

KELYNIAM GLOBAL, INC.
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2024 AND 2023

KELYNIAM GLOBAL, INC.
TABLE OF CONTENTS
DECEMBER 31, 2024 AND 2023

	<u>Page</u>
ACCOUNTANT'S COMPLIATION REPORT	1
FINANCIAL STATEMENTS:	
BALANCE SHEET	2 - 3
STATEMENT OF INCOME	4
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY	5
STATEMENT OF CASH FLOWS	6
NOTES TO THE FINANCIAL STATEMENTS	7 - 19
SUPPLEMENTARY INFORMATION:	20
SCHEDULE I - COST OF SALES	21
SCHEDULE II - GENERAL AND ADMINISTRATIVE EXPENSES	22

LaQuerreAudi

certified public accountants

Independent Accountant's Compilation Report

To the Board of Directors

Kelyniam Global, Inc.

Collinsville, CT

Management is responsible for the accompanying financial statements of Kelyniam Global, Inc., (a Corporation), which comprise the balance sheet as of December 31, 2024 and 2023, and the related statement of income, changes in stockholders' equity and cash flows for the years then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements in Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The supplementary information contained in Schedules I and II is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management. The supplementary information was not subject to our compilation engagement. We do not express an opinion, a conclusion, nor provide any assurance on such information.

Respectfully,

LaQuerre Audi, LLC

LaQuerre Audi, LLC

Certified Public Accountants

Plainville, CT 06062

March 4, 2025

KELYNIAM GLOBAL, INC.
BALANCE SHEET
DECEMBER 31, 2024 AND 2023

ASSETS

	2024	2023
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 153,083	\$ 9,066
Accounts receivable, net of allowances	385,568	448,815
Inventory	34,788	46,227
Prepaid expenses	1,293	2,759
	574,732	506,867
<u>PROPERTY AND EQUIPMENT</u>		
Manufacturing equipment	270,954	569,049
Computer equipment	28,074	91,588
Furniture and fixtures	8,043	8,043
Leasehold improvements	323,162	323,162
	630,233	991,842
Less: Accumulated depreciation	(406,467)	(632,607)
	223,766	359,235
<u>OTHER ASSETS</u>		
Operating lease - right-of-use asset	101,880	135,591
Intangible assets, net	23,299	12,101
Security deposit	8,000	8,000
Deferred income tax asset	837,000	610,900
	970,179	766,592
TOTAL ASSETS	\$ 1,768,677	\$ 1,632,694

See accompanying notes and independent accountant's compilation report

KELYNIAM GLOBAL, INC.
BALANCE SHEET
DECEMBER 31, 2024 AND 2023

LIABILITIES & STOCKHOLDERS' EQUITY

	2024	2023
<u>CURRENT LIABILITIES</u>		
Line of credit	\$ 55,959	\$ 159,044
Accounts payable	135,596	250,596
Accrued expenses	330,279	130,349
Officer loan	26,122	106,650
Current portion of operating lease liabilities	33,960	33,711
Current portion of note payable	12,627	13,094
	594,543	693,444
<u>LONG-TERM LIABILITIES</u>		
Operating lease liabilities, less current portion	67,920	101,880
Note payable, less current portion	221,801	217,611
	289,721	319,491
TOTAL LONG-TERM LIABILITIES	289,721	319,491
TOTAL LIABILITIES	884,264	1,012,935
<u>STOCKHOLDERS' EQUITY</u>		
Common stock \$.001 par value, 60,000,000 shares authorized, 49,718,430 shares issued and outstanding in 2024; 29,923,145 shares issued and outstanding in 2023;	49,718	29,923
Additional paid in-capital	4,047,543	2,882,478
Retained earnings (accumulated deficit)	(3,199,043)	(2,278,837)
Treasury stock, at cost (237,583 shares in 2024 and 2023)	(13,805)	(13,805)
	884,413	619,759
TOTAL STOCKHOLDERS' EQUITY	884,413	619,759
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	\$ 1,768,677	\$ 1,632,694

See accompanying notes and independent accountant's compilation report

KELYNIAM GLOBAL, INC.
STATEMENT OF INCOME
FOR THE YEARS ENDED
DECEMBER 31, 2024 AND 2023

	2024	2023
Sales	\$ 3,328,384	\$ 2,672,357
Cost of Sales	734,247	599,723
Gross Profit	2,594,137	2,072,634
General and Administrative Expenses	2,317,100	2,311,800
Income (Loss) from operations	277,037	(239,166)
Other Income (Expenses)		
Stock-based compensation	(942,860)	(76,971)
Restructuring charges	(411,629)	-
Loss on sale of assets	(1,890)	-
Interest income	221	3,000
Interest expense	(63,740)	(52,643)
	(1,419,898)	(126,614)
Loss Before Provision (Benefit) for Income Taxes	(1,142,861)	(365,780)
Provision (Benefit) for Income Tax	(222,655)	(147,309)
Net Loss	\$ (920,206)	\$ (218,471)

See accompanying notes and independent accountant's compilation report

KELYNIAM GLOBAL, INC.
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
DECEMBER 31, 2024 AND 2023

	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock	Total Stockholders' Equity
Balance, January 1, 2023	\$ 28,993	\$ 2,806,437	\$ (2,060,366)	\$ (13,805)	\$ 761,259
Issuance of new shares	930	76,041	-	-	76,971
Net loss	-	-	(218,471)	-	(218,471)
Balance, December 31, 2023	\$ 29,923	\$ 2,882,478	\$ (2,278,837)	\$ (13,805)	\$ 619,759
Issuance of new shares	19,795	1,165,065	-	-	1,184,860
Net loss	-	-	(920,206)	-	(920,206)
Balance, December 31, 2024	<u>\$ 49,718</u>	<u>\$ 4,047,543</u>	<u>\$ (3,199,043)</u>	<u>\$ (13,805)</u>	<u>\$ 884,413</u>

See accompanying notes and independent accountant's compilation report

KELYNIAM GLOBAL, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED
DECEMBER 31, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (920,206)	\$ (218,471)
Adjustments needed to reconcile net income to net cash provided by (used in) operating activities:		
Stock-based compensation	942,860	76,971
Loss on sale of assets	96,233	-
Accrued interest	3,925	-
Depreciation	44,648	48,445
Amortization	1,139	963
(Increase) Decrease in operating assets		
(Increase) Decrease in accounts receivable	63,247	51,075
(Increase) Decrease in inventory	11,439	10,474
(Increase) Decrease in prepaid expenses	1,466	102,237
(Increase) Decrease in intangible assets	-	(13,064)
(Increase) Decrease in deferred income taxes	(226,100)	(149,900)
Increase (Decrease) in accounts payable	(115,000)	(1,024)
Increase (Decrease) in accrued expenses	199,930	32,622
Increase (Decrease) in deferred revenue	-	(36,101)
Net Cash Provided By (Used In) Operating Activities	103,581	(95,773)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the sale of assets	1,150	-
Purchase of property and equipment	(6,562)	-
Net Cash Provided By (Used In) Investing Activities	(5,412)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Net borrowings on line of credit	(103,085)	(25,950)
Borrowings on note payable	-	117,974
Net proceeds from common stock issuance	242,000	-
Principal payments on note payable	(12,539)	(9,575)
Net repayments to officer	(80,528)	22,390
Net Cash Provided by (Used In) Financing Activities	45,848	104,839
Net Increase (Decrease) in Cash and Cash Equivalents	144,017	9,066
Cash and Cash Equivalents at Beginning of Year	9,066	-
Cash and Cash Equivalents at End of Year	\$ 153,083	\$ 9,066

See accompanying notes and independent accountant's compilation report

KELYNIAM GLOBAL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Kelyniam Global, Inc. (“the Company”), organized under the laws of the State of Nevada, specializes in the rapid production of custom prosthetic cranial implants utilizing computer-aided design and computer aided manufacturing of advanced medical grade polymers. The Company develops, manufactures, and distributes custom cranial implants for patients requiring the reconstruction of cranial and certain facial structures. The Company works directly with surgeons, health systems and payors to improve clinical and cost-of-care outcomes. The Company has additional products and categories in various stages of development and commercialization.

The Company’s business operations consist solely of regulatory approvals, manufacturing operations and distribution to customers and markets entirely in the United States.

Basis of Accounting

The financial statements of the Company have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”).

Revenue Recognition

Revenue from the sale of implantable products is generally recognized at an amount that reflects the expected consideration at the point-in-time the hospital customer obtains control of the product, which is defined as when the product is delivered and accepted, or upon shipment to a third-party distribution customer assuming control of the products.

Significant judgments – contracts with multiple performance obligations

Generally, each customer order represents a separate contract. Customer orders may include promises to transfer multiple performance obligations. A performance obligation is a promise in a contract with a customer to transfer products or services that are distinct. Generally, each specific product or service ordered is considered distinct and therefore, considered a separate performance obligation.

The Company allocates the transaction price to each performance obligation on a relative standalone selling price (“SSP”) basis. The SSP is the price at which the Company would sell a promised product or service separately to a customer. Judgement is required to determine the SSP for each distinct performance obligation.

KELYNIAM GLOBAL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Company determines SSP by considering its overall pricing objectives and market conditions on a customer basis. Significant pricing practices taken into consideration include the Company's discounting practices, price lists, historical sales and contract prices. As the Company's go-to-market strategies evolve, the Company may modify its pricing practices in the future, which could result in changes to SSP. In certain cases, the Company is able to establish SSP based on observable prices of products or services sold separately in comparable circumstances to similar customers. The Company uses a single amount to estimate SSP when it has observable prices.

The transaction price for each contract with a customer is generally fixed. Amounts that have been invoiced are recorded in accounts receivable and revenue, when control to customers has occurred.

The Company has determined that it qualifies for the practical expedient to expense incremental costs of obtaining a contract as incurred in the period that the goods or services are transferred to the customer as this treatment is consistent with the incremental costs incurred.

Use of Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents and Credit Risk

The Company considers all investments with the original maturities of three months or less to be cash equivalents.

The Company maintains its cash and cash equivalents in bank deposit accounts that, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents. The Company did not exceed the insured limit as of December 31, 2024 and 2023.

Accounts Receivable

Accounts receivable are recorded at fair value and are recorded as current assets. Uncollectible account balances are written-off when management determines the probability to collection is remote. The Company does not require collateral in providing credit. The allowance for doubtful accounts reflects the best estimate of probable losses determined principally on the basis of historical experience and specific allowances for known troubled accounts. All accounts or portions thereof that are deemed to be uncollectible or that require an excessive collection cost are written off to the allowance for doubtful accounts. No allowance for doubtful accounts was deemed necessary at December 31, 2024 and 2023.

KELYNIAM GLOBAL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventory

Inventory, consisting primarily of supplies, is stated at the lower of cost (first-in, first-out basis) or market value (net realizable value).

Property and Equipment

Property, plant, and equipment are recorded at cost. Depreciation is provided using straight-line methods for financial reporting purposes. Estimated useful lives of the assets are as follows:

Manufacturing equipment	7 years
Computer equipment	3 years
Furniture and fixtures	5 – 7 years
Leasehold improvements	15 – 39 years

The cost and related accumulated depreciation of equipment and furniture sold, retired or otherwise disposed of are removed from the related asset accounts, and any resulting gain or loss is recorded in operations for the period in which the transaction occurred.

Expenditures for major renewals or improvements that extend the useful lives of equipment and furniture are capitalized. Expenditures for maintenance and repairs are expensed as incurred. Depreciation expense for the years ended December 31, 2024 and 2023 was \$44,648 and \$48,445, respectively.

Leases

The Company calculates operating lease liabilities with a risk-free discount rate, using a comparable period with the lease term. All lease and non-lease components are combined for all leases. Lease payments for leases with a term of 12 months or less are expensed on a straight-line basis over the term of the lease with no lease asset or liability recognized.

Fair Value of Financial Instruments

The Company has a number of financial instruments and none are held for trading purposes. The Company estimates that the fair value of all financial instruments as of December 31, 2024 and 2023 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheets. The Company used available market information and appropriate valuation methodologies to determine the estimated fair value amounts. Considerable judgment is required in interpreting market data to develop the estimates of fair value and, accordingly, the estimates are not necessarily indicative of the amounts that the Company could realize in a current market exchange (See Note 12).

KELYNIAM GLOBAL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Advertising Costs

The Company expenses advertising costs as they are incurred. Advertising expenses for the years ended December 31, 2024 and 2023 was \$28,309 and \$43,560, respectively.

Shipping and Handling Costs

All shipping and handling costs billed to customers are recognized in sales. Shipping and handling costs are charged to expense as incurred and included in cost of sales on the accompanying statement of income. Shipping and handling costs incurred for the years ended December 31, 2024 and 2023 was \$36,794 and \$41,937, respectively.

Income Taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related to differences between financial statement and taxable income arising primarily from depreciation expense for tax purposes using accelerated methods and for financial statements using the straight line method, in addition to future benefits for net operating loss carryovers for tax purposes.

The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled.

There are no uncertain positions that would require recognition in the financial statements. If the Company were to incur an income tax liability in the future, interest on any income tax liability would be reported as interest expense and penalties and income tax would be reported as income tax expense. Management's conclusions regarding uncertain tax positions may be subject to review and adjustment at a later date based upon ongoing analysis of or changes in tax laws, regulations and interpretations therefore as well as other factors.

Lease Arrangements

Annual rentals pertaining to the real estate lease, which convey merely the right to use property, are charged to current operations.

Subsequent Events

In preparing these financial statements, management has evaluated subsequent events through March 4, 2025, which represents the date the financial statements were available to be issued.

KELYNIAM GLOBAL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 2 – RELATED PARTY TRANSACTIONS

Officer Loan Payable

Loan payable represent amounts due to a former officer/director. The outstanding balance of the loan as of December 31, 2024 and 2023 was \$26,122 and \$54,099, respectively. The amount is not subject to a specific repayment schedule. The note pays interest at 4.75%. A second loan was initiated during the third quarter of 2023, which is not subject to a repayment schedule and accrues interest at 12.0%. This second loan had a balance of \$52,551 as of December 31, 2023 and was repaid during the first quarter of 2024.

NOTE 3 – INVENTORY

Inventory consists of supplies on hand in the amount of \$34,788 and \$46,227 as of December 31, 2024 and 2023, respectively.

NOTE 4 – INTANGIBLE ASSETS

Intangible assets consist of the following as of December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Loan origination costs	\$ 25,401	\$ 13,064
Less: Accumulated amortization	<u>(2,102)</u>	<u>(963)</u>
Net Intangibles	<u>\$ 23,299</u>	<u>\$ 12,101</u>

Amortization expense amounted to \$1,139 and \$963 for the years ended December 31, 2024 and 2023, respectively.

Following is a schedule of future amortization expense:

<u>YEAR ENDING</u> <u>DECEMBER 31,</u>	
2025	\$ 2,404
2026	2,404
2027	2,404
2028	2,404
2029	2,404
Thereafter	<u>11,279</u>
	<u>\$ 23,299</u>

KELYNIAM GLOBAL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 5 – LINE OF CREDIT

The Company has a \$230,000 revolving line of credit with Westfield Bank, secured by the assets of the Company. The balance on the line at December 31, 2024 was \$55,959 at the rate of interest of 8.50%. The balance on the line at December 31, 2023 was \$159,044 at the rate of interest of 9.50%.

NOTE 6 – LONG-TERM DEBT

	<u>2024</u>	<u>2023</u>
Note payable with a commercial non-bank lender, payable in monthly installments of \$1,162 beginning February 2023, including interest of 14.24%, through January 2035, secured by a personal guarantee of an officer of the Company and supported by a corporate owned life insurance policy.	\$ 74,413	\$ 77,514
Note payable with a commercial non-bank lender, payable in monthly installments of \$595 beginning September 2023, including interest of 14.24%, through August 2033, secured by a personal guarantee of an officer of the Company and supported by a corporate owned life insurance policy.	35,449	37,390
Note payable with a commercial non-bank lender, payable in monthly installments of \$1,909 beginning October 2022, including interest of 13.24%, through September 2034, secured by a personal guarantee of an officer of the Company and supported by a corporate owned life insurance policy.	<u>124,566</u>	<u>115,801</u>
	\$ 234,428	\$ 230,705
Less: Current maturities:	<u>(12,627)</u>	<u>(13,094)</u>
	<u>\$ 221,801</u>	<u>\$ 217,611</u>

KELYNIAM GLOBAL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 6 – LONG-TERM DEBT (Continued)

Future maturities of long-term debt are as follows:

<u>YEAR ENDING</u> <u>DECEMBER 31,</u>	<u>AMOUNT</u>
2025	\$ 12,627
2026	14,470
2027	16,582
2028	19,003
2029	21,779
Thereafter	<u>149,967</u>
	<u>\$ 234,428</u>

In recognition of the origination and guarantee of the above notes, the Company entered into an agreement in 2024 and beyond whereby a guarantee fee of 4.25% will be paid on the average of the beginning and ending balances of the above three loans. For the year ended December 31, 2024, \$9,895 was recorded as interest expense.

NOTE 7 – DESCRIPTION OF LEASING ARRANGEMENTS

The following summarizes the line items in the balance sheet, which include amounts for operating leases as of December 31, 2024 and 2023.

	<u>2024</u>	<u>2023</u>
Operating lease – right-of-use asset	<u>\$ 101,880</u>	<u>\$ 135,591</u>
Current portion of operating lease liabilities	33,960	33,711
Operating lease liabilities	<u>67,920</u>	<u>101,880</u>
Total operating lease liabilities	<u>\$ 101,880</u>	<u>\$ 135,591</u>

The following summarizes the components of operating lease expenses that are included in the Statement of Income for the years ended December 31, 2024 and 2023.

	<u>2024</u>	<u>2023</u>
Cost of Sales	\$ 25,272	\$ 22,435
General and Administrative Expenses	<u>25,272</u>	<u>23,551</u>
Operating lease cost	<u>\$ 50,544</u>	<u>\$ 45,986</u>

KELYNIAM GLOBAL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 7 – DESCRIPTION OF LEASING ARRANGEMENTS (Continued)

The following summarizes the cash flow information related to operating leases for the years ended December 31, 2024 and 2023.

	<u>2024</u>	<u>2023</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for operating leases	\$ 50,544	\$ 45,986
Lease assets obtained in exchange for lease liabilities:		
Operating leases	\$ 101,880	\$ 135,591

The following is a schedule of future minimum lease payments required under the lease agreement.

<u>YEAR ENDING</u> <u>DECEMBER 31,</u>	
2025	\$ 33,960
2026	33,960
2027	<u>33,960</u>
	<u>\$ 101,880</u>

NOTE 8 – STOCKHOLDERS’ EQUITY

Common Stock

As of December 31, 2024, the authorized capital stock of the Company was 60,000,000 shares of common stock, \$0.001 par value per share; 49,718,430 shares are outstanding at December 31, 2024.

The Company awarded an employee 150,000 shares of stock which will vest over 3 years upon the anniversary of the employee's service at the Company. The first 50,000 shares award was provided in February 2024 at \$0.06 per share for a total amount of \$3,000. A second tranche was awarded to the employee on the anniversary of their work date in July 2024 for a total amount of \$3,500. The Company has chosen to use the cash or intrinsic method of accounting to account for the award of shares in 2024.

During the second quarter of 2024, the Board awarded an outgoing Board member 300,000 shares of common stock in recognition of lengthy service to the Company in the amount of \$18,000.

KELYNIAM GLOBAL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 8 – STOCKHOLDERS’ EQUITY (Continued)

During the third quarter of 2024, the Company issued 375,000 shares of common stock to current Board members for ‘2024-2025 Board Service in the amount of \$45,000.

The Company undertook a Private offering of Public Equity (“PIPE”) at a fixed price certain which closed at the end of November. 4,464,285 of common shares were issued in the fourth quarter of 2024. No warrants or other dilutive instruments were issued in conjunction with the offering.

In addition, during the fourth quarter of 2024, the Board authorized and the Company issued 14,556,000 shares of common stock to current officers in respect to compensation obligations in the amount of \$873,360.

As of December 31, 2023, the authorized capital stock of the Company was 60,000,000 shares of common stock, \$0.001 par value per share; 29,923,145 shares outstanding at December 31, 2023.

During 2023, the Company issued 930,000 shares of common stock at various issuance prices primarily to current Board members, employees and a success award for a distributor in the amount of \$76,971.

Treasury Stock

The Company is authorized to repurchase shares of its common stock in the open market or through negotiated transactions, at such times and at such prices as management may decide.

NOTE 9 – RESTRUCTURING CHARGES

During 2024, the Company underwent restructuring resulting in the following charges as of December 31, 2024:

Loss on disposal of assets	\$ 94,343
Obsolete inventory write off	14,480
Officer bonuses	95,000
Accounts payable write off	7,212
Accrued settlement reserve	85,000
Bad debt expense	<u>115,594</u>
	<u>\$ 411,629</u>

KELYNIAM GLOBAL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 10 – INCOME TAXES

The provisions for income taxes consist of the following at December 31, 2024:

	<u>FEDERAL</u>	<u>STATE</u>	<u>TOTAL</u>
Current Taxes	\$ -	\$ 3,445	\$ 3,445
Deferred Tax (Benefit)	<u>(163,200)</u>	<u>(62,900)</u>	<u>(226,100)</u>
Net	<u>\$ (163,200)</u>	<u>\$ (59,455)</u>	<u>\$ (222,655)</u>

The provisions for income taxes consist of the following at December 31, 2023:

	<u>FEDERAL</u>	<u>STATE</u>	<u>TOTAL</u>
Current Taxes	\$ -	\$ 2,591	\$ 2,591
Deferred Tax (Benefit)	<u>(108,100)</u>	<u>(41,800)</u>	<u>(149,900)</u>
Net	<u>\$ (108,100)</u>	<u>\$ (39,209)</u>	<u>\$ (147,309)</u>

The deferred taxes result from the following:

- 1) The use of the accrual basis of accounting for financial purposes versus the cash basis of accounting for tax purposes.
- 2) Net operating losses that are available to offset future taxable income.
- 3) The use of straight-line depreciation methods for financial reporting purposes versus accelerated depreciation methods for tax purposes.

The Company's deferred tax assets and deferred tax liabilities at December 31, 2024 and 2023 consist of the following:

	<u>2024</u>	<u>2023</u>
Deferred tax assets	\$ 837,000	\$ 610,900
Deferred tax liabilities	<u>-</u>	<u>-</u>
Net Deferred Tax Asset	<u>\$ 837,000</u>	<u>\$ 610,900</u>

KELYNIAM GLOBAL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 10 – INCOME TAXES (Continued)

Included in the accompanying balance sheet at December 31, 2024 and 2023, as follows:

	<u>2024</u>	<u>2023</u>
Long-term deferred tax asset	\$ 837,000	\$ 610,900

The Company has approximately \$3.1 million loss carryforwards for both federal and state that may be used to offset against future taxable income. If not used, the carryforwards will begin to expire in December, 2030.

The Company files tax returns in U.S. federal jurisdiction, as well as in the State of Connecticut. The Company is no longer subject to U.S. federal and state income tax examinations by tax authorities for the years before 2017.

NOTE 11 – RETIREMENT PLAN

The Company maintains a 401(k) plan for full-time employees defined as an employee whose schedule services exceed 1,000 hours during a calendar year. Newly hired employees are eligible to participate in the plan after six months of service. The Company's matching contribution to its' 401(k) plan during the year ended December 31, 2024 was \$5,710. The Company's matching contribution to its' 401(k) plan during the year ended December 31, 2023 was \$4,500.

NOTE 12 – FAIR VALUE MEASUREMENTS

FASB 820, Fair Value Measurements and Disclosures (FASB ASC 820) established a framework for identifying and measuring fair value. FASB ASC 820 provides a fair value hierarchy, giving the highest priority to quoted prices in active markets, and is expected to be applied to fair value measurements of derivative contracts that are subject to mark to market accounting and other assets and liabilities reported at fair value.

FASB ASC 820 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

FASB ASC 820 emphasizes that fair value is a market-based measurement, not an entity specific measurement, and establishes a fair value hierarchy that distinguishes between assumptions based on market data obtained from independent sources and those based on the entity's own assumptions. The hierarchy prioritizes the inputs to fair value measurements into three levels:

KELYNIAM GLOBAL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 12 – FAIR VALUE MEASUREMENTS (Continued)

Level 1- measurements utilize unadjusted quoted prices in active markets for identical assets and liabilities that the entity had the ability to access. These consist primarily of listed equity securities, exchange traded fixed income, derivatives and certain U.S. government treasury securities.

Level 2- measurements include quoted prices for similar assets and liabilities in active markets, quoted prices identical or similar assets or liabilities in markets that are not active, and other observable inputs such as interest rates and yield curves that are observable at commonly quoted intervals. These consist primarily of non-exchange traded derivatives such as swaps, forward contracts of options and most fixed income securities.

Level 3- measurements use unobservable inputs for assets and liabilities, are based on the best information available and might include the entity’s own data. In some valuations, the inputs used may fall into different levels of hierarchy. In these cases, the financial instrument’s level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. These consist mainly of assets and liabilities valued through an internal modeling process.

The following section describes the valuation methodologies used by the Company to measure different financial instruments at fair value, including an indication of the level in the fair value hierarchy in which each instrument is generally classified. Where appropriate, the description includes the details of the valuation models, the key inputs to those models, and significant assumptions.

Available-for-sale and Held-to-maturity securities- The Company uses quoted market prices to determine fair value for these classes of securities. These financial assets consist of exchange traded fixed income and equity securities, and are classified in Level 1 of the financial hierarchy.

The following table presents information about the Company’s respective assets and liabilities measured at fair value on a recurring basis at December 31, 2024 including the fair value measurements and the level of inputs used in determining those fair values:

Description	Level 1	Level 2	Level 3	Total
Assets:				
Equity Securities	\$ -	\$ -	\$ -	\$ -
Fixed Income	-	-	-	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

KELYNIAM GLOBAL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 12 – FAIR VALUE MEASUREMENTS (Continued)

Transfers between Level 1 and 2 generally relate to whether a market becomes active or inactive. Transfers between Levels 2 and 3 generally relate to whether, for various reasons, significant inputs become observable or unobservable. During the years ended December 31, 2024, there were no significant transfers into and out of each level of the fair value hierarchy for assets and liabilities measured at fair value.

NOTE 13 – SUPPLEMENTARY ANALYTICAL DATA

The Company uses the indirect method when presenting its cash flows from operating activities in the Statements of Cash Flows, therefore, the Company is required to disclose the following supplementary information:

	<u>2024</u>	<u>2023</u>
Interest paid	\$ 48,454	\$ 50,381

During 2024, the Company issued 15,331,000 shares of common stock, at varying prices, in the amount of \$942,860, in a noncash arrangement, as described in Note 8. In addition, the Company took out a commercial loan and incurred debt issuance costs in the amount of \$12,338 in a noncash financing arrangement.

During 2023, the Company issued 930,000 shares of common stock, in the amount of \$76,971, in a noncash arrangement, as described in Note 8.

NOTE 14 – CONCENTRATIONS

Two customers represented 29% of accounts receivable at December 31, 2024 and one customer represented 11% of sales revenue for the year ended December 31, 2024.

One customer represented 18% of accounts receivable at December 31, 2023 and one customer represented 12% of sales revenue for the year ended December 31, 2023.

SUPPLEMENTARY INFORMATION

KELYNIAM GLOBAL, INC.
SCHEDULE I - COST OF SALES
FOR THE YEARS ENDED
DECEMBER 31, 2024 AND 2023

	2024	2023
Depreciation	\$ 28,485	\$ 30,146
Direct labor	193,856	85,213
Payroll taxes	14,081	6,710
Raw materials	428,525	404,201
Rent	25,272	22,435
Shipping, freight and delivery	36,794	41,937
Utilities	7,234	9,081
Total Cost of Sales	\$ 734,247	\$ 599,723

See accompanying notes and independent accountant's compilation report

KELYNIAM GLOBAL, INC.
SCHEDULE II - GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEARS ENDED
DECEMBER 31, 2024 AND 2023

	2024	2023
Advertising	\$ 28,309	\$ 43,560
Amortization	1,139	963
Bank and credit card fees	37,331	34,975
Commissions	1,140,839	894,449
Depreciation	16,163	18,299
Donations	10,000	15,934
Equipment rental	820	894
Insurance	111,387	182,665
License and registration	20,549	7,654
Officer's compensation	81,443	79,160
Office expenses	57,598	35,314
Payroll service	3,361	2,183
Payroll taxes	40,461	41,784
Pension	5,710	4,500
Professional fees	95,275	243,391
Property and other taxes	1,475	1,793
Regulatory fees	24,184	18,129
Rent	25,272	23,551
Repairs and maintenance	21,011	35,612
Salaries and wages	450,583	451,497
Seminars	1,789	600
Software support	396	35,649
Telephone	8,598	9,853
Travel and entertainment	81,998	59,372
Utilities	10,568	10,434
Web services	40,841	59,585
	\$ 2,317,100	\$ 2,311,800
Total General and Administrative Expenses		

See accompanying notes and independent accountant's compilation report