	<b>\$ 4,210</b>	<b>\$ —</b>	<b>\$ 89,278,354</b>	<b>\$ 6,270</b>	<b>\$ (92,086,178)</b>	<b>\$ (2,797,344)</b>

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

**TWO HANDS CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	For the year ended December 31,	
	2024	2023
Cash flows from operating activities		
Net loss	\$ (2,433,970)	\$ (8,163,662)
Adjustments to reconcile net loss to cash used in operating activities		
Depreciation and amortization	11,356	12,662
Bad debt	35,843	(24,868)
Gain on disposition	—	(50,695)
Amortization of debt discount	174,898	159,335
Loss on settlement of non-redeemable convertible notes	1,093,735	6,775,835
Change in operating assets and liabilities		
Accounts and taxes receivable	(31,297)	(29,575)
Prepaid expense	10,000	(10,000)
Inventory	38,227	21,648
Deferred revenue	—	(22,221)
Accounts payable and accrued liabilities	859,184	887,881
Operating lease right-of-use liability	(8,479)	(8,272)
Net cash used in operating activities	(250,503)	(451,932)
Cash flows from investing activities		
Net cash used in investing activities	—	—
Cash flow from financing activities		
Expenses paid for by related party	62,928	108,383
Repayment of advances to related party	(45,278)	(34,246)
Proceeds from notes payable	—	105,001
Repayment of notes payable	—	(7,037)
Proceeds from line of credit	211,100	286,529
Net cash provided by financing activities	228,750	458,630
Change in foreign exchange	(865)	516
Net change in cash	(22,618)	7,214
Cash, beginning of the period	24,351	17,137
Cash, end of the period	\$ 1,733	\$ 24,351
Cash paid during the period		
Interest paid	\$ —	\$ —
Income taxes paid	\$ —	\$ —
Supplemental disclosure of non-cash investing and financing activities		
Stock issued for settlement of debt - related party	\$ 296,000	\$ 188,871
Stock issued for settlement of promissory notes	\$ 133,200	\$ —
Stock issued for settlement of promissory notes - related party	\$ —	\$ 85,922
Stock issued to settle non-redeemable convertible notes	\$ 1,047,057	\$ 6,894,482
Issue of new promissory notes to settle promissory notes, accrued expenses and other liabilities	\$ 2,081,016	\$ —
Deemed contribution - Series A Stock Modification	\$ —	\$ 190,040
Deemed contribution - Series C Stock Modification	\$ —	\$ 2,211,884

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



**Two Hands Corporation**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2024 and 2024**

**NOTE 1 - NATURE OF OPERATIONS**

Two Hands Corporation (the "Company") was incorporated in the state of Delaware on April 3, 2009 and on July 26, 2016, changed its name from Innovative Product Opportunities Inc. to Two Hands Corporation.

The Two Hands co-parenting application launched on July 2018 and the Two Hands Gone application launched In February 2019. The Company ceased work on these applications in 2021.

The gocart.city online consumer grocery delivery application was released in early June 2020 and Cuore Food Services commenced sale of dry goods and produce to other businesses in July 2020.

In July 2021, the Company made the strategic decision to focus exclusively on the grocery market through three on-demand branches of its grocery businesses: gocart.city, Grocery Originals, and Cuore Food Services.

- i) gocart.city is the Company's online delivery marketplace, allowing consumers to shop online and have their groceries delivered.
- ii) Grocery Originals is the Company's brick-and-mortar grocery store located in Mississauga Ontario at the site of the Company's warehouse.
- iii) Cuore Food Services is the Company's wholesale food distribution branch.

On May 1, 2024, the Company entered into an asset sale agreement with a non-related private corporation ("Purchaser") whereby the Company sold the assets of gocart.city. The sale included the e-commerce site, branding, supporting components of the Grocery Originals store and inventory. The ongoing sales and client base gocart.city and Grocery Originals was transferred as part of the asset sale. After May 1, 2024, the Company continued the business of Cuore Food Services.

In January 2025, the Company announced its plans to strategically reposition for future growth outside of the wholesale food distribution branch and is taking steps to ensure a smooth and efficient transition away from the legacy business.

In January 2025, the Company also announce its new business in the artisan crafted denim and premium combed Pima cotton yarns space in cooperation with Videlia Mills.

The operations of the business are carried on by Two Hands Canada Corporation, a wholly-owned subsidiary of the Company, incorporated under the laws of Canada on February 7, 2014.

The Company received approval from the Canadian Securities Exchange (the "CSE") to list its common shares (the "Common Shares") on the CSE. Trading of the Common Shares in the capital of the Company commenced on August 5, 2022, under the symbol "TWOH".

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**BASIS OF PRESENTATION**

The financial statements present the balance sheets and statements of operations, stockholders' equity and cash flows of the Company. These financial statements are presented in United States dollars and have been prepared in accordance with accounting principles generally accepted in the United States.

**GOING CONCERN**

The Company's financial statements are prepared in accordance with generally accepted accounting principles applicable to a going concern. This contemplates the realization of assets and the liquidation of liabilities in the normal course of business. During the year ended December 31, 2024, the Company incurred a net loss of \$2,433,970 and used cash in operating activities of \$250,503, and on December 31, 2024, had stockholders' deficit of \$3,568,234 and an accumulated deficit of \$94,520,148. These factors, among others, raise substantial doubt about the Company's ability to continue as a going concern for a period of one year from the date that the financial statements are issued. The Company will be dependent upon the raising of additional capital through placement of its common stock in order to implement its business plan. There can be no assurance that the Company will be successful in this situation. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or amounts and

classifications of liabilities that might result from this uncertainty. We are currently funding our operations by way of cash advances from our Chief Executive Officer, note holders, shareholders and others; however, we do not have any oral or written agreements with them or others to loan or advance funds to us. There can be no assurances that we will be able to receive loans or advances from them or other persons in the future.

#### PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Two Hands Canada Corporation. All intercompany transactions and balances have been eliminated in consolidation.

#### USE OF ESTIMATES AND ASSUMPTIONS

Preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### CONCENTRATIONS

The following table summarizes accounts receivable and revenue concentrations:

	Accounts receivable on December 31, 2024	Revenue for the year ended December 31, 2024
Customer #1	16%	—
Customer #2	12%	—
Total concentration	28%	—%

The following table summarizes accounts payable and purchases concentrations:

	Accounts payable on December 31, 2024	Purchases for the year ended December 31, 2024
Supplier #1	11%	13%
Supplier #2	—	13%
Supplier #3	—	12%
Supplier #4	—	11%
Supplier #5	—	11%
Total concentration	11%	60%

#### CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows, the Company considers highly liquid financial instruments purchased with a maturity of three months or less to be cash equivalents.

#### ACCOUNTS RECEIVABLE

Trade accounts receivable is recorded at the invoiced amount and do not bear interest. The Company grants credit to its customers with defined payment terms, performs ongoing evaluations of the credit worthiness of its customers and generally does not require collateral. Accounts receivables are carried at their outstanding principal amounts, less an anticipated amount for discounts and an allowance for expected credit losses, which management believes is sufficient to cover potential credit losses based on historical experience and periodic evaluation of the financial condition of the Company's customers. Estimated credit losses consider relevant information about past events, current conditions and reasonable and supporting forecasts that affect the collectability of financial assets.

The allowance for doubtful accounts on December 31, 2024 and 2023 is \$130,883 and \$105,072, respectively.

## INVENTORY

Inventory consisting of groceries and dry goods are measured at the lower of cost and net realizable value. Cost is determined pursuant to the first-in first out("FIFO") method. The cost of inventory includes the purchase price, shipping and handling costs incurred to bring the inventories to their present location and condition. Inventory with a short shelf life that is not utilized within the planned period are immediately expensed in the statement of operations. Estimated gross profit rates are used to determine the cost of goods sold in the interim periods, unless physical inventory counts are performed. Any significant adjustment that results from the reconciliation with physical inventory counts is disclosed. On December 31, 2024 and 2023, the inventory valuation allowance was \$39,774 and \$0, respectively.

## PROPERTY AND EQUIPMENT

Property and equipment is stated at cost, less accumulated depreciation and amortization. Expenditures for maintenance and repairs are charged to expense when incurred, while renewals and betterments that materially extend the life of an asset are capitalized.

The costs of assets sold, retired, or otherwise disposed of, and the related allowance for depreciation, are eliminated from the accounts, and any resulting gain or loss is recognized in the results from operations. Depreciation is provided over the estimated useful lives of the assets, which are as follows:

Computer equipment 50% declining balance over a three year useful life

In the year of acquisition, one half the normal rate of depreciation is provided.

## REVENUE RECOGNITION

In accordance with ASC 606, revenue is recognized when a customer obtains control of promised goods or services. The amount of revenue recognized reflects the consideration to which we expect to be entitled to receive in exchange for these goods or services. The provisions of ASC 606 include a five-step process by which we determine revenue recognition, depicting the transfer of goods or services to customers in amounts reflecting the payment to which we expect to be entitled in exchange for those goods or services. ASC 606 requires us to apply the following steps: (1) identify the contract with the customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when, or as, we satisfy the performance obligation. We recognize revenue for the sale of our products upon delivery to a customer.

During the year ended December 31, 2024 and 2023, the Company had revenue of \$709,526 and \$783,489, respectively. In 2024, the Company recognized revenue of \$709,526 from the sale of dry goods and produce to other customers. In 2024 the Company recognized revenue of \$28,673 from the sale of groceries to consumers via the gocart.city online grocery delivery application and \$754,816 from the sale of dry goods and produce to other customers.

## LEASES

Under ASC 842, a right-of-use asset and lease liability is recorded for all leases and the statement of operations reflects the lease expense for operating leases and amortization/interest expense for financing leases.

The Company does not apply the recognition requirements in the standard to a lease that at commencement date has a lease term of twelve months or less and does not contain a purchase option that it is reasonably certain to exercise and to not separate lease and related non-lease components. Options to extend the leases are not included in the minimum lease terms unless they are reasonably certain to be exercised.

The Company leases an automobile under a non-cancelable operating lease. Right-of-use assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. As most of the Company's leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments.

## DEBT DISCOUNT AND DEBT ISSUANCE COSTS

Debt discounts and debt issuance costs incurred in connection with the issuance of convertible notes are capitalized and amortized to interest expense based on the related debt agreements using the effective interest rate method. Unamortized discounts are netted against convertible notes.

## INCOME TAXES

The Company accounts for income taxes in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("FASB ASC") 740, Income Taxes. Under the assets and liability method of FASB ASC 740, deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The Company provides a valuation allowance, if necessary, to reduce deferred tax assets to their estimated realizable value.

## NET LOSS PER SHARE

Basic net income (loss) per share includes no dilution and is computed by dividing net income (loss) available to common stockholders by the weighted average number of common shares outstanding for the period. Diluted earnings per share is computed by dividing earnings available to common shareholders by the weighted average number of common shares outstanding for the period increased to include the number of additional common shares that would have been outstanding if potentially dilutive securities had been issued. Dilutive net loss per share for common stock is calculated utilizing the if-converted method which assumes the conversion non-redeemable convertible notes and the line of credit. On December 31, 2024 and 2024, we excluded the common stock issuable upon conversion of non-redeemable convertible notes, and Series C Stock of 1,167,136,632 shares and 5,056,999,100 shares, respectively, as their effect would have been anti-dilutive.

## FOREIGN CURRENCY TRANSLATION

The consolidated financial statements are presented in United States dollars. The functional currency of the consolidated entities are determined by evaluating the economic environment of each entity. The functional currency of Two Hands Corporation is the United States dollar. Foreign exchange translation adjustments are reported as gains or losses resulting from foreign currency transactions and are included in the results of operations.

Two Hands Canada Corporation maintains its accounts in the Canadian dollar. Assets and liabilities are translated to United States dollars at year-end exchange rates. Income and expenses are transaction at averages exchange rate during the year. Foreign currency transaction adjustments are reported as other comprehensive income, a component of equity in the consolidated.

## STOCK-BASED COMPENSATION

The Company accounts for stock incentive awards issued to employees and non-employees in accordance with FASB ASC 718, Stock Compensation. Accordingly, stock-based compensation is measured at the grant date, based on the fair value of the award. Stock-based awards to employees are recognized as an expense over the requisite service period, or upon the occurrence of certain vesting events. Additionally, stock-based awards to non-employees are expensed over the period in which the related services are rendered.

## FAIR VALUE OF FINANCIAL INSTRUMENTS

ASC Topic 820 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements.

Included in the ASC Topic 820 framework is a three level valuation inputs hierarchy with Level 1 being inputs and transactions that can be effectively fully observed by market participants spanning to Level 3 where estimates are unobservable by market participants outside of the Company and must be estimated using assumptions developed by the Company. The Company discloses the lowest level input significant to each category of asset or liability valued within the scope of ASC Topic 820 and the valuation method as exchange, income or use. The Company uses inputs which are as observable as possible and the methods most applicable to the specific situation of each company or valued item.

The Company's financial instruments such as cash, accounts payable and accrued liabilities, non-redeemable convertible notes, notes payable and due to related parties are reported at cost, which approximates fair value due to the short-term nature of these financial instruments.

## RECENT ACCOUNTING PRONOUNCEMENTS

In August 2020, the FASB issued ASU 2020-06, Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40). This update amends the guidance on convertible instruments and the derivatives scope exception for contracts in an entity's own equity and improves and amends the related EPS guidance for both Subtopics. This standard is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2023, which means it will be effective for our fiscal year beginning January 1, 2024. The Company recognizes there will be an impact on how conversions are calculated which may require recognition of gains or losses. The Company adopted ASU 2020-06 during the year ended December 31, 2024. See Note 5. Line of Credit for further detail.

In November 2023, the FASB issued ASU No. 2023-07, Improvements to Reportable Segment Disclosures (Topic 280). This ASU updates reportable segment disclosure requirements by requiring disclosures of significant reportable segment expenses that are regularly provided to the Chief Operating Decision Maker ("CODM") and included within each reported measure of a segment's profit or loss. This ASU also requires disclosure of the title and position of the individual identified as the CODM and an explanation of how the CODM uses the reported measures of a segment's profit or loss in assessing segment performance and deciding how to allocate resources. The ASU is effective for annual periods beginning after December 15, 2023, and interim periods within fiscal year beginning after December 15, 2024. Adoption of the ASU should be applied retrospectively to all prior periods presented in the financial statements. Early adoption is also permitted. The Company adopted this new standard on January 1, 2024 and the adoption did not have a material impact on the consolidated financial statements.

In December 2023, the FASB issued ASU No. 2023-09, Improvements to Income Tax Disclosures (Topic 740). The ASU requires disaggregated information about a reporting entity's effective tax rate reconciliation as well as additional information on income taxes paid. The ASU is effective on a prospective basis for annual periods beginning after December 15, 2024. Early adoption is also permitted for annual financial statements that have not yet been issued or made available for issuance. The Company is currently evaluating the provisions of the amendments and the impact on its financial statements.

Other recent accounting pronouncements issued by the FASB, including its Emerging Issues Task Force, the American Institute of Certified Public Accountants, and the Securities and Exchange Commission did not or are not believed by management to have a material impact on the Company's present or future consolidated financial statements.

### **NOTE 3 – NON-REDEEMABLE CONVERTIBLE NOTES**

#### **Non-redeemable convertible notes**

On January 8, 2018, the Company entered into a Side Letter Agreement ("Note") with a non-related investor, Stuart Turk, to amend and add certain terms to unsecured, non-interest bearing, due on demand notes payable totaling \$244,065 issued by the Company during the period of July 2014 and December 2017. The issue price of the Note is \$244,065 with a face value of \$292,878 and the Note has an original maturity date of December 31, 2018 which is subject to automatic annual renewal. On June 29, 2021, the Company and Stuart Turk entered into an Agreement to change the original maturity date of the Note to December 31, 2025. At the option of the Company, the Company may convert principal and interest at a fixed conversion price of \$0.0001 per share of the Company's common stock. The Note allows the lender to secure a portion of the Company assets up to 200% of the face value of the Note. If the Note is not paid on December 31 each year, the outstanding face amount of the Note increases by 20% on January 1 the following year. During the year ended December 31, 2024, the Company elected to convert \$150,119 of principal and interest into 1,501,191,200 shares of common stock of the Company at a conversion price of \$0.0001 per share. These conversions resulted in a loss on debt settlement of \$342,225 due to the requirement to record the share issuance at fair value on the date the shares were issued. The consolidated statement of operations includes interest expense of \$25,000 and \$37,562 for the year ended December 31, 2024 and 2023, respectively. On December 31, 2024 and 2023, the carrying amount of the Note is \$0 (face value of \$0 less \$0 unamortized discount) and \$125,119 (face value of \$125,119 less \$0 unamortized discount), respectively. This Note was paid in full on August 5, 2024.

On May 10, 2018, the Company entered into a Side Letter Agreement ("Note") with a non-related investor, Jordan Turk, to amend and add certain terms to unsecured, non-interest bearing, due on demand notes payable totaling \$35,000 issued by the Company on May 9, 2018. The issue price of the Note is \$35,000 with a face value of \$42,000 and the Note has an original maturity date of December 31, 2018 which is subject to automatic annual renewal. On June 29, 2021, the Company and Jordan Turk entered into an Agreement to change the original maturity date of the Note to December 31, 2025. At the option of the Company, the Company may convert principal and interest at a fixed conversion price of \$0.0001 per share of the Company's common stock. The Note allows the lender to secure a portion of the Company assets up to 200% of the face value of the Note. If the Note is not paid on December 31 each year, the outstanding face amount of the Note increases by 20% on January 1 the following year. During the year ended December 31, 2024, the Company elected to convert \$2,263 of principal and interest into 22,625,300 shares of common stock of the Company at a conversion price of \$0.0001 per share. These conversions resulted in a loss on debt settlement of \$36,747 due to the requirement to record the share issuance at fair value on the date the shares were issued. The consolidated statement of operations includes interest expense of \$377 and \$1,694 for the year ended December 31, 2024 and 2023, respectively. On December 31, 2024 and 2023, the carrying amount of the Note is \$0 and \$1,885 (face value of \$1,885 less \$0 unamortized discount), respectively. This Note was paid in full on April 29, 2024.

On January 31, 2019, the Company entered into a Side Letter Agreement (“Note”) with Stuart Turk to amend and add certain terms to unsecured, non-interest bearing, due on demand notes payable totaling \$106,968 issued by the Company during the period of January 3, 2018 to December 28, 2018. The issue price of the Note is \$106,968 with a face value of \$128,362 and the Note has an original maturity date of December 31, 2019 which is subject to automatic annual renewal. On June 29, 2021, the Company and Stuart Turk entered into an Agreement to change the original maturity date of the Note to December 31, 2025. At the option of the Company, the Company may convert principal and interest at a fixed conversion price of \$0.0001 per share of the Company’s common stock. The Note allows the lender to secure a portion of the Company assets up to 200% of the face value of the Note. If the Note is not paid on December 31 each year, the outstanding face amount of the Note increases by 20% on January 1 the following year. During the year ended December 31, 2024, the Company elected to convert \$253,113 of principal and interest into 2,531,132,600 shares of common stock of the Company at a conversion price of \$0.0001 per share. These conversions resulted in a loss on debt settlement of \$262,602 due to the requirement to record the share issuance at fair value on the date the shares were issued. The consolidated statement of operations includes interest expense of \$51,211 and \$44,362 for the year ended December 31, 2024 and 2023, respectively. In addition, on December 30, 2024, the Holder of the Note also agreed to exchange the remaining outstanding principal and interest of this Note with a carrying value of \$54,116 and other promissory notes comprising principal and interest of \$112,319 for a New Promissory Note with a carrying value of \$277,365 resulting in the loss of extinguishment of debt of \$110,930. (See Note 7). On December 31, 2024 and 2023, the carrying amount of the Note is \$0 (face value of \$0 less \$0 unamortized discount) and \$256,056 (face value of \$256,056 less \$0 unamortized discount), respectively. This Note was paid in full on December 30, 2024.

#### Non-redeemable convertible notes – related party

On September 13, 2018, the Company entered into a Side Letter Agreement (“Note”) with a non-related investor, Jordan Turk, to amend and add certain terms to unsecured, non-interest bearing, due on demand notes payable totaling \$40,000 issued by the Company during the period of July 10, 2018 to September 13, 2018. The issue price of the Note is \$40,000 with a face value of \$48,000 and the Note has an original maturity date of December 31, 2018 which is subject to automatic annual renewal. On June 29, 2021, the Company and Jordan Turk entered into an Agreement to change the original maturity date of the Note to December 31, 2025. At the option of the Company, the Company may convert principal and interest at a fixed conversion price of \$0.0001 per share of the Company’s common stock. The Note allows the lender to secure a portion of the Company assets up to 200% of the face value of the Note. If the Note is not paid on December 31 each year, the outstanding face amount of the Note increases by 20% on January 1 the following year.

On December 30, 2024, Jordan Turk and the Company agreed to exchange \$43,328 of principal and interest for a New Promissory Note with a carrying value of \$71,993 (see Note 7) resulting in a loss of extinguishment of \$28,665.

Also, on December 30, 2024, Jordan Turk entered into an agreement to assign the remaining outstanding principal and interest of the original Note with a carrying value of \$100,000 to Emil Assentato, the Chief Executive Officer of the Company.

The consolidated statement of operations includes interest expense of \$23,888 and \$19,907 for the year ended December 31, 2024 and 2023, respectively. On December 31, 2024 and 2023, the carrying amount of the Note is \$100,000 (face value of \$100,000 less \$0 unamortized discount) and \$119,440 (face value of \$119,440 less \$0 unamortized discount), respectively.

#### NOTE 4 – LEASES

The Company entered into an operating lease agreement on October 14, 2021 for an automobile, resulting in the recording of an initial liability and corresponding right-of-use asset of \$35,906. The weighted-average remaining non-cancelable lease term for the Company’s operating lease was 0.75 years at December 31, 2024. The weighted-average discount rate was 3.96% at December 31, 2024.

The Company’s operating lease expires in 2025. The following shows future lease payments for the remaining periods under operating lease at December 31, 2024:

Periods ending December 31,	Operating Lease Commitments
2024	\$ 0
2025	7,585
Total operating lease commitments	7,585
Less: imputed interest	(1,322)
Total right-of-use liability	\$ 6,263

The Company's discounted current right-of-use lease liability and discounted non-current right-of-use lease liability on December 31, 2024 is \$6,263 and \$0, respectively.

Operating leases expense for the years ended December 31, 2024 and 2023 is \$10,114, respectively.

#### **NOTE 5 – LINE OF CREDIT**

On April 14, 2022, the Company entered into a binding Grid Promissory Note and Credit Facility Agreement (the "Line of Credit") with The Cellular Connection Ltd. (the "Lender"). Pursuant to the Line of Credit, the Company can borrow from the Lender up to CAD \$750,000 in principal in increments of at least CAD \$50,000 upon five business days' notice and the outstanding principal bears interest at 8% per annum, payable monthly. The outstanding principal and all accrued interest became due and payable in full on May 1, 2024, the maturity date of the Line of Credit. The Lender has provided verbal assurances that the Company may continue to borrow additional funds at the same terms as the Line of Credit. Any indebtedness under the Line of Credit are secured against accounts receivable and inventory of the Company.

On December 30, 2024, the Company and the Lender agreed to amend (the "Amendment") to the terms of the Line of Credit. The Amendment cancels the right of the Company, at its option, to convert outstanding principal and interest into shares of common stock of the Company after twelve months from the first advance at a conversion price of \$0.10 per share. The Amendment grants the right of the Lender, at its option, to convert outstanding principal or interest into shares of common stock of the Company at a conversion price of \$0.005 per share (the "Conversion Option"). The Company determined that the Conversion Option was not substantive in accordance with ASC 470-50-40-10 since the conversion price of \$0.005 per share was extremely high when compared to the fair value of Company stock of \$0.0001 per share on issuance of the Amendment.

Any conversion is subject to a restriction on the Lender never holding more than 4.99% of the Company's Common Shares.

As of December 31, 2024 and 2023, the Line of Credit of \$834,405 (principal \$742,727 (CAD \$1,069,595) and interest of \$91,678) and \$629,507 (principal \$588,295 (CAD \$780,336) and interest of \$41,212), respectively, was outstanding. The consolidated statement of operations includes interest expense of \$56,707 and \$37,144 for the year ended December 31, 2024 and 2023, respectively.

#### **NOTE 6 – NOTES PAYABLE**

As of December 31, 2024 and 2023, notes payable due to Piero Manzini, Nadav Elituv, the former CEO of the Company, and The Cellular Connection Limited, a corporation controlled by Stuart Turk, totaling \$115,642 and \$113,333, respectively, were outstanding. The balances are non-interest bearing, unsecured and have no specified terms of repayment. On September 9, 2024, notes payable which totaled \$4,601 were settled by exchanging these notes payable for promissory notes.

#### **NOTE 7 – PROMISSORY NOTES**

##### **Promissory Notes**

On September 9, 2024, the Company issued promissory notes with principal of \$240,926 to settle notes payable, promissory notes, accrued interest (totaling \$234,843 (principal \$167,455 and interest of \$67,388)) and other liabilities. The promissory notes (the "Promissory Notes") bears interest of 10% per annum, are unsecured and mature on December 31, 2025. At the option of the Company, outstanding principal and interest may be paid in cash or in shares of common stock of the Company valued at the closing price OTC Pink markets prior to the date of conversion.

During the year ended December 31, 2024, the Company elected to settle \$133,200 of principal and interest of Promissory Notes by issuing 1,331,998,300 shares of common stock of the Company with a fair value of \$133,200.

On December 30, 2024, the Company exchanged Promissory Notes comprising principal and interest of \$112,319 and a non-redeemable convertible note principal and interest of \$54,116 for a New Promissory Note with a carrying value of \$277,365 (See Note 3) resulting in the loss of extinguishment of debt of \$110,930.

On December 30, 2024, Jordan Turk and the Company agreed to exchange \$43,328 of non-convertible redeemable promissory notes principal and interest for a New Promissory Note with a carrying value of \$71,993 (see Note 3) resulting in a loss of extinguishment of \$28,665.

On December 30, 2024, Jordan Turk and the Company agreed to exchange \$26,382 of Promissory Notes principal and interest for a New Promissory Note with carrying value of \$31,858 resulting in a loss of extinguishment of 5,276.

As of December 31, 2024 and 2023, promissory notes of \$2,081,016 (principal \$381,016 and interest of \$0) and of \$247,862 (principal \$186,672 and interest of \$61,190), respectively, were outstanding.

New Promissory Notes are unsecured, bear interest of 10% per annum and are due on December 31, 2025.

#### **Promissory Notes – Related Party**

As of December 31, 2024 and 2023, promissory note – related party of \$0 and \$0, respectively, were outstanding. The promissory notes – related party bear interest of 10% per annum, are unsecured, mature on December 31, 2025 and are due to 2130555 Ontario Limited, a Company controlled by Nadav Elituv, the Company's former Chief Executive Officer. On February 2, 2023, the Company issued common stock to settle promissory note – related party and interest with a carrying value of \$85,922.

On December 30, 2024, the Company agreed to settle accrued liabilities due to Nadav Elituv, the Company's former Chief Executive Officer, totaling \$1,392,859 for a New Promissory Note with carrying value of \$1,700,000 resulting in a loss of extinguishment of \$307,289.

#### **NOTE 8 – RELATED PARTY TRANSACTIONS**

As of December 31, 2023, advances and accrued salary of \$883,534 were due to Nadav Elituv, the Company's former Chief Executive Officer. The balance is non-interest bearing, unsecured and have no specified terms of repayment.

During the year ended December 31, 2024, the Company issued advances due to related party for \$62,928 for expenses paid on behalf of the Company and advances due to related party were repaid by the Company with \$45,278 in cash. On February 26, 2024, the Company issued common stock to settle due to related party with a carrying value of \$296,000 (Note 11). On December 30, 2024, the Company issued a New Promissory Note (see Note 7) to settle accrued salary of \$1,392,859 due to Nadav Elituv.

During the year ended December 31, 2023, the Company issued advances due to related party for \$108,383 for expenses paid on behalf of the Company and advances due to related party were repaid by the Company with \$34,246 in cash. In addition, the Company accrued salary of \$808,076 due to Nadav Elituv for the year ended December 31, 2023. On February 2, 2023, the Company issued common stock to settle due to related party with a carrying value of \$188,871 (Note 11).

During the years ended December 31, 2024 and 2023, the Company paid Linus Creative Services, a business controlled by Bradley Southam, a former director of the Company, \$0 and \$2,714, respectively, for advertising services.

#### **Employment Agreements**

On January 15, 2023, the Company executed an employment agreement for the period from January 1, 2023 to December 31, 2023 with Nadav Elituv, the former Chief Executive Officer of the Company whereby the Company shall pay an annual salary of \$600,000 from available funds.

On March 17, 2024, the Company executed an employment agreement for the period from January 1, 2024 to December 31, 2024 with Nadav Elituv, the former Chief Executive Officer of the Company whereby the Company shall pay an annual salary of \$600,000 from available funds.

On July 1, 2023, entered into a consulting agreement to pay 2130555 Ontario Limited, a Company controlled by Nadav Elituv, a monthly consulting fee of CAD \$24,000 per month for services for the period from July 1, 2023 to December 31, 2023.

On January 1, 2024, entered into a consulting agreement to pay 2130555 Ontario Limited, a Company controlled by Nadav Elituv, a monthly consulting fee of CAD \$24,000 per month for services for the period from January 1, 2024 to December 31, 2024.



## NOTE 9 - INCOME TAXES

A reconciliation of the provision for income taxes at the United States federal statutory rate compared to the Company's income tax expense as reported is as follows:

	2024	2023
Net loss before income taxes per consolidated financial statements	\$ (2,433,970)	\$ (8,163,662)
Income tax rate	21%	21%
Income tax recovery	(511,000)	(1,714,400)
Non-deductible share-based payments	—	—
Non-deductible interest	36,700	33,500
Loss on settlement of debt	229,600	1,422,900
Initial derivative expense	—	—
Change in fair value of derivative expense	—	—
Valuation allowance change	244,700	258,000
Income tax expense (recovery)	\$ —	\$ —

The significant component of deferred income tax assets on December 31, 2024 and 2023 is as follows:

	2024	2023
Net operating loss carry-forward	\$ 1,830,400	\$ 1,585,700
Valuation allowance	(1,830,400)	(1,585,700)
Net deferred income tax asset	\$ —	\$ —

The amount taken into income as deferred income tax assets must reflect that portion of the income tax loss carry forwards that is more likely-than-not to be realized from future operations. The Company has chosen to provide a full valuation allowance against all available income tax loss carry forwards. The Company has recognized a valuation allowance for the deferred income tax asset since the Company cannot be assured that it is more likely than not that such benefit will be utilized in future years. The valuation allowance is reviewed annually. When circumstances change and which cause a change in management's judgment about the realizability of deferred income tax assets, the impact of the change on the valuation allowance is generally reflected in current income.

As of December 31, 2024 and 2023 the Company has no unrecognized income tax benefits. The Company's policy for classifying interest and penalties associated with unrecognized income tax benefits is to include such items as tax expense. No interest or penalties have been recorded during the years ended December 31, 2024 and 2023 and no interest or penalties have been accrued as of December 31, 2024 and 2023. As of December 31, 2024 and 2023, the Company did not have any amounts recorded pertaining to uncertain tax positions.

The tax years from 2009 and forward remain open to examination by federal and state authorities due to net operating loss and credit carryforwards. The Company is currently not under examination by the Internal Revenue Service or any other taxing authorities.

## NOTE 10 – PREFERRED STOCK

On August 6, 2013, the Company filed a Certificate of Designation with the Delaware Secretary of State thereby designating two hundred thousand (200,000) shares as Series A Convertible Preferred Stock ("Series A Stock"). Each share of Series A Stock is convertible into one thousand (1,000) shares of common stock of the Company. On April 21, 2022, the Company amended its articles to amend the terms of its Series A Convertible Preferred Stock to become non-voting shares. Previously Series A Stock were entitled to the number of votes equal to the aggregate number of shares of common stock into which the Holder's share of Series A Stock is convertible, multiplied by one hundred (100).

On December 12, 2019, the Company filed a Certificate of Designation with the Delaware Secretary of State thereby designating one hundred thousand (100,000) shares as Series B Convertible Preferred Stock ("Series B Stock"). After a one year holding period, each share of Series B Stock is convertible into one thousand (1,000) shares of common stock of the Company. Series B Stock is non-voting.

On October 7, 2020, the Company filed a Certificate of Designation with the Delaware Secretary of State thereby designating five thousand (5,000) shares as Series C Convertible Preferred Stock, par value \$0.001 per share ("Series C Stock"). Each share of Series C Stock (i) has a liquidation value of \$100, subject to various anti-dilution protections (ii) is convertible into shares of common stock of the Company six months after the date of issuance at a price of \$0.25 per share effective June 30, 2022, subject to various anti-dilution protections (iii) on conversion will receive an aggregate number of shares of common stock as is determined by dividing the liquidation value by the conversion price. Series C Stock are non-voting. On June 24, 2021, the board of directors approved the increase in the number of designated shares of Series C Convertible Preferred Stock from 5,000 to 30,000 and reduction of the conversion price from \$0.0035 per share to \$0.002 per share. On April 27, 2022, a 1 for 1,000 reverse stock split of the Company's common stock took effect which increased the conversion rate from \$0.002 per share to \$2.00 per share. On June 30, 2022, the Company made an amendment to the Certificate of Designation of its Series C Stock which lowered the fixed conversion price from \$2.00 per share to \$0.25 per share.

On September 1, 2021, the Company filed a Certificate of Designation with the Delaware Secretary of State thereby designating two hundred thousand (200,000) shares as Series D Convertible Preferred Stock, par value \$0.001 per share ("Series D Stock"). Each share of Series D Stock is convertible into one hundred (100) shares of common stock of the Company six months after the date of issuance. Series D Stock are non-voting.

On June 30, 2022, the Company made an amendment to the Certificate of Designation of its Series C Stock which lowered the fixed conversion price from \$2.00 per share to \$0.25 per share. Per separate agreement, the fixed conversion price was adjusted to \$400 per share. The Company accounted for the amendment as an extinguishment and recorded a deemed dividend in accordance with ASC 260-10-599-2. As such, on June 30, 2022, the shares of Series C Stock recorded at fair value of 296,951 resulting in a deemed contribution of \$834,001.

On October 4, 2022, the Company filed a Certificate of Designation with the Delaware Secretary of State that had the effect of designating 300,000 shares of preferred stock as Series E Convertible Preferred Stock ("Series E Stock"). Series E Stock are non-voting, have a par value of \$0.0001 per share and have a stated value of \$1.00 per share. Each share of Series E Stock carries an annual cumulative dividend of 10% of the stated value. The Company may redeem Series E Stock in cash, if redeemed within 60 days of issuance date, at 110% of the stated value plus accrued unpaid dividends and between 61 days and 180 days at 115% of the stated value plus unpaid accrued dividends. After 180 days of the issuance date, the Company does not have the right to redeem Series E Stock. After 180 days after the issue date, Series E Stock at the stated value together with any unpaid accrued dividends are convertible into shares of common stock of the Company at the Holder's option at a variable conversion price calculated at 75% of the market price defined as the lowest three average trading price during the ten trading day period ending on the latest trading day prior to the conversion date. After 18 months following the issuance date, the Company must redeem for cash Series E Stock at its stated value plus any accrued unpaid dividends and the default adjustment, if any.

On September 29, 2023, a 1 for 1,000 reverse stock split of the Company's common stock took effect.

On October 10, 2024, the Company elected to convert 80,000 shares of Series C Convertible Preferred Stock into 32,000,000 shares of common stock of the issuer in accordance with the original terms of the Series C Convertible Preferred Stock.

Series A Stock, Series B Stock, Series C Stock, Series D Stock and Series E Stock has been classified as temporary equity (outside of permanent equity) on the consolidated balance sheet on December 31, 2024 and 2023, since share settlement is not within the control of the Company.

#### **NOTE 11 - STOCKHOLDERS' EQUITY**

The Company is authorized to issue an aggregate of 12,000,000,000 common shares with a par value of \$0.0001 per share and 1,000,000 shares of preferred stock with a par value of \$0.0001 per share.

On August 22, 2023, pursuant to stockholder consent, our Board of Directors authorized an amendment (the "Amendment") to our Certificate of Incorporation, as amended, to effect a reverse stock split of the issued and outstanding shares of our common stock, par value \$0.0001, on a 1 for 1,000 basis. We filed the Amendment with the Delaware Secretary of State on August 22, 2023. On September 21, 2023 the Financial Industry Regulatory Authority, Inc. notified us that the reverse stock split would take effect on September 29, 2023. All common stock share and per-share amounts for all periods presented in these consolidated financial statements have been adjusted retroactively to reflect the reverse stock split.

During the year ended December 31, 2024, the Company elected to convert \$405,495 of principal and interest of non-redeemable convertible notes into 4,054,949,100 shares of common stock of the Company with a fair value of \$1,047,058 resulting in a loss of extinguishment of debt of \$641,562.

During the year ended December 31, 2024, the Company elected to settle \$133,200 of principal and interest of promissory notes by issuing 1,331,998,300 shares of common stock of the Company with a fair value of \$133,200.

On February 26, 2024, the Company agreed to issue 8,000,000 shares of common stock with a fair value of \$109,600 to settle accrued salary and expenses of \$296,000 (CAD \$400,000) due to Nadav Elituv, the former Chief Executive Officer of the Company resulting an increase in additional paid-in capital of \$186,400.

On October 10, 2024, the Company elected to convert 80,000 shares of Series C Convertible Preferred Stock into 32,000,000 shares of common stock of the issuer in accordance with the original terms of the Series C Convertible Preferred Stock.

For the year ended December 31, 2023, the Company elected to convert \$118,647 of principal and interest of non-redeemable convertible notes into 16,920,700 shares of common stock of the Company with a fair value of \$6,894,482 resulting in a loss of extinguishment of debt of \$6,775,835.

On February 2, 2023, the Company agreed to issue 978 shares of common stock with a fair value of \$3,912 to settle advances with a carrying value of \$36,690 (CAD \$48,894) due to Nadav Elituv, the former Chief Executive Officer of the Company resulting an increase in additional paid-in capital of \$32,778.

On February 2, 2023, the Company agreed to issue 6,346 shares of common stock with a fair value of \$25,384 to settle consulting fees with a carrying value of \$238,103 (CAD \$317,302) due to 2130555 Ontario Limited resulting an increase in additional paid-in capital of \$212,720. 2130555 Ontario Limited is controlled by Nadav Elituv, the former Chief Executive Officer of the Company.

On March 3, 2023, the Holder of Series B Stock elected to convert 7,000 shares of Series B Stock into 7,000 shares of common stock resulting in a \$69,162 reduction in the carrying value of Series B Stock.

On May 12, 2023, the Company issued 32 shares of common stock to satisfy an obligation for common stock to be issued with a carrying value of \$336,000.

On May 16, 2023, the Holder of Series B Stock elected to convert 4,000 shares of Series B Stock into 4,000 shares of common stock resulting in a \$39,921 reduction in the carrying value of Series B Stock.

On June 30, 2023, 10,000 shares of Series C Stock automatically converted into 4,000 shares of common stock in accordance with the Certificate of Designation resulting in a \$296,951 reduction in the carrying value of Series C Stock.

On September 29, 2023, the holder of Series A Stock elected to convert 25,000 shares of Series A Stock into 25,000,000 shares of common stock.