EOM Pharmaceutical Holdings Inc.

136 Summit Avenue, Suite 100 Montvale NJ 07645

201-351-0605
www.eompharma.com
info@eompharma.com

Annual Report

For the period ending December 31, 2023 (the "Reporting Period")

Outstanding Shares

The number of shares outstanding of our Common Stock was:

113,270,751 as of 3/28/24 *(Current Reporting Period Date or More Recent Date)*

113,270,751 as of 12/31/23 *(Most Recent Completed Fiscal Year End)*

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[4] of the company has occurred during this reporting period:

Yes: ☐ No: ☒

[4] "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;
(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.

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 names used by predecessor entities, along with the dates of the name changes.

EOM Pharmaceutical Holdings Inc. name changed effective November 7, 2022. Formerly known as ImmunoCellular Therapeutics Ltd.

Current State and Date of Incorporation or Registration: Delaware
Standing in this jurisdiction: (e.g. active, default, inactive): Active

Prior Incorporation Information for the issuer and any predecessors during the past five years:
None

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

None

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

None

Address of the issuer's principal executive office:

136 Summit Avenue Suite 100, Montvale NJ 07645

Address of the issuer's principal place of business:
x *Check if principal executive office and principal place of business are the same address:*

Same

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:

2) Security Information

Transfer Agent

Name:
Computershare Phone:
720-236-5862
Email: Dmitriy.podolny@computershare.com
Address: 6200 S. Quebec Street, Greenwood Village, CO 80111

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:	IMUC
Exact title and class of securities outstanding:	Common stock
CUSIP:	452536402
Par or stated value:	$.0001
Total shares authorized:	500,000,000 as of date: 12/31/23
Total shares outstanding:	113,270,751 as of date: 3/20/24
Total number of shareholders of record:	42 as of date: 12/31/23

Please provide the above-referenced information for all other publicly quoted or traded securities of the issuer.

N/A

Other classes of authorized or outstanding equity securities that do not have a trading symbol:

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 that do not have a trading symbol). 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:	Preferred Stock
Par or stated value:	$.0001
Total shares authorized:	5,000,000 as of date: 12/31/23
Total shares outstanding:	None as of date:3/20/24
Total number of shareholders of record:	None as of date:3/20/24

Please provide the above-referenced information for all other classes of authorized or outstanding equity securities.

None

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.**

Voting and dividend rights. 1 vote for each share of common stock

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

None designated at this time

3. **Describe any other material rights of common or preferred stockholders.**

None noted

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.

No securities have been issued during the prior two fiscal years.

A. Changes to the Number of Outstanding Shares for the two most recently completed fiscal years and any subsequent period.

Indicate by check mark whether there were any changes to the number of outstanding shares within the past two completed fiscal years:
No: x Yes: ☐ (If yes, you must complete the table below)

Shares Outstanding Opening Balance: Date _____ Common: _____ Preferred: _____			*Right-click the rows below and select "Insert" to add rows as needed.						
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.**
_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____	_____	_____

Shares Outstanding on Date of This Report:	
Date ____ Common: Preferred:	

Example: A company with a fiscal year end of December 31st 2023, 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, 2022 through December 31, 2023 pursuant to the tabular format above.

******Control persons for any entities in the table above must be disclosed in the table or in a footnote here.***

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

N/A

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: x☐ (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. *** You must disclose the control person(s) for any entities listed.	Reason for Issuance (e.g. Loan, Services, etc.)
11/24/21	$3,401,399	$1,501,399	$156,625	12/31/24	$.60 per share	Moses Goldberger	Working Capital
4/27/23	$437,000	$437,000	$6,697	4/27/25	$.60 per share	Eli Goldberger	Working Capital
8/26/2022	$350,000	$350,000	$20,857	8/26/24	80% of stock price at the time the Company raises $10 million in an underwritten offering	Congregation Yetev Lev Shul *	Working Capital
9/8/22	$205,000	$205,000	$11,570	9/8/24	Same as above	Congregation Yetev Lev Shul*	Working Capital
9/30/22	$195,000	$195,000	$9,830	9/30/24	Same as above	Congregation Yetev Lev Shul*	Working Capital

10/24/22	$70,000	$70,000	$3,059	10/24/24	Same as above	Congregation Yetev Lev Shul *	Working Capital
11/14/22	$90,000	$90.000	$3,427	11/14/24	Same as above	Congregation Yetev Lev Shul*	Working Capital
12/30/22	$90,000	$90,000	$6,793	12/30/24	Same as above	Congregation Yetev Lev Shul*	Working Capital
12/23/22	$500,000	$500,000	$38,699	12/23/24	80% of stock price at the time the Company raises $10 million in an underwritten offering	Soshie Hager	Working Capital

******Control persons for any entities in the table above must be disclosed in the table or in a footnote here.***

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

- Control person-Yoel Grunhut-President

4) Issuer's Business, Products and Services

The purpose of this section is to provide a clear description of the issuer's current operations.
Ensure that these descriptions are updated on the Company's Profile on www.OTCMarkets.com.

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

B. The Company, through its wholly owned subsidiary EOM Pharmaceuticals, Inc., is a clinical-stage biotechnology company that is focused on developing drugs with the potential to transform therapeutic paradigms and improve quality of life in patients suffering from debilitating and sometimes deadly diseases. We were founded with a specific vision to pursue innovative approaches to solving the problems of some of today's significant medical needs. Our development efforts are focused on therapeutics for diseases with high unmet need such as the hyperimmune response in cancer cachexia, the debilitating condition of muscle wasting, fatigue and weight loss for which no products have been approved in the U.S., rheumatoid arthritis, and inflammatory conditions of the gastrointestinal tract such as Crohn's Disease and Ulcerative Colitis as well as various retina disorders characterized by a breakdown of the blood-retinal barrier such as diabetic retinopathy, Aged related macular degeneration and retinal vein occlusion among others. Our pipeline includes our lead compound EOM613, an investigational novel "dynamically dual-acting" immunomodulator. EOM613 is a peptide nucleic-acid solution with both anti-inflammatory and pro-inflammatory broad spectrum cytokine effects. Human cell culture studies demonstrate that EOM613 can suppress or stimulate monocytes and macrophages depending on the activation state and environment of those key immune cells resulting in either further activation or suppression.

C. List any subsidiaries, parent company, or affiliated companies.

EOM Pharmaceuticals Inc. a wholly owned subsidiary of EOM Pharmaceutical Holdings Inc, the Issuer

D. Describe the issuers' principal products or services.

Drug products currently in development

5) Issuer's Facilities

The goal of this section is to provide investors 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. Describe the location of office space, data centers, principal plants, and other property of the issuer and describe the condition of the properties. Specify if the assets, properties, or facilities are owned or leased and the terms of their leases. If the issuer does not have complete ownership or control of the property, describe the limitations on the ownership.

Virtual and physical office-136 Summit Avenue Suite 100, Montvale NJ- Company has no physical assets as the Company outsources all scientific research, pre-clinical and clinical drug trials, and drug manufacturing thru certified contract research and manufacturing organizations. The Company owns intangible assets and has applied for certain patent protections for its biotechnologies.

6) All Officers, Directors, and Control Persons of the Company

Using the table below, please provide information, as of the period end date of this report, regarding all officers and directors of the company, or any person that performs a similar function, regardless of the number of shares they own.

In addition, list all individuals or entities controlling 5% or more of any class of the issuer's securities.
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. 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 investors 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 owners.

Names of All Officers, Directors, and Control Persons	Affiliation with Company (e.g. Officer Title /Director/Owner of 5% or more)	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
Eli Goldberger	COO/Founder-owns greater than 5% of the common stock	136 Summit Ave, Suite 100 Montvale, NJ 07645	77,601,669*	Common	68.51	N/A
Irach B Taraporewala, PhD	CEO	136 Summit Ave, Suite 100 Montvale, NJ 07645	2,708,688	Common	2.39	N/A
Dr. Shalom Hirschman	CMO	136 Summit Ave, Suite 100 Montvale, NJ 07645	5,417,439	Common	4.78	N/A

Wayne I Danson	CFO/Secretary	136 Summit Ave, Suite 100 Montvale, NJ 07645	839,023	Common	0.74	N/A
William Gomes	Controller	136 Summit Ave, Suite 100 Montvale, NJ 07645	None	N/A	None	N/A
Dr. Frank Douglas	Director	136 Summit Ave, Suite 100 Montvale, NJ 07645	None	N/A	None	N/A
Robert W Lehman	Director	136 Summit Ave, Suite 100 Montvale, NJ 07645	None	N/A	None	N/A
Julie Kampf	Director	136 Summit Ave, Suite 100 Montvale, NJ 07645	None	N/A	None	N/A

*Owned directly and indirectly thru Mr. Goldberger's wholly owned entities, Gold Equity LLC and Rashbi Capital Group. LLC.

Confirm that the information in this table matches your public company profile on www.OTCMarkets.com. If any updates are needed to your public company profile, log in to www.OTCIQ.com to update your company profile.

7) Legal/Disciplinary History

A. Identify and provide a brief explanation as to whether any of the persons or entities listed above in Section 6 have, in the past 10 years:

1. Been the subject of an indictment or conviction in a criminal proceeding or plea agreement or named as a defendant in a pending criminal proceeding (excluding minor traffic violations);

None

2. Been the subject of 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, financial- or investment-related, insurance or banking activities;

None

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

None

4. Named as a defendant or a respondent in a regulatory complaint or proceeding that could result in a "yes" answer to part 3 above; or

None

5. Been the subject 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.

None

6. Been the subject of a U.S Postal Service false representation order, or a temporary restraining order, or preliminary injunction with respect to conduct alleged to have violated the false representation statute that applies to U.S mail.

None

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 to 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.
Confirm that the information in this table matches your public company profile on www.OTCMarkets.com. If any updates are needed to your public company profile, update your company profile.
Securities Counsel (must include Counsel preparing Attorney Letters).

Name:	Louis A. Brilleman, Esq
Address 1:	1140 Avenue of the
Address 2:	Americas 9thFl,NY,NY10036
Phone:	212-537-5852
Email:	lbrilleman@lbcounsel.com

Accountant or Auditor

Name:	Michael Burstein
Firm:	Marcum LLP
Address 1:	730 Third Avenue
Address 2:	New York, NY 10017
Phone:	631-553-0065
Email:	Michael.Burstein@marcumllp.com

Investor Relations

Name:	None
Firm:	_____
Address 1:	_____

Address 2: _____
Phone: _____
Email: _____

All other means of Investor Communication:

X (Twitter): N/A
Discord: N/A
LinkedIn N/A
Facebook: N/A
[Other] N/A

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) Disclosure & Financial Information

A. This Disclosure Statement was prepared by (name of individual):
Name: Wayne I Danson
Title: **CFO, Treasurer and Secretary**
Relationship to Issuer: **Officer**

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

☐ IFRS
☒ U.S. GAAP

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

individual): Name: Wayne I Danson

Title: **Chief Financial Officer**
Relationship to Issuer: Officer
Describe the qualifications of the person or persons who prepared the financial statements:[5] **CPA former Big 4 Accounting partner; qualified financial expert**

[5] 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.

Provide the following qualifying financial statements:

- 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

Financial Statement Requirements:

- Financial statements must be published together with this disclosure statement as one document.
- Financial statements must be "machine readable". Do not publish images/scans of financial statements.
- Financial statements must be presented with comparative financials against the prior FYE or period, as applicable.
- Financial statements must be prepared in accordance with U.S. GAAP or International Financial Reporting Standards (IFRS) but are not required to be audited.

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:

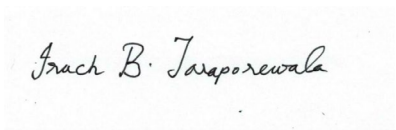
I, Irach B Taraporewala certify that:

1. I have reviewed this Disclosure Statement for EOM Pharmaceutical Holdings 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.

March 28, 2024 [Date]Irach B Taraporewala



[CEO's Signature]

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

Principal Financial Officer:

I, Wayne I Danson certify that:

1. I have reviewed this Disclosure Statement for EOM Pharmaceutical Holdings 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.

March 28, 2024 [Date]

[CFO’s Signature]

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

EOM PHARMACEUTICAL HOLDINGS, INC.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2023 AND 2022 AND FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

EOM PHARMACEUTICAL HOLDINGS, INC AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS

	December 31, 2023 (unaudited)	December 31, 2022 (audited)
Current Assets:		
Cash	$ 278,260	$ 613,244
Prepaid Expenses	123,803	155,559
Other Current Assets	7,359	-
Total Current Assets	409,422	768,803
Total Assets	$ 409,422	$ 768,803
Liabilities and Shareholders' Deficit		
Current Liabilities:		
Accounts payable and other accrued liabilities	1,288,623	820,237
Convertible Note, Including a Debt Discount of $14,575 as of 12/31/2023 and a Net Debt Premium of $95,831 as of 12/31/2022 - Related Party	3,386,824	2,847,230
Mandatory Convertible Notes, Net of Debt Discount of $520,591 as of 12/31/2023	979,409	-
Total Current Liabilities	5,654,856	3,667,467
Long Term Liabilities		
Convertible Note, Including a Debt Discount of $67,951 as of 12/31/2023 - Related Party	369,049	-
Mandatory Convertible Notes, Net of Debt Discount of $880,063 as of 12/31/2022	-	619,937
Derivative Liability	78,000	670,000
Total Long Term Liabilities	447,049	1,289,937
Total Liabilities	6,101,905	4,957,404
Commitments and Contingencies		
Shareholders' Deficit		
Common stock, $0.0001 par value, 500,000,000 authorized, 113,270,751 issued and outstanding as of December 31, 2023 and December 31, 2022	11,327	11,327
Additional paid-in capital	5,157,825	5,048,970
Accumulated deficit	(10,861,635)	(9,248,898)
Total Shareholders' Deficit	(5,692,483)	(4,188,601)
Total Liabilities and Shareholders' Deficit	$ 409,422	$ 768,803

The accompanying notes are an integral part of these unaudited consolidated financial statements

EOM PHARMACEUTICAL HOLDINGS, INC AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Year Ended	
	December 31, 2023 (unaudited)	**December 31, 2022 (audited)**
Operating expenses		
Salaries and Benefits	$ 443,704	$ 504,220
Research and development	580,910	1,225,592
General and administrative	791,706	1,155,497
Total operating expenses	1,816,320	2,885,309
Loss from operations	(1,816,320)	(2,885,309)
Other Income (Expense)		
Interest Income (Expense) (net)	(550,726)	(45,595)
Change in Fair value of Derivative Liability	592,000	254,000
Other Income	162,309	30,000
Total Other Income (Expense)	203,583	238,405
Net loss	**$ (1,612,737)**	**$ (2,646,904)**
Earnings per share:		
Basic	**$ (0.01)**	**$ (0.02)**
Diluted	**$ (0.01)**	**$ (0.02)**
Weighted average common shares outstanding:		
Basic	**113,270,751**	**113,270,751**
Diluted	**113,270,751**	**113,270,751**

The accompanying notes are an integral part of these unaudited consolidated financial statements

EOM PHARMACEUTICAL HOLDINGS, INC AND SUBSIDIARY
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY (DEFICIT)

	Common Stock		Preferred Stock		Additional Paid-In	Accumulated	Total Shareholders'
	Shares	Amount	Shares	Amount	Capital	Deficit	Equity (Deficit)
Balance at January 1, 2022	**113,270,751**	**$ 11,327**	**-**	**$ -**	**$ 4,974,842**	**$ (6,601,994)**	**$ (1,615,825)**
Net loss	-	-	-	-	-	(2,646,904)	(2,646,904)
Warrant Issuance-Convertible Note-Related Party					74,128		74,128
Balance at December 31, 2022 (audited)	**113,270,751**	**$ 11,327**	**-**	**$ -**	**$ 5,048,970**	**$ (9,248,898)**	**$ (4,188,601)**
Net loss	-	-	-	-	-	(1,612,737)	(1,612,737)
Warrant Issuance-Convertible Note-Related Party	-	-	-	-	108,855	-	108,855
Balance at December 31, 2023 (unaudited)	**113,270,751**	**$ 11,327**	**-**	**$ -**	**$ 5,157,825**	**$ (10,861,635)**	**$ (5,692,483)**

The accompanying notes are an integral part of these unaudited consolidated financial statements

EOM PHARMACEUTICAL HOLDINGS, INC AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Year Ended	
	December 31, 2023 (unaudited)	**December 31, 2022 (audited)**
Cash flows from operating activities:		
Net loss	$ (1,612,737)	$ (2,646,904)
Adjustments to reconcile net loss to net cash used in operating activities:		
Amortization of Debt Premium	(149,575)	(165,802)
Amortization of Debt Discount	439,543	64,322
Change in fair value of derivative liability	(592,000)	(254,000)
Changes in operating assets and liabilities:		
Prepaid expenses	31,756	24,170
Other current assets	(7,359)	-
Accounts payable and other accrued liabilities	468,388	354,892
Net cash used in operating activities	(1,421,984)	(2,623,322)
Cash flows from financing activities:		
Proceeds in connection with convertible note - related party	1,087,000	250,000
Proceeds in connection with mandatory convertible notes	-	1,500,000
Net cash provided by financing activities	1,087,000	1,750,000
Net change in cash	(334,984)	(873,322)
Cash at beginning of period	613,244	1,486,566
Cash at end of period	$ 278,260	$ 613,244
Supplementary disclosures of cash flows information		
Cash paid during the period for:		
Interest	$ 22,841	$ 129,406
Taxes	$ -	$ -
Fair market value-warrant issuance-convertible note-related party	$ 108,855	$ 74,128

The accompanying notes are an integral part of these unaudited consolidated financial statements

EOM Pharmaceutical Holdings, Inc. and Subsidiary

Notes to the Consolidated Financial Statements

Basis of Presentation and Description of the Business

EOM Pharmaceutical Holdings, Inc, formerly ImmunoCellular Therapeutics Ltd ("hereinafter "Holdings", the "Company" or "we") filed its original Certificate of Incorporation with the Secretary of State of Delaware on March 20, 1987, under the name Redwing Capital Corp. On June 16, 1989, we changed our name to Patco Industries, Ltd. and conducted an unrelated business under that name until 1994. On January 30, 2006, we amended our Certificate of Incorporation to change our name to Optical Molecular Imaging, Inc. On November 2, 2006, we amended our Certificate of Incorporation to change our name to ImmunoCellular Therapeutics, Ltd. On November 7, 2022 we amended our Certificate of Incorporation to change our name to EOM Pharmaceutical Holdings, Inc.

On December 1, 2021, Holdings completed the acquisition of EOM Pharmaceuticals, Inc., ("EOM") a Delaware corporation incorporated on March 27, 2020. The transaction was accounted for as a reverse merger (the "Merger"), with EOM Pharmaceuticals, Inc. deemed to be the accounting acquirer and Holdings deemed to be the legal acquirer. As such, the consolidated financial statements herein reflect the historical activity of our wholly owned subsidiary EOM Pharmaceuticals, Inc. The shares and corresponding capital amounts and losses per share, prior to the Merger, have been retroactively restated based on shares reflecting the exchange ratio established in the Merger.

The Company, through its wholly owned subsidiary EOM, is a clinical-stage biotechnology company that is focused on developing drugs with the potential to transform therapeutic paradigms and improve quality of life in patients suffering from debilitating and sometimes deadly diseases. We were founded with a specific vision to pursue innovative approaches to solving the problems of some of today's significant medical needs. Our development efforts are focused on therapeutics for diseases with high unmet need such as the hyperimmune response in cancer cachexia, the debilitating condition of muscle wasting, fatigue and weight loss for which no products have been approved in the U.S., rheumatoid arthritis, and inflammatory conditions of the gastrointestinal tract such as Crohn's Disease and Ulcerative Colitis as well as various retina disorders characterized by a breakdown of the blood-retinal barrier such as diabetic retinopathy, Aged related macular degeneration and retinal vein occlusion among others. Our pipeline includes our lead compound EOM613, an investigational novel "dynamically dual-acting" immunomodulator. EOM613 is a peptide nucleic-acid solution with both anti-inflammatory and pro-inflammatory broad spectrum cytokine effects. Human cell culture studies demonstrate that EOM613 can suppress or stimulate monocytes and macrophages depending on the activation state and environment of those key immune cells resulting in either further activation or suppression.

The Company and EOM are headquartered in Montvale, New Jersey.

Basis of Presentation and Significant Accounting Policies

We have prepared the accompanying Consolidated Financial Statements in conformity with accounting principles generally accepted in the United States of America ("GAAP"). Our fiscal year ends on December 31.

Risks and Uncertainties

The Company operates in a dynamic, highly competitive and regulated industry and is subject to risks and uncertainties common to early-stage companies in the biotech industry including, but not limited to, development by competitors of new technological medical innovations, protection of proprietary technology, dependence on key personnel, contract manufacturers and contract research organizations, compliance with government regulations and the need to obtain additional financing to fund operations. Our product candidates currently under development will require significant additional research and development efforts, including extensive preclinical animal studies and clinical trials and regulatory approval, prior to commercialization. These efforts require significant amounts of additional capital, adequate personnel, infrastructure and extensive compliance and reporting.

Products developed by the Company require approvals from the U.S. Food and Drug Administration ("FDA") or other international regulatory agencies prior to commercial sales. There can be no assurance that the Company's research and development will be successfully completed, that adequate protection for the Company's intellectual property will be obtained or maintained, that the products will receive the necessary approvals, or that any approved products will be commercially viable. If the Company is denied approval, approval is delayed, or the Company is unable to maintain approval, it could have a material adverse impact on the Company. Even if the Company's product development efforts are successful, it is uncertain when, if ever, the Company will generate revenue from product sales. The Company operates in an environment of rapid change in technology and substantial competition from other pharmaceutical and biotechnology companies. As a result, the Company is unable to predict the timing or amount of increased expenses or when or if the Company will be able to achieve or maintain profitability. Further, the Company is currently dependent on Pace Analytical Inc., Eurofins CDMO Alphora, Inc. and other outside consultants for much of its preclinical research and animal studies, clinical trials, ongoing research and development activities and manufacturing activities. The Company does not expect to generate revenue from sales of EOM613 or EOM147 or any other revenue unless and until the Company completes preclinical and clinical development and obtains regulatory approval for one or more product candidates. If the Company seeks to obtain regulatory approval for any of its product candidates, the Company expects to incur significant commercialization expenses.

Even if the Company is able to generate revenues from the sale of its product candidates if approved, it may not become profitable. If the Company fails to become profitable or is unable to sustain profitability on a continuing basis, it may be unable to continue its operations at planned levels and be forced to reduce its operations.

COVID-19 Outbreak

On January 30, 2020, the World Health Organization announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 Outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 Outbreak as a pandemic, based on the rapid increase in exposure globally. The global COVID-19 pandemic has had, and may continue to have, a material impact on our business. Towards the end of the fourth quarter 2021 and continuing into the second quarter 2022, we experienced and continued to experience, an impact to our business in connection with our ongoing EOM613 clinical trial in Brazil. Due to ongoing numerous clinical studies in Brazil for various therapeutic treatments as well as the lack of available patients eligible for screening in accordance with the terms of our agreed upon trial protocol, we experienced a delay in enrollment in our clinical trial. Consequently, during the third quarter 2022 we decided to terminate the clinical trial after we achieved an approximately 50% enrollment rate. Although the incidence and severity of the COVID-19 Outbreak has subsided there is no assurance that additional infectious COVID-

19 strains or other infectious diseases will emerge which may have a material adverse effect on the Company's financial condition, liquidity, and future results of operations including our ability to conduct future clinical U.S and foreign drug trials for our drug candidates.

Liquidity and Going Concern

The Company's consolidated financial statements are prepared using accounting principles generally accepted in the United States of America ("GAAP") applicable to a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. Given the nature of our business, industry and regulatory environment, it has not yet established an ongoing source of revenue sufficient to cover its working capital needs and operating costs to allow it to continue as a going concern. The continuation of the Company as a going concern is dependent upon the continued financial support from its shareholders and others, our ability to obtain necessary financing to sustain operations and the attainment of profitable operations. Our ultimate success depends on the outcome of our research and development activities, the successful completion of clinical trials, the approval of our drug products by government agencies and the successful commercialization of our drugs. The accompanying consolidated financial statements are accounted for as if we are a going concern and do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amount and classification of liabilities or other adjustments that might be necessary should we be unable to continue as a going concern.

We have generated no revenues, have incurred operating losses since inception, and expect to continue to incur significant operating losses for the foreseeable future and may never become profitable. For the year ended December 31, 2023 we incurred a net loss from operations and negative cash flows from operating activities of approximately $1,800,000 and 1,400,000, respectively. We expect to incur substantial losses for the foreseeable future, which will continue to generate negative net cash flows from operating activities, as we continue to pursue research and development activities and the clinical development of our primary product candidates, EOM613 and EOM147. As of December 31, 2023, we had cash of $278,260, a deficit in working capital (defined as current assets less current liabilities) in the amount of $5,245,434 and an accumulated deficit in shareholders' equity of $10,861,635. The Company's principal sources of cash have included the issuance of a related party bridge note and convertible promissory notes to related and unrelated parties. See Notes 4, 5.

These factors, among others including the lengthy and costly drug development and regulatory approval process, raise substantial doubt as to our ability to obtain additional debt or equity financing and our ability to continue as a going concern. Until such time as we are able to establish a revenue stream from the sale of our therapeutic products, we are dependent upon obtaining necessary equity and/or debt financing to continue operations. We cannot make any assurances that sales of our drug products will commence in the near term or that additional financings will be available to us and, if available, on acceptable terms or at all.

We intend to continue to raise additional capital through a combination of private and public equity offerings, debt financings, government funding arrangements, strategic alliances or other sources. However, if such financing is not available at adequate levels and on a timely basis, or such agreements are not available on favorable terms, or at all, as and when needed, we will need to reevaluate our operating plan and may be required to delay or discontinue the development of one or more of our product candidates or operational initiatives. To date, our primary source of capital has been through debt and equity raises from our Founder's family. The Company has a history of, and expects to continue to report negative cash flows from operations and a net loss. We expect that our cash as of December 31, 2023 will be insufficient to fund our projected operations for at least one year from the issuance of these consolidated financial statements which raise substantial doubt regarding our ability to continue as a going concern. We are in the process of attempting to raise additional equity or debt funds to continue our operations through the end of 2024 and beyond.

Principles of Consolidation

The accompanying consolidated financial statements include the assets, liabilities and expenses of the Company and our wholly owned subsidiary, EOM. All significant intercompany transactions and balances have been eliminated in consolidation.

Reverse Merger and Recapitalization

The merger with EOM was accounted for as a reverse recapitalization in accordance with GAAP (the "Reverse Recapitalization"). Under this method of accounting, the Company is treated as the "acquired" company with EOM treated as the acquirer for financial reporting purposes.

Accordingly, for accounting purposes, the Reverse Recapitalization was treated as the equivalent of EOM issuing stock for the net assets of Holdings, accompanied by a recapitalization. The net assets of Holdings are stated at historical cost, with no goodwill or other intangible assets recorded.

EOM was determined to be the accounting acquirer based on the following predominant factors:

- EOM's shareholders have the largest portion of voting rights in the Company;
- the Board and Management are entirely composed of individuals associated with EOM; and
- EOM was the larger entity based on historical operating activity and had the larger employee base at the time of the Merger.

The consolidated assets, liabilities and results of operations prior to the Reverse Recapitalization are those of EOM. The shares and corresponding capital amounts and losses per share, prior to the Merger as described have been retroactively restated based on shares reflecting the exchange ratio established in the Merger.

As noted above on December 1, 2021 (the "Closing Date"), we consummated the business combination ("Merger") contemplated by the Agreement and Plan of Merger (the "Merger Agreement"), dated December 1, 2021, by Holdings, ImmunoCellular Merger Sub Inc., a Delaware corporation and wholly owned subsidiary of Holdings ("Merger Sub"), pursuant to which Merger Sub was merged with and into EOM, with EOM surviving the Merger. As a result of the Merger, EOM became our wholly owned subsidiary. Pursuant to the Merger Agreement, EOM shareholders exchanged all of their EOM common stock for our newly issued shares of common and Series C Convertible Preferred stock. Post-merger our then current equity holders own approximately 3.5% with the former EOM equity holders owning approximately 96.5% percent of our common stock, calculated on a fully diluted basis.

While Holdings was the legal acquirer of EOM in the Merger, for accounting purposes, the Merger is treated as a Reverse Recapitalization, whereby EOM is deemed to be the accounting acquirer, and the historical financial statements of EOM became the historical financial statements of Holdings upon the closing of the Merger. Under this method of accounting, Holdings is treated as the "acquired" company and EOM is treated as the acquirer for financial reporting purposes. Accordingly, for accounting purposes, the Merger was treated as the equivalent of EOM issuing stock for the net assets of Holdings, accompanied by a recapitalization. The net assets of Holdings were stated at historical cost, with no goodwill or other intangible assets recorded.

Pursuant to the Merger Agreement, the aggregate consideration payable to stockholders of EOM at the Closing Date consisted of 45,075,538 shares of Holdings common stock, par value $0.0001 per share ("Common Stock") plus 64,000,000 shares of Series C Convertible Preferred Stock, par value $0.0001 per share which by its terms converted into 64,000,000 shares of Common Stock (collectively the "Closing Consideration") upon the filing of an amendment to the Certificate of Incorporation as explained in Note 10. At the effective time of the Merger, and subject to the terms and conditions of the Merger Agreement, each share of EOM common stock, par value $0.0001 per share was converted into Holdings (i) Common Stock equal to .90151 per share and; (ii) Series C Convertible Preferred Stock equal to .02 per share (collectively the "Exchange Ratios"). The EOM Warrant and Convertible Promissory note that was outstanding and unexercised immediately prior to the Effective Time (whether vested or unvested) was assumed by Holdings and converted into a Warrant and Convertible Promissory Note to acquire a number of shares of Common Stock at an adjusted exercise or conversion price per share, pursuant to the terms of the Merger Agreement based on Holdings's closing price immediately prior to the effective time of the Merger or $0.60 per share and will continue to be governed by the same terms and conditions, including vesting or conversion rights, as were applicable to the original instrument.

On December 20, 2021, the Series C Convertible Preferred Stock was exchanged for 64,000,000 shares of Common Stock by the EOM shareholders with the Series C Convertible Preferred Stock thereafter resuming its status of authorized but unissued shares of preferred stock and no longer being designated as Series C Convertible Preferred Stock. See Note 11.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of these consolidated financial statements and the reported amounts of expenses during the reporting period. Significant estimates and assumptions made in the accompanying consolidated financial statements include but are not limited to the valuation allowance on the Company's deferred tax assets, the fair value on our related party convertible promissory notes and related debt premium/discounts , and the fair value associated with the embedded derivative attributable to our Mandatory Convertible notes. The Company evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors and adjusts those estimates and assumptions when facts and circumstances dictate. Actual results could differ from those estimates.

Off-Balance Sheet Risk and Concentrations of Credit Risk

Financial instruments, which potentially subject the Company to significant concentrations of credit risk, consist primarily of cash. All of the Company's cash is maintained at a federally insured financial institution. The deposits held at this institution are in excess of federally insured limits. The Company has not experienced any losses in such accounts and management believes that the Company is not exposed to significant credit risk due to the financial position of the depository institution in which those deposits are held. The Company has no off-balance sheet risk, such as foreign exchange contracts, option contracts, or other foreign hedging arrangements.

Cash

The Company considers all highly liquid investments purchased with original maturities of three months or less from the purchase date to be cash equivalents. The Company has investments in highly liquid money market funds but does not have investments in equity or debt securities.

Concentrations of Credit Risk

Financial instruments which potentially subject the Company to concentrations of credit risk consists principally of cash amounts on deposit with financial institutions. At times, the Company's cash in banks is in excess of the Federal Deposit Insurance Corporation ("FDIC") insurance limit. The Company has not experienced any loss as a result of these deposits.

Patent costs

All patent-related costs incurred in connection with filing patent applications are expensed as incurred due to the uncertainty about the recovery of the expenditure. Amounts incurred are classified as general and administrative expenses. The Company currently does not own any patents but has filed for EOM613 patent protection for trade secret manufacturing processes and for methods for the treatment of Crohn's disease and Ulcerative Colitis.

Derivative Accounting

The Company analyzes the conversion feature of its Mandatory Convertible Notes for derivative accounting consideration under ASC 815-15 "Derivatives and Hedging. ASC 815-15 requires that the conversion features contained in the Company's convertible debt are bifurcated and separately accounted for as an embedded derivative. The embedded derivative is carried on the balance sheet at fair value. Any unrealized

change in fair value, as determined at each measurement period, is recorded as a component of the statement of operations and the associated carrying amount on the balance sheet is adjusted by the change.

Research and Development Expenses

Research and development costs include costs incurred for external research and development activities to develop drug candidates and are expensed as incurred in the accompanying statements of operations. Research and development costs consist of, when applicable, external laboratory supplies and facility costs, as well as fees paid to third party entities that conduct certain research and development activities on the Company's behalf.

The Company records accrued liabilities for incurred cost of research and development activities conducted by service providers, which include activities under agreements with Pace Analytical Inc. and Eurofins Alphora, Inc. (Note 7), for preclinical drug development studies and contract manufacturing activities. The Company records the costs of research and development activities based upon the amount of services provided and includes these costs in accrued and other current liabilities in the accompanying balance sheet and within research and development expense in the accompanying statement of operations.

For the years ended December 31, 2023 and 2022, the Company incurred $580,910 and $1,225,592 respectively, of research and development costs.

Income Taxes

Income taxes are recorded in accordance with ASC 740, Income Taxes ("ASC 740"), which provides for deferred taxes using an asset and liability approach. The Company recognizes deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Deferred tax assets and liabilities are determined based on the difference between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. Valuation allowances are provided, if based upon the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. In evaluating its ability to recover deferred tax assets, the Company considers all available positive and negative evidence, including its operating results, ongoing tax planning and forecasts of future taxable income on a jurisdiction-by-jurisdiction basis. Because of the uncertainty of the realization of deferred tax assets, the Company has recorded a full valuation allowance against its deferred tax assets.

The Company accounts for uncertain tax positions in accordance with the provisions of ASC 740. When uncertain tax positions exist, the Company recognizes the tax benefit of tax positions to the extent that the benefit would more likely than not be realized assuming examination by the taxing authority. The determination as to whether the tax benefit will more likely than not be realized is based upon the technical merits of the tax position as well as consideration of the available facts and circumstances. As of the date of these financial statements, the Company is not aware of any uncertain tax positions.

Segments

Operating segments are defined as components of an entity for which separate financial information is available and that is regularly reviewed by the Chief Operating Decision Maker (CODM) in deciding how to allocate resources to an individual segment and in assessing performance. The Company's CODM is its Chief Executive Officer. The Company has determined it operates in a single operating segment and has one reportable segment.

Net Loss per Share of Common Stock

Basic net loss per common share is calculated by dividing the net loss attributable to common stockholders by the weighted-average number of common shares outstanding during the period, without consideration for potentially dilutive securities. Diluted net loss per share is computed by dividing the net loss attributable to common stockholders by the weighted-average number of common shares and potentially dilutive securities

outstanding for the period. For purposes of the diluted net loss per share calculation, stock options and restricted stock units are considered to be potentially dilutive securities.

Warrants

The Company assesses its warrants as either equity or a liability based upon the characteristics and provisions of each instrument. Warrants classified as equity are recorded at fair value as of the date of issuance on the Company's balance sheet and no further adjustments to their valuation are made. Warrants classified as derivative liabilities and other derivative financial instruments that require separate accounting as liabilities are recorded on the Company's balance sheet at their fair value on the date of issuance and are re-measured on each subsequent balance sheet date until such instruments are exercised or expire, with any changes in the fair value between reporting periods recorded as other income or expense. Management estimates the fair value of these liabilities using option pricing models and assumptions that are based on the individual characteristics of the warrants or other instruments on the valuation date, as well as assumptions for future financings, expected volatility, expected life, yield and risk-free interest rate. As of December 31, 2023 and December 31, 2022, all outstanding warrants issued by the Company were classified as equity.

Stock-Based Compensation

The stock-based awards of the Company are classified as equity (stock options and warrants). Stock-based compensation expense is recognized on a straight-line basis, net of actual forfeitures in the period, based on the grant date fair value of the awards. The grant-date fair value of an award is generally recognized as compensation expense over the award's requisite service period, usually the vesting period, which is generally three years for stock options. The Company estimates the fair value of all stock-based awards using the Black- Scholes-Merton valuation model which requires the use of subjective assumptions that could materially impact the estimation of fair value and related compensation expense to be recognized. These assumptions include (i) the expected volatility of our stock price, (ii) the periods of time over which recipients are expected to hold their options prior to exercise (expected lives), (iii) expected dividend yield on our common stock, and (iv) risk-free interest rates, which are based on quoted U.S. Treasury rates for securities with maturities approximating the options' expected lives. Developing these assumptions requires the use of judgment. The Company, both prior to and after the Merger, lacks company-specific historical and implied volatility information. Therefore, we estimate our expected stock volatility based on the historical volatility of a publicly traded set of peer companies. Expected lives are principally based on our historical exercise experience with previously issued employee and board of director option grants. The expected dividend yield is zero as we have never paid dividends and do not currently anticipate paying any in the foreseeable future.

For the years ended December 31, 2023 and 2022 the Company did not issue any stock-based awards or record any share-based compensation expense

Recently Adopted Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board, or FASB, or other standard setting bodies and adopted by us as of the specified effective date.

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update 2023-09 ("ASU 2023-09"), *Income Taxes,* which enhances the transparency of income tax disclosures by expanding annual disclosure requirements related to the rate reconciliation and income taxes paid. The amendments are effective for fiscal years beginning after December 15, 2024. Early adoption is permitted. The amendments should be applied on a prospective basis. Retrospective application is permitted. The Company is currently evaluating this ASU to determine its impact on the Company's disclosures.

In November 2023, the FASB issued Accounting Standards Update 2023-07 ("ASU 2023-07"), *Segment Reporting*, which improves reportable segment disclosure requirements. ASU 2023-07 primarily enhances disclosures about significant segment expenses by requiring that a public entity disclose significant segment expenses that are regularly provided to the Chief Operating Decision Maker ("CODM") and included within each reported measure of segment profit or loss. This ASU also (i) requires that a public entity disclose, on

an annual and interim basis, an amount for *other segment items* by reportable segment, and a description of its composition; (ii) requires that all annual disclosures are provided in the interim periods; (iii) clarifies that if the CODM uses more than one measure of profitability in assessing segment performance and deciding how to allocate resources, that one or more of those measures may be reported; (iv) requires disclosure of the title and position of the CODM and a description of how the reported measures are used by the CODM in assessing segment performance and in deciding how to allocate resources; (v) requires that an entity with a single segment provide all new required disclosures. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024 and requires retrospective application. Early adoption is permitted. The amendments under ASU 2023-07 relate to financial disclosures and its adoption will not have an impact on the Company's results of operations, financial position or cash flows. The Company is not subject to segment reporting for the annual reporting period ended December 31, 2023 and will adopt ASU 2023-07 for future reporting periods.

2. Fair Value Measurements

As of December 31, 2023 and 2023, the Company's financial instruments included cash, money market securities, and accounts payable. The carrying amounts for cash, accounts payable and the Convertible Promissory Note-Related Party reported in the Company's consolidated financial statements for these instruments approximate their respective fair values because of the short-term nature of these instruments. The carrying value of the Mandatory Convertible Notes under ASC 815 was determined by using a probability-weighted discounted cash flow analysis and is classified as a Level 3 instrument. See Note 6 for additional information.

In accordance with ASC 820 (Topic 820, Fair Value Measurements and Disclosures), we use a three-level hierarchy for fair value measurements of certain assets and liabilities for financial reporting purposes that are re-measured at fair value at each financial reporting period purposes that distinguishes between market participant assumptions developed from market data obtained from outside sources (observable inputs) and our own assumptions about market participant assumptions developed from the best information available to us in the circumstances (unobservable inputs). The fair value hierarchy is divided into three levels based on the source of inputs as follows:

- Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets;
- Level 2 – inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability other than quoted prices, either directly or indirectly including inputs in markets that are not considered to be active; and
- Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following tables present information about the Company's financial assets and liabilities and indicate the level of the fair value hierarchy utilized to determine such fair values. It includes our derivative liabilities which are measured at fair value on a recurring basis.

	December 31, 2023			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial assets				
Cash and cash equivalents:				
Non-interest-bearing account	$ 275,003	$ 275,003	$ —	$ —
Money market	3,257	3,257	—	—

Total	$ 278,260	$ 278,260	$ —	$ —
Liabilities				
Derivative Liabilities	$ 78,000	$ —	$ —	$ 78,000
Total	$ 78,000	$ —	$ —	$ 78,000

Non-interest-bearing cash accounts are measured at fair value on a recurring basis using quoted prices and are classified as Level 1. Interest bearing money market funds are measured at fair value using quoted prices in active markets for identical assets. There were no transfers of assets between the fair value measurement levels during the year ended December 31, 2023.

	December 31, 2022			
	Total	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Financial assets				
Cash and cash equivalents:				
Non-interest-bearing account	$ 605,235	$ 605,235	$ —	$ —
Money market	8,009	8,009	—	—
Total	$ 613,244	$ 613,244	$ —	$ —
Liabilities				
Derivative Liabilities	$ 670,000	$ —	$ —	$ 670,000
Total	$ 670,000	$ —	$ —	$ 670,000

Non-interest-bearing account is measured at fair value on a recurring basis using quoted prices and are classified as Level 1. There were no transfers of assets between the fair value measurement levels during the year ended December 31, 2022.

Categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The following table sets forth a summary of the changes in the fair value of the bifurcated embedded derivatives, associated with our Mandatory Convertible Notes, which are Level 3 financial liabilities that are measured at fair value on a recurring basis:

	December 31, 2023	**December 31, 2022**
Starting Balance	$ 670,000	$ -
Additions for bifurcated embedded derivatives	-	924,000
Change in fair value of derivative liability	(592,000)	(254,000)
Ending Balance	$ 78,000	$ 670,000

3. Accounts Payable and Accrued Expenses

Accrued and other current liabilities consist of the following:

	December 31, 2023	December 31, 2022
Research and development services	$ 624,757	$ 526,706
General and administrative services	344,113	192,281
Marketing and consulting	62,197	73,559
Accrued interest	257,556	27,691
Total	$ 1,288,623	$ 820,237

4. Convertible Notes – Related Parties

Pursuant to the Merger Agreement, the Company assumed EOM's Convertible Promissory Note (the "2021 Note") dated November 24, 2021 in the amount of up to $5.0 million to a related party, the terms of which required the related party to advance $1 million to the Company immediately prior to closing and commit to provide additional funding up to an additional $2.5 million over the 2-year term of the Convertible Note. The 2021 Note bears an interest rate of 5% payable on a semi-annual basis, has no prepayment penalty and matures on November 24, 2023. Under the terms of the 2021 Note, the related party agreed to transfer the amount due under the Bridge Note Facility of $1,501,399 to the principal of the Convertible Note with the Bridge Note Facility becoming null and void. At the Closing Date, the Company assumed the principal amount due under the 2021 Note of $2,501,399 which included the unpaid principal amount of the Bridge Note Facility of $1,501,399 and the $1,000,000 advanced under the 2021 Note. The 2021 Note is convertible into common stock at the option of holder at a price of $1.30 per share, the agreed upon pre-merger value of EOM. The conversion price is adjusted for stock splits, stock dividends and other adjustments and was adjusted at the Closing Date to $0.60 per share the pre-close price of the Company's common stock as traded on the OTC Markets Pink Sheets.

In addition to the 2021 Note, EOM on November 24, 2021 issued to the related party a warrant to purchase 2,501,399 shares of common stock at a pre-merger exercise price of $1.30 per share based on the agreed upon EOM exchange value for the Merger. The warrant exercise price is adjusted for stock splits, stock dividends and other adjustments and was adjusted at the Closing Date to the $0.60 per share based on the pre-closing price of the Company's common stock as traded on the OTC Markets Pink Sheets.

On July 25, 2022 and July 29, 2022, the Company drew down additional principal in an aggregate amount of $250,000, (the "2022 Notes"). As of December 31, 2022, the Company has received $2,751,399 of funding under the 2021 and 2022 Notes. The Company also issued additional warrants in the amount of 250,000 to the related party at exercise prices of $0.42 and $0.53 per share in connection with the additional amounts borrowed. At December 31, 2022, the Company had 4,418,998 warrants outstanding which expire between November 24, 2026 and July 29, 2027. See Note 7.

The Company determined the fair value of the additional funds borrowed under the 2021 Notes, the 2022 Notes and 2023 Notes (see below) utilizing a Monte Carlo simulation model as of the dates the additional funds were borrowed utilizing a market value share price and considering various probability outcomes at various measurement dates. Since warrants were issued concurrently with the additional funds borrowed under the 2021 and 2022 Notes, the Company utilized the relative values of the additional funds borrowed and the warrants to allocate the total proceeds between both instruments. The relative fair value of the additional funds borrowed between the 2022 Notes and warrants on the issuance date was $175,872 and $74,128, respectively. At December 31, 2022, the Company recorded a debt discount of $74,128 for the relative fair value of the warrants. The discount will be amortized over the expected life of the loan using the effective interest rate method.

Discounts and premiums to the principal amounts are included in the carrying value of the 2021 and 2022 Notes and amortized to "Interest and other (expense) income" over the remaining term of the underlying debt. The discount / premium is amortized to interest expense / income over the term of the debt. Net interest income on the 2021 and 2022 Notes totaled $14,950 for the year ended December 31, 2022, comprised of accrued interest expense of $130,467, interest income of $165,802 for the amortization of debt premium, and interest expense of $20,385 for the amortization of debt discount associated with the additional funds borrowed. Interest paid on the 2021 and 2022 Notes during the year ended December 31, 2022 was $129,406.

On May 30 and 31, 2023 and December 22, 2023, the related party advanced additional principal in an aggregate amount of $650,000 in the form of additional notes (the "2023 Notes" and together with the 2021 Notes and the 2022 Notes, the "Notes"). The 2023 Notes have identical terms to the Notes as they are under the same facility. The 2023 Notes are convertible into common stock at the option of holder at a price of $0.60 per share. Concurrently with the issuance of the 2023 Notes, the Company issued warrants to purchase an aggregate 650,000 shares of common stock at an exercise price of $0.24 per share for the May issuances and $0.20 per share for the December issuance.

Since warrants were issued concurrently with the additional funds borrowed under the 2023 Notes, the Company utilized the relative values of the additional funds borrowed and the warrants to allocate the total proceeds between both instruments. The relative fair value of the additional funds borrowed between the 2023 Notes and warrants on the issuance date was $610,336 and $39,664 respectively. At December 31, 2023, the Company recorded debt discount of $14,575 for the relative fair value of the warrant. The discount will be amortized over the expected life of the loan using the effective interest rate method.

As of December 31, 2023, the Company has received $3,401,399 of funding under the Notes.

On December 26, 2023, the Company amended and restated the 2021 Note, 2022 Notes and the 2023 Notes issued in May 2023, which modified the terms of these notes by (i) increasing the maximum principal amount available to $10,0000,000 from $5,000,000, (ii) extending the maturity date from November 24, 2023 to December 31, 2024 (the "Amended Note"), and (iii) eliminating the default interest provision.

On April 27, 2023, the Company issued a Convertible Promissory Note (the "April 2023 Note") in an aggregate amount up to $1,000,000 to another related party (the "Second Related Party"). Other than a change in the prepayment terms, the April 2023 Note has identical terms to the related party Amended Note dated December 26, 2023.The principal sum together with any interest, is due on April 27, 2025. The April 2023 Note pays semi-annual interest on the unpaid principal balance at the rate of five percent (5%) per annum until the same becomes due and payable, whether on the maturity date or upon acceleration or by prepayment or otherwise. The April 2023 Note is convertible into common stock of the Company at a price of $0.60 per share (subject to customary anti-dilution adjustments).

Concurrently with the issuance of the April 2023 Note, the Company issued warrants to the Second Related Party to purchase an aggregate 437,000 shares of common stock at an exercise price of $0.20 per share.

Since warrants were issued concurrently with the additional funds borrowed under the April 2023 Note, the Company utilized the relative values of the additional funds borrowed and the warrants to allocate the total proceeds between both instruments. The relative fair value of the additional funds borrowed between the April 2023 Note and warrants on the issuance date was $367,809 and $69,191 respectively. At December 31, 2023, the Company recorded a debt discount of $69,191 for the relative fair value of the warrant. The discount will be amortized over the expected life of the loan using the effective interest rate method.

As of December 31, 2023, the Company has received $437,000 of funding under the April 2023 Note.

Discounts and premiums to the principal amounts are included in the carrying value of both the April 2023 Note and the Notes and amortized to "Interest and other (expense) income" over the remaining term of the underlying debt. During the year ended December 31, 2023, the Company recorded debt discounts of $14,575 and $67,951 respectively upon the issuance of the 2023 Notes and the April 2023 Note. Discounts and premiums are amortized to interest expense / income over the term of the debt. Interest expense on all of the Notes totaled $79,874 for the year ended December 31, 2023, comprised of i) accrued interest of $149,377, ii) interest income of $149,575 for the amortization of the debt premium associated with the Notes and iii) interest expense of $80,072 for the amortization of the debt discount associated with the April 2023 Notes and the Notes.

The following table presents the Notes as of December 31, 2023 and December 31, 2022:

	December 31, 2023	December 31, 2022
Convertible Note	$ 3,401,399	$ 2,751,399
Debt premium	-	149,575
Debt discount	(14,575)	(53,744)
Carrying value of Convertible Note	$ 3,386,824	2,847,230
Accrued interest	156,625	13,945
Total Convertible Note and accrued interest	$ 3,543,4494	$ 2,861,175

The following table presents the April 2023 Note as of December 31, 2023:

	December 31, 2023
Convertible Note	$ 437,000
Debt discount	(67,951)
Carrying value of Convertible Note	369,049
Accrued interest	6,697
Total Mandatory Convertible Notes and accrued interest	$ 375,746

5. Mandatory Convertible Notes

During the year ended December 31, 2022, the Company issued a series of 5% Mandatory Convertible Promissory Notes (the "Mandatory Notes") to unrelated parties for an aggregate principal amount of $1,500,000. The Mandatory Notes have a two-year term and mature on August 26, 2024, September 8, 2024, September 30, 2024, October 24, 2024, November 14, 2024, December 23, 2024 and December 30, 2024 respectively. The Mandatory Notes require interest to be paid semi-annually at a 5% rate and are mandatorily convertible in the Company's common stock at a 20% discount to a Qualified Financing. As defined under the Mandatory Notes, a Qualified Financing means the underwritten public offering of the Company's common stock resulting in an amount no less than $10 million in gross proceeds to the Company. The Mandatory Notes are not prepayable without the holder's consent. No Mandatory Notes were issued during 2023.

The Company analyzed the conversion feature of the Mandatory Notes for derivative accounting considerations under ASC 815-15 "Derivatives and Hedging" and determined that the embedded conversion feature should be classified as a liability due to their being no explicit limit to the number of shares to be delivered upon settlement of the above conversion feature. ASC 815-15 requires that the conversion features are bifurcated and separately accounted for as an embedded derivative contained in the Company's Mandatory Notes. The embedded derivative is carried on the balance sheet at fair value. Any unrealized change in fair value, as determined at each measurement period, is recorded as a component of the statement of operations and the associated carrying amount on the balance sheet is adjusted by the change. At December 31, 2023 and 2022 the Company recognized $592,000 and $254,000 of other income on its statement of operations due to the change in valuation between measurement periods.

The fair value of the bifurcated derivative liability on the Mandatory Notes issued by the Company was estimated utilizing a discounted cash flow model using the with and without method which uses the probability weighted difference between the scenarios with the derivative and the plain vanilla maturity scenario without a derivative.

An embedded derivative liability of $924,000 was recognized by the Company at inception with a fair value of $670,000 at December 31, 2022. At December 31, 2023, the embedded derivative liability was valued at $78,000.

Discounts to the principal amounts are included in the carrying value of the Mandatory Notes. During the year ended December 31, 2022, the Company recorded a debt discount of $924,000 upon issuance of the Mandatory Notes related to the embedded derivative. For the year ended December 31, 2022 interest on the Mandatory Notes totaled $57,682, comprised of $13,745 of accrued interest and $43,937 for the amortization of the debt discount. For the year ended December 31, 2023 interest on the Mandatory Notes totaled $462,801, comprised of $103,330 of accrued interest and $359,471 for the amortization of the debt discount. For the years ended December 31, 2023 and December 31,2022, interest paid on the Mandatory Notes was $22,841 and $-0- respectively.

The following table presents the Mandatory Notes as of December 31, 2023 and 2022:

	December 31, 2023	December 31, 2022
Face Value of Mandatory Convertible Notes	$ 1,500,000	$ 1,500,00
Debt discount	(520,591)	(880,063)
Carrying value of Mandatory Convertible Notes	979,409	619,937
Accrued interest	94,235	13,745
Total Mandatory Convertible Notes and accrued interest	$ 1,073,644	$ 633,682

6. Warrants

As additional consideration to the related party holder of the Convertible Note and pursuant to the terms of the Merger Agreement, the Company assumed EOM's warrant agreement dated November 24, 2021, (See Note 5) the terms of which called for the issuance of 2,501,399 warrants to the related party. The warrant had an exercise price of $1.30 per share prior to the Merger. The warrant exercise price is adjusted for stock splits, stock dividends and other adjustments and was adjusted at the Closing Date to $0.60 per share based on the pre-closing price of the Company's common stock as traded on the OTC Markets Pink Sheets. The number of warrants was adjusted to 4,168,998 from 2,501,399 to reflect the adjusted exercise price. The warrant expires on November 24, 2026.

The measurement of the warrant's fair value was determined utilizing a Black-Scholes model considering all relevant assumptions current at the date of issuance (i.e., share price of $1.30, exercise price of $1.30, term of five years, volatility of 86.0%, risk-free rate of 1.34%, and expected dividend rate of 0%).

The grant date fair value of these warrants was estimated to be $2,194,477 on November 24, 2021 and was reflected as a component of the loss on the extinguishment of the Bridge Note for the year ended December 31, 2021.

In connection with the additional $250,000 borrowed during the year ended December 31, 2022 the Company issued additional warrants to the related party with exercise prices of $0.42 per share and $0.53 per share respectively.

The measurement of the July 25, 2022 and July 29, 2022, warrant's fair value was determined utilizing a Black-Scholes model considering all relevant assumptions current at the date of issuance (i.e., share price of $0.40, exercise price of $0.42, term of five years, volatility of 107.0%, risk-free rate of 2.9%, and expected dividend rate of 0% for the advance made July 25, 2022) (i.e., share price of $0.60, exercise price of $0.53, term of five years, volatility of 106.0%, risk-free rate of 2.7%, and expected dividend rate of 0% for the advance made July 29, 2022).

The grant date fair value of the above warrants was estimated to be $74,128 and is reflected within additional paid-in capital as of December 31, 2022. See Note 4.

On May 30, 2023 and May 31,2023, the Company borrowed $50,000 and $100,000, respectively from the related party and issued additional warrants with an exercise price of $.24 per share. The measurement of fair value for these warrants was determined utilizing a Black-Scholes model considering all relevant

assumptions current at the date of issuance *(*i.e., share price of $0.24, exercise price of $0.24, term of five years, volatility of 107%, risk-free rate of 3.7%, and expected dividend rate of 0%).

The grant date fair value of these warrants was estimated to be $25,000 and is reflected within additional paid-in capital as of December 31, 2023.

On December 22, 2023 the Company borrowed $500,000 from the related party and issued additional warrants with an exercise price of $.20 per share. The measurement of the December 2023 warrants' fair value was determined utilizing a Black-Scholes model considering all relevant assumptions current at the date of issuance *(*i.e., share price of $0.20, exercise price of $0.20, term of five years, volatility of 120%, risk-free rate of 3.8%, and expected dividend rate of 0%).

On December 22, 2023, the Company entered into a Common Stock Warrant Agreement with the Second Related Party to purchase from the Company at any time up to and through the date five years from the Issuance Date up to 437,000 shares of the Company's common stock, at an exercise price per Share equal to $0.20 ("Exercise price").

The measurement of the Second Related Party 2023 warrant's fair value was determined utilizing a Black-Scholes model considering all relevant assumptions current at the date of issuance *(*i.e., share price of $0.23, exercise prices of $0.24 and $0.20, term of five years, volatility of 122% and 120%, risk-free rates of 3.9% and 3.8%, and expected dividend rate of 0%).

The grant date fair value of the December 2023 warrants was estimated to be $84,000 and together with the May 2023 warrants is reflected within additional paid-in capital as of December 31, 2023.

A summary of the Company's 2023 and 2022 warrant activity and related information is as follows:

	Warrants	Exercise Price	Expiration	Exercisable
Outstanding at December 31, 2021	4,168,998	$0.60	24-Nov-26	4,168,998
Granted	100,000	$0.42	25-Jul-27	100,000
Granted	150,000	$0.53	29-Jul-27	150,000
Outstanding at December 31, 2022	4,418,998			4,418,998
Granted	50,000	$0.24	30-May-28	50,000
Granted	100,000	$0.24	31-May-28	100,000
Granted	500,000	$0.20	22-Dec-28	500,000
Granted	437,000	$0.20	22-Dec-28	437,000
Outstanding at December 31, 2023	5,505,998			5,505,998

Outstanding and unexercised warrants as of December 31, 2023 are convertible into 5,505,998 shares of common stock.

7. Commitments and Contingencies

Employment Agreement

On April 2, 2020, we entered into a two-year employment agreement with Dr. Taraporewala that may be renewed annually. The agreement may be terminated by either party at any time upon 30 days' notice. Under the terms of the agreement, Dr. Taraporewala will be employed as our Chief Executive Officer at an annual base salary of $250,000. Bonuses, if any, will be awarded at the discretion of the Company's board of directors. We have also agreed to reimburse for Dr. Taraporewala' s private health and dental insurance, as well as his life insurance policy. He may also be granted equity compensation at the board's discretion. The

agreement includes standard non-disclosure provisions as well as a one-year non-compete covenant. The Company is in discussions with Dr. Taraporewala to extend his employment agreement.

Operating Lease Agreement

The Company has no leased premises as all operations are performed on a virtual basis. No rent expense was recognized at December 31, 2023 and 2022, respectively, in the consolidated financial statements.

Contract Research Agreement with Pace Analytical, Inc.

In May 2020, the Company entered into a Service and Quality Agreement with Pace Analytical Inc. ("Pace") pursuant to which Pace is to provide for a three-year term, research, drug development and laboratory consulting and scientific services to the Company. The agreement also calls for Pace to perform certain product testing and manufacturing processes necessary to develop and produce usable clinical trial samples. The total project cost for the various services to be provided to the Company amount to $803,225. On March 9, 2023, the Company entered into an amendment to the Service and Quality Agreement for the manufacturing, processing, packing, labeling, storing and testing pursuant to Good Manufacturing Practices for additional batches of EOM613 for a total cost of $212,353 payable as additional drug batches are produced, tested and stored.

Research and development expense associated with services rendered under the May 2020 and March 2023 Service and Quality Agreement was $154,914 and $66,105 respectively, for the years ended December 31, 2023 and 2022, respectively.

Communications and R&D Services Agreement

Effective September 4, 2020 as amended on December 1, 2020, the Company entered into a Communications Services Agreement (the Services Agreement) with GMJ Global LLC dba TogoRun, LLC ("TOGO") a full-service healthcare consultancy company providing senior expertise in pharmaceutical clinical development, R&D planning, regulatory affairs, scientific communications and advisory board development, commercial strategy and execution, and corporate communications across all media. For the years ended December 31, 2023 and 2022, the Company incurred $-0- and $53,312 respectively, of website development, marketing, corporate presentations including branding and traditional and social media messaging costs.

Azidus Agreement

In March 2021, the Company entered into a Master Services Agreement with Azidus, a Brazilian based Contract Research Organization (the "Azidus Agreement") to serve as the Company's clinical trial operator in Brazil in connection with the Company's EOM613 COVID-19 open label investigatory clinical trial. The Company has the right to terminate the Azidus Agreement for convenience or other reasons specified in the Azidus Agreement upon prior written notice with no termination fee. Effective July 19, 2021 the Azidus Master Service Agreement was amended to reflect additional clinical trial protocol procedures. The Azidus Agreement was estimated to cost approximately $1,092,000. During the third quarter 2022, we decided to terminate the clinical trial after we achieved an approximately 50% enrollment rate. Since we terminated the clinical trial prior to full enrollment, our final incurred cost was $125,390 and $392,636, for the years ended December 31, 2023 and 2022, respectively.

On December 15, 2023 we entered into a Mutual Settlement and Release Agreement with Azidus to settle our outstanding obligation under the Azidus Agreement for $125,390 resulting in a $58,432 gain on settlement.

Eurofins CDMO Alphora Inc. Agreement

On December 14, 2021, the Company entered into a Squalamine Lactate Route Selection, Development and Demonstration Agreement with Eurofins CDMO Alphora, Inc., a Canadian based Contract Research Organization to evaluate various synthetic routes to access Squalamine Lactate for purposes of further

research and development of the Company's EOM147 drug compound. The agreement is structured under a Phase 1 and Phase 2 work plan spanning over a ten-month period commencing in January 2022. The estimated aggregate cost under the agreement is approximately $1.3 million. For the years ended December 31, 2023 and 2022, we incurred $311,694 and $449,813-, respectively, of research and development costs.

Charles River Laboratories Montreal LLC

On April 18, 2022, the Company entered into an agreement with Charles River Laboratories Montreal, LLC to conduct a comprehensive multi-animal toxicity study to assess the impact of the Company's new EOM147 squalamine formulation on intraocular eyedrop administration. The study is not expected to commence until the third quarter 2024. The total cost of the study is approximately $1.3 million. The Company's financial obligation will not commence until the study begins. Certain cancellation fees will apply depending on the timing of the Company's cancellation notice and the delivery of the animals.

IITT Research

On March 6, 2023, the Company entered into a Study Agreement (the "Study") with IITT Research Institute to conduct various animal toxicity and dosing studies for EOM613. The Study cost is $930,500 payable over various Study milestones and is expected to occur over a three-to-four-month period commencing during the second quarter, 2024.

Indemnification

The Company enters into certain types of contracts that contingently requires the Company to indemnify various parties against claims from third parties. These contracts primarily relate to (i) the Company's bylaws, under which the Company must indemnify directors and executive officers, and may indemnify other officers and employees, for liabilities arising out of their relationship, (ii) contracts under which the Company must indemnify directors and certain officers and consultants for liabilities arising out of their relationship, (iii) contracts under which the Company may be required to indemnify partners against certain claims, including claims from third parties asserting, among other things, infringement of their intellectual property rights, and (iv) procurement, consulting, or license agreements under which the Company may be required to indemnify vendors, consultants or licensors for certain claims, including claims that may be brought against them arising from the Company's acts or omissions with respect to the supplied products, technology or services. From time to time, the Company may receive indemnification claims under these contracts in the normal course of business. In addition, under these contracts, the Company may have to modify the accused infringing intellectual property and/or refund amounts received.

In the event that one or more of these matters were to result in a claim against the Company, an adverse outcome, including a judgment or settlement, may cause a material adverse effect on the Company's future business, operating results or financial condition. It is not possible to determine the maximum potential amount under these contracts due to the Company having no history of prior indemnification claims and the unique facts and circumstances involved in each particular agreement.

Legal Proceedings

The Company is not a party to any litigation and does not have contingency reserves for any litigation liabilities.

8. Stock Options

On November 15, 2022, the Company's shareholders approved the adoption of the Company's 2022 Equity Incentive Plan (Plan), which replaced the Company's 2016 Equity Incentive Plan, and reserved 20,000,000 shares of common stock for issuance under the Plan. Pursuant to the Plan, a committee appointed by the Board of Directors may grant, at its discretion, qualified or nonqualified stock options, stock appreciation rights and may grant or sell restricted stock to key individuals, including employees, nonemployee directors, consultants and advisors. As of December 31, 2023, no stock options were outstanding under either the

current or 2016 Plans.

9. Common Stock

Pursuant to EOM's Certificate of Incorporation filed in September 2020, EOM is authorized to issue 100,000,000 shares of voting common stock. Holders of voting common stock shall have the exclusive right to vote for the election of directors of the Company and on all other matters requiring stockholder action. Founders shares and corresponding capital amounts and losses per share, prior to the Merger, have been retroactively restated based on shares reflecting the exchange ratio established in the Merger.

On December 1, 2021 and pursuant to the Merger Agreement, the Company issued 45,075,538 shares of common stock to the EOM shareholders and shortly thereafter filed an Amended and Restated Certificate of Incorporation to increase its authorized shares of common stock, par value $0.0001 per share to 500,000,000.

On December 1, 2021 pursuant to the Merger Agreement (Note 1) all EOM shareholders exchanged their EOM common stock for Company common stock with EOM's common stock thereafter extinguished.

On December 20, 2021 and pursuant to the terms of the Merger Agreement, the Company issued 64,000,000 shares of common stock to the EOM shareholders in exchange for the Series C Convertible Preferred stock in satisfaction of the Closing Consideration.

At December 31, 2023 and 2022, the Company had 113,270,751 shares of common stock outstanding.

10. Preferred Stock

On December 1, 2021 and pursuant to the Merger Agreement, the Company amended its Amended and Restated Articles of Incorporation to authorize the issuance of 1,000,000 non-voting Series C Convertible Preferred Stock, par value $0.0001 per share to EOM shareholders convertible into 64 shares of common stock for each EOM Series C Convertible Preferred Stock share exchanged. On or about December 20, 2021, the Company amended its Amended and Restated Articles of Incorporation to increase the authorized number of shares of preferred stock to 5,000,000 and immediately exchanged the Series C Convertible Preferred Stock for 64,000,000 shares of the Company's common stock. Pursuant to the terms of the Series C Convertible Preferred Certificate of Designation, the Series C designation resumed its status of authorized but unissued shares of preferred stock and was no longer designated as Series C Convertible Preferred Stock. At December 31, 2023 and 2022, no preferred stock is issued and outstanding.

12. 401(k) Profit Sharing Plan

In past years, the Company has adopted a Profit-Sharing Plan that qualifies under Section 401(k) of the Internal Revenue Code. Contributions to the plan are at the Company's discretion. The Company did not make any matching contributions during the years ended December 31, 2023 and 2022.

13. Income Taxes

We have incurred net operating losses since inception. We have not reflected the benefit of net operating loss carryforwards in the accompanying consolidated financial statements and have established a full valuation allowance against our deferred tax assets as it is not more likely than not that such benefit will be realized.

The reconciliation of federal statutory income tax rate to the Company's effective income tax rate is as follows:

	2023	2022
Expected income tax benefit at federal statutory rate	21.0%	21.0%
Change in FMV of Derivative	5.7%	2.0%
Research & Development tax credit	0.0%	0.0%

Change in Valuation Allowance	(26.7)%	(23.0)%
Income tax provision (benefit)	0%	0%

Deferred income taxes reflect the net effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The principal components of the Company's deferred tax assets consisted of the following:

	As of December 31,	
	2023	**2022**
Net Operating Loss Carryforwards	$ 10,810,423	$ 10,294,705
Capitalized R&D Costs	337,203	245,897
R&D Credit Carryforward	67,135	74,494
Less: Valuation Allowance	(11,214,761)	(10,615,097)
Net Deferred Tax Asset	$ -	$ -

Pursuant to the Merger, Holdings effective January 1, 2022, elected to join in the filing of a consolidated income tax return with its wholly owned subsidiary EOM. During calendar 2021, both the Company and EOM filed separate corporate income tax returns. At December 31, 2021, EOM's historic net operating loss and unused research & development tax credit carryforwards of approximately $3.8 million and $67,000 respectively will be subject to the consolidated separate return limitation provisions. The federal net operating loss carryforwards have no expiration date while EOM's research & development tax credit carryforwards expire in 2040-2041.

At December 31, 2023 and 2022, the Company had accumulated federal net operating loss carryforwards of approximately $47.7 million and $46.0 million respectively, of which $700,000 expire in various years from 2027 thru 2037 and $47.0 and $45.3 million have no expiration but are limited to 80% of taxable income when used. The Company's California net operating loss carryforwards at December 31, 2023 and 2022 approximated $1.6 million. The Company's New Jersey net operating carryforwards approximated $3.4 and $5.5 million at December 31, 2023 and 2022 and will begin to expire in 2040. The Company's 2020-2022 tax returns remain open for IRS and state tax examinations.

The Merger with EOM resulted in change of control as defined under Section 382 of the Internal Revenue Code of 1986. Consequently, the Company's net operating losses are limited, on an annual basis, in an amount equal to the Company's pre-change of control value multiplied by the long-term tax-exempt bond rate in effect for the month of the change of control. Consequently, the Company's annual limitation on the amount of pre-Merger net operating losses available to offset future Company profits is $36,000.

Based on the Company's current and projected future losses, the Company recorded a full valuation allowance against its deferred tax assets as of December 31, 2023 and 2022. The Company intends to maintain a valuation allowance until sufficient positive evidence exists to support a reversal of the allowance. For the period ended December 31, 2023 and 2022, the valuation allowance increased by $599,665 and $772,246, respectively.

The Company files income tax returns in the U.S. federal jurisdiction as well as California and New Jersey. Effective December 31, 2022 the Company withdrew from California and will, for the foreseeable future, cease to file in the state.

The Company evaluates tax positions for recognition using a more-likely-than-not recognition threshold, and those tax positions eligible for recognition are measured as the largest amount of tax benefit that is greater than 50% likely of being realized upon the effective settlement with a taxing authority that has full knowledge of all relevant information. As of December 31, 2023 and 2022, the Company had no unrecognized income tax benefits that would affect the Company's effective tax rate if recognized.

On August 16, 2022, the Inflation Reduction Act of 2022 (the "IR Act") was signed into federal law. The IR Act provides, among other corporate provisions, a new 15% Corporate Alternative Minimum Tax ("CAMT") that acts as a new book minimum tax of at least 15% of consolidated GAAP pre-tax income for corporations with average book income in excess of $1 billion and is effective for tax years beginning on or after January 1, 2023. The IR Act also creates several potentially beneficial tax credits to incentivize investments in certain technologies and industries. We do not believe the IR Act will have a material negative impact on our business or our financial performance in the near term future.

14. Subsequent Events

The Company has evaluated all events subsequent to December 31, 2023 and through the date these financial statements were available to be issued. The Company is not aware of any subsequent event that would require recognition or disclosure in the financial statements other than the following:

During February 2024, the related party shareholder advanced $250,000 to the Company under the terms of the Amended Note.