Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines

INTERNATIONAL DISPENSING CORPORATION

A Delaware Corporation

170 Pulaski Street, Southampton, New York 11968

212-464-7203
www.idcinnovation.com
cwestwood@idcinnovation.com
SIC Code: 2821

Quarterly Report
For the Period Ending: June 30, 2022
(the "Reporting Period")

As of June 30, 2022, the number of shares outstanding of our Common Stock was:

94,726,606

As of March 31, 2022, the number of shares outstanding of our Common Stock was:

94,726,606

As of March 31, 2021, the number of shares outstanding of our Common Stock was:

94,726,606

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933 and Rule 12b-2 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: ☒

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

Yes: ☐ No: ☒

1. Name of the issuer and its predecessors (if any)

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

International Dispensing Corporation	September 11, 1996
ReSeal Food Dispensing Systems Inc	October 10, 1995

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

Delaware. The Company is in active status in Delaware.

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

None.

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

None.

The address of the issuer's principal executive office:

170 Pulaski Street, Southampton, New York 11968.

The address(es) of the issuer's principal place of business:
Check box if principal executive office and principal place of business are the same address: ☒

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

Yes: ☐ No: ☒

2. Security Information

Trading Symbol: IDND
Exact title and class of securities outstanding:
Common Stock, par value $.001 per share
CUSIP: 459407102
Par or Stated Value: $.001 per share
Total shares authorized: 150,000,000 as of June 30, 2022
Total shares outstanding: 94,726,606 as of June 30, 2022
Number of shares in the Public Float: 37,051,021 as of June 30, 2022
Total number of shareholders of record: 133 as of June 30, 2022

Preferred Stock Series E Redeemable Convertible Preferred Stock 4% annual coupon
Par value: $0.001 per preferred share
Total Preferred Stock authorized: 1,700,000 as of June 30, 2022
Total Preferred Stock outstanding: 1,500,000 as of June 30, 2022
Total number of Preferred Stockholders: 1

Transfer Agent
Name: American Stock Transfer & Trust Co.
6201 15th Avenue
Brooklyn, New York 11219

Telephone: 800-937-5449 or 718-921-8124
E-mail: help@astfinancial.com

Is the Transfer Agent registered under the Exchange Act? Yes: ☒ No: ☐

List any restrictions on the transfer of security: None, except applicable federal and state securities laws requiring registration of certain secondary transactions or an exemption from the registration provisions

Describe any trading suspension orders issued by the SEC in the past 12 months.

None.

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

None.

3. Issuance History

A. Changes to the Number of Outstanding Shares

Check this box to indicate there were no changes to the number of outstanding shares within the past two completed fiscal years and any subsequent periods: ☐

Number of Shares outstanding as of January 1, 2020	Opening Balance: Common: 89,783,977 Preferred: 1,500,000		*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 (entities must have individual with voting / investment control disclosed).**	**Reason for share issuance (e.g. for cash or debt conversion) OR Nature of Services Provided (if applicable)**	**Restricted or Unrestricted as of this filing?**	**Exemption or Registration Type?**
3/6/20	New Issuance	357,143	Common	$.14	No	Roger W. Kirby	Cash	Restricted	4(a)(2)
3/9/20	New Issuance	178,571	Common	$.14	No	Stuart Reynolds	Cash	Restricted	4(a)(2)
3/11/20	New Issuance	26,600	Common	$.42	No	1510349 Ontario Limited (Thomas Bruendl has voting and investment control for this entity)	For goods furnished	Restricted	4(a)(2)
7/8/20	New Issuance	714,286	Common	$.14	No	Michael B. Azeez Revocable Trust (Michael Azeez has voting and investment control for this entity)	Cash	Restricted	4(a)(2)
7/10/20	New Issuance	1,250,000	Common	$.14	No	Abbott Family Foundation	Cash	Restricted	4(a)(2)

						(Gregory Abbott has voting and investment control for this entity)			
8/28/20	New Issuance	178,751	Common	$.14	No	Douglas R. Casey	Cash	Restricted	4(a)(2)
9/24/20	New Issuance	357,144	Common	$.14	No	Allan Scott	Cash	Restricted	4(a)(2)
10/3/20	New Issuance	200,000	Common	$.14	No	Robert D. Macgregor	Cash	Restricted	4(a)(2)
10/20/20	New Issuance	250,000	Common	$.14	No	Curtinella, S.A. (Christoph Stahl has voting and investment control for this entity)	Cash	Restricted	4(a)(2)
10/20/20	New Issuance	400,000	Common	$.14	No	Selz Family 2011 Trust (Bernard Selz has voting and investment control for this entity)	Cash	Restricted	4(a)(2)
11/5/20	New Issuance	200,000	Common	$.14	No	John Moorhead	Cash	Restricted	4(a)(2)
11/5/20	New Issuance	185,714	Common	$.14	No	Jay Stern	Cash	Restricted	4(a)(2)
1/27/21	New Issuance	65,669	Common	$.42	No	1510349 Ontario Limited (Thomas Bruendl has voting and investment control for this entity)	For goods furnished	Restricted	4(a)(2)
3/16/21	New Issuance	200,000	Common	$.14	No	Bibicoff Family Trust	Cash	Restricted	4(a)(2)

						(Harvey Bibicoff has voting and investment control for this entity)			
4/6/21	New Issuance	200,000	Common	$.14	No	Alison Biehl	Cash	Restricted	4(a)(2)
6/9/21	New Issuance	178,751	Common	$.14	No	Podell Family Trust (Antony Podell has voting and investment control for this entity)	Cash	Restricted	4(a)(2)
Shares Outstanding on June 30, 2022	Ending Balance: Common: 94,726,606 Preferred: 1,500,000								

B. Debt Securities, Including Promissory and Convertible Notes

Use the chart and additional space below to list and describe any issuance of promissory notes, convertible notes or convertible debentures in the past two completed fiscal years and any subsequent interim period.

Check this box if there are no outstanding promissory, convertible notes or debt arrangements: ☐

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	Reason for Issuance (e.g. Loan, Services, etc.)
9/11/2018	$300,000	$300,000	$63,288.46	open	None	Greg Abbott	Bridge Loan
4/23/2014	$100,000	$100,000	$81,917.81	open	None	Ian Abbott	Working Capital
4/23/2014	$100,000	$100,000	$81,917.81	open	None	Malcolm Abbott	Working Capital
4/23/2014	$100,000	$100,000	$81,917.81	open	None	Helena Abbott	Working Capital

4/4/2022	$150,000	$150,000	$3575.34	open	none	Abbott Foundation	Promissory Note
4/4/2022	$25,000	$25,000	$595.89	Open	None	Jose Luis Martinez Navarro	Promissory Note

4. Financial Statements

A. The financial statements referred to in this item were prepared in accordance with:

☒ U.S. GAAP
☐ IFRS

B. The financial statements for this reporting period were prepared by:

Name: Christopher Westwood
Title: Chief Financial Officer
Relationship to Issuer: Chief Financial Officer

Please refer to the Company's Financial Statements and Footnotes for the three months ended June 30, 2022 which are incorporated at the end of this document.

5. Issuer's Business, Products and Services

A. The Company is a flexible packaging R&D company targeting the food and beverage industry. The Company's core product is The Answer® tap which was patented in 2002 and is marketed and sold globally. The Company continues to pursue the original vision on which it was founded: to create and market a cost-effective dispensing system that can keep aseptic liquid contents fresh and uncontaminated (shelf-stable) through the entire dispensing cycle (days, weeks, or months, depending on the product) without recourse to refrigeration or preservatives. In recent years, the Company has broadened its scope over the supply chain and expanded its intellectual property in an effort to offer a complete packaging solution to customers. Its official mission statement reads: "To supply our customers innovative, cost effective, environmentally responsible dispensing solutions while delivering value to our shareholders."

For additional information concerning the nature of the Company's business, refer to the Company's Quarterly Report for the Half Year ended June 30, 2022 which is attached at the end of this report:

B. Describe any subsidiaries, parents, or affiliated companies, if applicable, and a description of their business contact information for the business, officers, directors, managers or control persons. Subsidiary information may be included by reference: Not applicable

C. Describe the issuer's principal products or services, and their markets: The Company's core product is The Answer® tap which was patented in 2002 and is marketed and sold globally.

6. Issuer's Facilities.

The Company's executive offices are located at 170 Pulaski Street, Southampton, New York 11968. The Company does not own or lease any facilities, including manufacturing facilities as services and manufacturing are provided by independent contractors.

7. Officers, Directors, and Control Persons

Name of Officer/Director and Control Person	Affiliation with Company (e.g. Officer/Director/Owner of more than 5%)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding	Note
Gregory Abbott	Stockholder	New York, NY	27,171,572 (1)	Common	28.68% (1)	(1) Includes currently exercisable options and warrants to purchase 1,293,810 shares
Jose Luis Martinez Navarro	Director, CEO	Houston, Texas	8,408,079 (2)	Common	8.88% (2)	(2) Includes currently exercisable options to purchase 8,408,079 shares
Bo Thorn	Director	Dorset, Vermont	4,224,926 (3)	Common	4.46% (3)	(3) Includes currently exercisable options to purchase 4,224,926 shares

Marcelino Martinez	Director	Huixquilucan, Mexico	3,783,259 (4)	Common	3.99%	(4) Includes currently exercisable options to purchase 3,783,259 shares
Michael Azeez	Director	Palm Beach Gardens, Florida	5,008,540 (5)	Common	5.29%	(5) Includes currently exercisable options to purchase 25,000 shares
Leon Gianneschi	Director	Irvine, California	1,230,472 (6)	Common	1.30%	(6) Includes currently exercisable options to purchase 1,008,250 shares
Stanley Shuman	Stockholder	New York, NY	1,500,000 (7) 10,000,000 (8)	Series E Preferred Common	100% 9.6% (6)	(7) Convertible into 5,000,000 Shares of Common Stock (8) Consists of preferred stock immediately convertible into 5,000,000 shares of common stock and warrants to purchase 5,000,000 shares of Common Stock which are currently exercisable
Christopher Westwood	Chief Financial Officer	Southampton, New York	521,195 (9)	Common	Less than 1%	(7) Includes currently exercisable options and warrants to purchase 521,195 shares of Common Stock

8. Legal/Disciplinary History.

A. Gregory Abbott, a former director and Chief Executive Officer of the Company pled guilty to the crimes of mail fraud and honest services mail fraud in a proceeding in the federal district court for the District of Massachusetts relating to a conspiracy involving allowing a test taker to secretly take college entrance exams in place of his daughter. Mr. Abbott pled guilty and served a sentence for such crime of 30 days in Canaan Federal Prison in Pennsylvania. Mr. Abbott resigned as a director and officer of the Company on March 14, 2019.

Except as set forth above, none of the above persons has been subject to any of the following:

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

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

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

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

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

None.

9. Third Party Providers

Securities Counsel
Carl Ranno
Law Office of Carl P. Ranno
2733 East Vista Drive
Phoenix, Arizona 85032

Investor Relations Consultant: The Company currently does not retain an investor relations consultant or other service provider that assisted, advised, prepared or provided information with respect to this Disclosure Statement.

10. Issuer Certification. The following certifications are made by the Company’s Principal Executive Officer and Principal Financial Officer

CERTIFICATION

I, Jose Luis Martinez Navarro, certify that:

1. I have reviewed this Semi-Annual Report and Disclosure Statement of International Dispensing Corporation;

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.

Date: August 15, 2022

Jose Luis Martinez Navarro, Chief Executive Officer

CERTIFICATION

I, Christopher Westwood, certify that:

1. I have reviewed this Semi-Annual Report and Disclosure Statement of International Dispensing Corporation;

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.

Date: August 15, 2022

Christopher Westwood, Chief Financial Officer

Financial Statements for

The six months ended June 30, 2022

INTERNATIONAL DISPENSING CORPORATION

BALANCE SHEETS
JUNE 30, 2022 AND DECEMBER 31, 2021

	June 30, 2022	December 31, 2021
ASSETS		
CURRENT ASSETS		
Cash	$ 111,063	$ 26,525
Accounts receivable trade	42,339	42,339
Prepaid expenses	80,626	67,483
Inventory	91,172	91,172
Total current assets	325,200	227,519
PROPERTY & EQUIPMENT		
Office equipment	98,535	98,535
Production equipment	2,957,436	2,957,436
	3,055,971	3,055,971
Less accumulated depreciation	(3,040,396)	(3,035,383)
Total property and equipment	15,575	20,588
TOTAL ASSETS	$ 340,775	$ 248,107
LIABILITIES & STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES		
Accounts payable	$ 579,794	$ 481,215
Accrued expenses	815,741	343,592
Notes payable to Stockholders	776,483	600,000
Other liabilities warrants, at fair value	1,570,724	1,593,379
Total current liabilities	3,742,742	3,018,186
Convertible, redeemable preferred stock, $0.001 par value; 2,000,000 shares authorized; 1,500,000 issued and outstanding as of June 30, 2021 and December 31, 2020 respectively	1,500,000	1,500,000
STOCKHOLDERS' DEFICIT		
Common stock, $0.001 par value; 150,000,000 shares authorized; 94,726,606 and 94,726,606 shares issued and outstanding as of June 30, 2022 and December 31, 2021 respectively	94,726	94,726
Additional paid-in capital	44,475,675	44,438,868
Accumulated deficit	(49,472,368)	(48,803,673)
Total stockholders' deficit	(4,901,967)	(4,270,079)
TOTAL LIABILITIES & STOCKHOLDERS' DEFICIT	$ 340,775	$ 248,107

The information in the notes are an integral part of these financial statements

INTERNATIONAL DISPENSING CORPORATION

STATEMENTS OF OPERATIONS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2022 AND 2021

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
REVENUES	$ -	$ 42,337	$ -	$ 42,337
COST OF GOODS SOLD		47,680		52,160
GROSS (LOSS)/PROFIT	-	(5,343)	-	(9,823)
OPERATING EXPENSES				
Engineering expenses	441	2,574	3,708	5,331
General & administrative expenses	1,933	821	2,526	5,561
Operating expenses	302,230	271,952	614,844	508,029
Selling expenses	2,157	6,457	5,467	11,205
Depreciation	2,438	4,827	5,013	9,883
Total operating expenses	309,199	286,631	631,558	540,009
LOSS FROM OPERATIONS	(309,199)	(291,974)	(631,558)	(549,832)
NET INTEREST EXPENSE	(17,840)	(11,988)	(29,792)	(23,926)
CHANGE IN VALUE OF WARRANT LIABILITY	23,777	523,547	22,655	711,874
NET INCOME (LOSS)	(303,262)	219,585	(638,695)	138,116
Preferred stock dividends	(30,000)	(15,000)	(30,000)	(30,000)
Net income (loss) available to common stockholders	$ (333,262)	$ 204,585	$ (668,695)	$ 108,116
NET LOSS PER COMMON SHARE (basic & diluted)	$ (0.00)	$ 0.00	$ (0.01)	$ 0.00
BASIC & DILUTED WEIGHTED SHARES OUTSTANDING	94,726,606	89,959,042	94,726,606	89,959,042

The information in the notes are an integral part of these financial statements

INTERNATIONAL DISPENSING CORPORATION

STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT

FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021

	Common shares outstanding	Common stock	Additional paid-in capital	Retained earnings	Total stockholders' (deficit)/equity
Balance December 31, 2020	94,326,245	$ 94,326	$ 43,821,772	$ (47,618,848)	$ (3,702,750)
Additional shares issued for cash	400,361	400	55,600		56,000
Stock based compensation			561,496		561,496
Dividends payable				(60,000)	(60,000)
Net loss				(1,124,825)	(1,124,825)
Balance December 31, 2021	94,726,606	$ 94,726	$ 44,438,868	$ (48,803,673)	$ (4,270,079)
Stock based compensation			36,807		36,807
Dividends payable				(30,000)	(30,000)
Net loss				(638,695)	(638,695)
Balance June 30, 2022	94,726,606	94,726	44,475,675	(49,472,368)	(4,901,967)

The Information in the notes is an integral part of these financial statements

INTERNATIONAL DISPENSING CORPORATION

STATEMENTS OF CASHFLOWS

FOR THE THREE SIX MINTHS ENDED JUNE 30, 2022 AND 2021

	June 30, 2022	June 30, 2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) income	$ (638,695)	$ 138,116
Depreciation	5,013	9,883
Stock-based compensation	36,807	10,285
Change in fair value of warrant liability	(22,655)	(711,874)
Amortization of debt issuance cost	1,483	
Net changes in		
Accounts receivable	-	(17,199)
Prepaid expenses	(13,143)	(41,800)
Inventory	-	41,521
Accounts payable	68,579	(1,972)
Accrued expenses	472,149	399,447
Net cash used in operating activities	(90,462)	(173,593)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of common stock		56,000
Proceeds from issuance of Notes payable	175,000	
Net cash provided by financing activities	175,000	56,000
NET DECREASE IN CASH	84,538	(117,593)
CASH AT BEGINNING OF PERIOD	26,525	260,404
CASH AT END OF PERIOD	$ 111,063	$ 142,811
Supplemental disclosure of cash flow information		
Preferred dividends accrued and included in accounts payable	$ 30,000	$ 30,000

The information in the notes are an integral part of these financial statements

Notes to the Financial Statements

1. The Company & Organization

International Dispensing Corporation ("IDC" or the "Company") was incorporated in the State of Delaware in October 1995. The Company designs and manufactures proprietary packaging and dispensing solutions for the flowable food, beverage, medical, pharmaceutical and chemical industries. IDC's business model offers companies proven market solutions that offer higher levels of product safety and product performance.

IDC's single focus is on the development of market solutions whose value may be optimized through a joint venture alliance, license agreement or sale of the technology. IDC's business plan is organized on five platforms:

I. Identify emerging packaging and dispensing market trends in the flowable foods, beverages, medical, pharmaceutical and chemical industries.

II. Design and incubate new packaging and dispensing technologies that deliver measurable improvements in product safety and product performance.

III. Demonstrate that the new technology can be mass marketed and mass produced.

IV. Deliver each new technology with the necessary patent and regulatory certifications completed.

V. Partner with leading flexible packaging companies in joint venture alliances, license agreements or sale of the technology to maximize shareholder value.

The Company has been subject to a number of on-going risks through March 31, 2022, which are continuing. For example, the Company is subject to risks related to the availability of sufficient financing to meet its future cash requirements and the uncertainty of future product development, regulatory approval, and market acceptance of existing and proposed products.

Additionally, other significant risk factors such as loss of key personnel, lack of manufacturing capabilities, difficulty in establishing new intellectual property rights and preserving and enforcing existing intellectual property rights, as well as product obsolescence due to the development of competing technologies could impact the future results of the Company.

The results of operations for the six and three months ended June 30, 2022 are not necessarily indicative of the results that will be achieved for any future period.

2. Going Concern

The Company's financial statements have been presented on the basis that it will continue as a going concern which contemplates the realization of assets and liquidation of liabilities in the normal course of business. The Company faces certain risks and uncertainties that are present in many emerging growth companies regarding product development and commercialization: limited working capital, recurring losses and negative cash flow from operations, future profitability, ability to obtain future capital, protection of patents, dependence on third party manufacturing organizations, and low levels of recurring sales. These risks and other factors raise substantial doubt about our ability to continue as a going concern.

The Company's primary source of funds since inception has been from the sales of its common stock ($44.4 million) and preferred stock ($1.5 million) and from the occasional issuance of debt. Revenues have been consistently at a low level, but they stem from individual purchase orders and not long-term contracts. To date, revenues have been insufficient to cover operating costs and losses are continuing as efforts to market the Company's products progress.

For the six months ended June 30, 2022, the Company incurred a loss from continuing operations of $631,558 and used $84,538 in net cash from operating activities. As of June 30, 2022, the Company had a negative net working capital of $3,417,542 and total cash and cash equivalents of $111,063. The accompanying financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

The Company's ability to continue as a going concern is dependent on its ability to obtain additional financing, to generate sufficient cash flows to meet its obligations on a timely basis, and ultimately to attain profitability. No assurance can be given that the Company will be successful in raising the adequate funds needed. If the Company is unable to raise additional capital when required or on acceptable terms, it may have to significantly delay, scale back or discontinue the development or commercialization of one or more of its product candidates, restrict its operations or obtain funds by entering into agreements on unattractive terms, which would likely have a material adverse effect on its business, stock price and its relationships with third parties with whom it has business relationships, at least until additional funding is obtained.

3. The COVID-19 Pandemic

IDC made no deliveries in the first six months of 2022 and 2021. The combination of Covid-19, ongoing labor shortages, and rationalization of production facilities through mergers and acquisitions in the packaging supply chain, has forced beverage producers to choose between the only two remaining packaging supply channels. Frictions in the labor market for packaging facility operators may ease with the adoption of technology and after job rationalizations stemming from corporate consolidation.

Although IDC is no longer directly exposed to frictions in the US employment market after the relocation of its third-party manufacturing operations to Toluca, Mexico, the Company still has indirect exposure through the Company's packaging partners and customers. The new challenges to the business environment are a second derivative from Covid-19: how will beverage producers respond to the pricing power of the new duopoly of flexible packaging solutions?

IDC's management sees opportunities emerging from the industry consolidation which may provide cover for smaller, nimbler competitors to find niche markets. In the meantime, management continues to focus on the variables it can control: consultants are receiving stock options in lieu of cash and the variable cost position is improved. These initiatives have positioned the Company much more aggressively for when supply-chain issues are resolved, and pent-up demand picks up. However, in the meantime, the Company continues to spend more cash than it generates and will need additional funding for future operations.

4. Significant Accounting Policies

Cash

Cash consists of cash in banks.

Accounts Receivable

The Company's accounts receivable consist of amounts due from customers operating in the food and beverage industry throughout the United States, Asia, and Europe. Collateral is generally not required. The Company does not have a history of significant uncollectible accounts. For the periods reported, the Company has performed a detailed review of the current status of the existing receivables and determined that an allowance for doubtful accounts is not necessary.

Inventory

Inventories consist primarily of finished goods. Inventories are stated at the lower of cost or net realizable value, utilizing the first-in, first-out method. Costs of finished goods inventories include all costs incurred to bring inventory to its current condition, including freight and other costs. On an annual basis the Company reviews inventories for obsolete inventories.

Property and Equipment

Office equipment and production equipment are recorded at cost and are depreciated on a straight-line basis over their estimated useful lives, generally five years.

Impairment of Long-Lived Assets

The Company reviews property and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An asset is considered impaired if its carrying amount exceeds the future net undiscounted cash flows that the asset is expected to generate. If such asset is considered to be impaired, the impairment to be recognized is the amount by which the carrying amount of the asset, if any, exceeds its fair value determined using a discounted cash flow model.

Revenue Recognition

Revenue is recognized upon shipment of the product to the customer.

Income Taxes

The Company uses the liability method in accounting for income taxes. Under this method, deferred tax assets and liabilities are determined based on differences between the financial reporting and tax basis of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse.

Management considers the likelihood of changes by taxing authorities in its filed income tax returns and recognizes a liability for or discloses potential changes that management believes are more likely than not to occur upon examination by tax authorities. Management has not identified any uncertain tax positions in filed income tax returns that require recognition or disclosure in the accompanying financial statements. Any interest and penalties related to income tax matters is recognized as a component of operating expense. The Company's income tax returns for the past three years are subject to examination by tax authorities and may change upon examination.

Net Income (Loss) per Share

Basic net income (loss) per share is computed by dividing the net income (loss) available to common shareholders by the weighted-average number of shares of common stock outstanding during the period. Diluted income (loss) per share is determined using the weighted-average number of shares of common stock outstanding during the period adjusted for the dilutive effect of common stock equivalents related to preferred stock, outstanding stock options and deferred contingent common stock awards. In periods of net loss, the dilutive effects of common stock equivalents are not included because their effect would be anti-dilutive.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from such estimates.

Stock-Based Compensation

Compensation cost for all stock-based awards is measured at fair value on date of grant and recognized over the service period for awards expected to vest. Such value is recognized as expense over the service period, net of estimated forfeitures. The estimation of stock awards that will ultimately vest requires judgment, and to the extent actual results or updated estimates differ from our current estimates, such amounts will be recorded as a cumulative adjustment in the period estimates are revised. Management considers many factors when estimating expected forfeitures, including types of awards, employee class, and historical experience.

Fair Value of Financial Instruments

The Company's financial instruments consist primarily of accounts receivable, accounts payable and accrued expenses, and notes payable to stockholders. In management's opinion, the carrying amounts of these financial instruments approximated their fair value on June 30, 2022 and December 31, 2021.

Business Segments

The Company has determined that its current business and operations consist of one reporting segment.

5. Private Placements of Stock

During the third quarter of 2015 one individual purchased 1,500,000 shares of the Company's Series E Convertible, Redeemable Preferred Stock for a total purchase price of $1,500,000 ($1.00 per share). These shares are redeemable and can be converted to 5,000,000 shares of the Company's Common Stock. The purchase agreement allows for a 4% dividend payable either in cash or in additional shares of Series E Preferred Stock. These dividends are being accrued on the balance sheet in accounts payable and at March 31, 2022 and December 31, 2021 accrued preferred stock dividends amounted to $400,192 and $325,192 respectively. Under the purchase agreement the investor was granted warrants to purchase 5,000,000 shares of common stock at an exercise price of at $0.30 per share, which became exercisable one year after the date of grant and remain exercisable until December 31, 2022.

As the preferred stock contains a redeemable provision at the shareholder's option, the item is not included with permanent equity, but a component of mezzanine equity and included in the balance sheet as a single line item between liabilities and stockholders' deficit.

In addition, the convertible provision was evaluated to determine if it was subject to a beneficial conversion feature ("BCF"). A BCF was concluded since the effective conversion price was below the per share fair value of the underlying stock into which it is convertible at the issue date. As a result, the Company recognized an asset discount from the BCF and a related credit to additional paid-in capital in the amount of $724,973, which was amortized as a deemed dividend over one year, the redeemable period and was netted against the convertible, redeemable preferred stock in the balance sheet.

In connection with the preferred stock issuance, the Company also issued warrants to purchase an additional 5,000,000 shares of common stock. The warrants are deemed a derivative liability and are measured at fair value at each reporting period. As a result, the Company recognized an asset discount for the warrants and a related credit to warrant liability in the original amount of $724,973. The discount was amortized as a deemed dividend over one year, the redeemable period, and was netted against the convertible, redeemable preferred stock in the balance sheet. The warrants are measured at fair value at each reporting period with changes in fair value recorded in the statements of operations. On March 25, 2020 the Board of Directors modified the maturity of these 5,000,000 warrants with a near-term expiration date to December 31, 2022 which has the effect of increasing their fair value.

During the year ended December 31, 2021, two individuals purchased a total of 400,361 shares of common stock at an average price of $0.14 per share.

6. Stock-based Compensation

Stock Options

The fair values of stock options granted were estimated at the date of grant using the Black-Scholes option-pricing model. The Black-Scholes option-pricing model was originally developed for use in estimating the fair value of traded options, which have different characteristics from the Company's employee stock options. The model is also sensitive to changes in assumptions, which can materially affect the fair value estimate.

In 2020, the Company introduced a new stock option plan, the "2019 – 2022 Equity Incentive Plan", to compensate management and consultants with stock options including amounts accrued on the balance sheet in 2019 in Accounts Payable. The plan also applies to 2020 and to 2021 when management and consultants were again compensated with Company stock options in lieu of cash compensation and may be extended beyond 2021 at the Company's discretion. There are 30,000,000 options subject to the plan of which 20,703,965 have been awarded, including options issued to settle recorded liabilities, to vest immediately with exercise prices ranging from $0.056 to $0.1347 per share and with the longest maturity being December 31, 2031, leaving 9,296,035 remaining for future awards. None of the options have been exercised thus far. The Plan Administrator has the authority to set the award date, the vesting period, and the term of each award provided that the term shall be within ten years of the award date.

On January 1 and February 1, 2021 the Board of Directors were awarded 150,000 options with exercise prices of $0.10 and $0.12 and 10 year maturities, as compensation for board duties and responsibilities.

No compensation cost related to share-based payment arrangements was capitalized as part of the cost of any asset during the year ended December 31, 2021 and the year ended December 31, 2020.

The Company accounts for its stock-based awards issued to non-employees in return for services using the fair value method. The fair value of the award is measured using the Black-Scholes option valuation model on the date that the services have been completed or on the performance commitment date, whichever is earlier (the "measurement date").

The Company has three other stock option plans (the "Plans"). The 1998 Stock Option Plan (the "Participant Plan") provides for the granting of stock options to key employees, consultants or other persons ("Participants"). The objective of this Plan includes attracting and retaining the best personnel, providing for additional performance incentives and promoting the success of the Company by providing Participants the opportunity to acquire common stock. The objective of the second plan, the Director Option Plan ("the Director Plan"), is to attract and retain the best available personnel for service as outside directors of the Company, as well as to provide additional incentive to the outside directors of the Company to serve as directors and to encourage their continued service on the Board.

In July 2017 a new plan, the 2017 Stock Incentive Plan, with 6,000,000 shares, was approved by the Board to provide for Options, Stock Appreciation Rights, Restricted Stock, Performance Shares, and Cash Bonus Awards to be granted at the discretion of the Stock Options Committee as performance incentives for targets agreed by the Stock Options Committee.

The Plans provide for the granting of options, stock appreciation rights, restricted stock, performance shares, and cash bonus awards, that will qualify as "incentive stock options" for employees and non-qualified stock options for consultants and external directors.

On January 1, 2021 75,000 options were granted under the Equity Incentive Plan. The options have an exercise price of $0.11, vest in one year, and expire on January 1, 2031

On February 1, 2021 75,000 options were granted under the Equity Incentive Plan. The options have an exercise price of $0.12, vest in one year, and expire on February 1, 2031.

As of June 30, 2022, unallocated options of: 5,589,999, 450,000, 4,575,000, and 9,296,035 remain for the 1998 Participant Plan, the Director Plan, the 2017 Stock Incentive Plan, and the 2019 – 2022 Equity Incentive Plan, respectively and as illustrated in the chart below:

	Plan total	awarded	expired	exercised	remaining
1998 Participant Plan	11,000,000	8,622,835	3,712,834	500,000	5,589,999
1998 Director Plan	450,000	440,000	440,000	-	450,000
2017 Stock Incentive Plan	6,000,000	1,475,000	50,000	-	4,575,000
2019 - 2022 Equity Incentive Plan	30,000,000	20,703,965	-	-	9,296,035
	47,450,000	31,241,800	4,202,834	500,000	19,911,034

Options expire on such date as the Board of Directors or the Committee may determine at the date of issuance.

The following table summarizes stock option activity for the Company for year ended June 30, 2022:

	Number of Shares	Weighted Average Exercise Price	Intrinsic Value
Outstanding at January 1, 2022	26,558,966	$ 0.132	$ -
Granted	-	-	
Cancelled	-	-	
Outstanding at June 30, 2022	26,558,966	$ 0.132	$ -

The following table summarizes information about stock options outstanding as of June 30, 2022:

	Options Outstanding			Options Exercisable		
Exercise Price Range	Number Outstanding	Weighted-Average Remaining Life (Years)	Weighted-Average Exercise Price	Number Outstanding	Weighted-Average Remaining Life (Years)	Weighted-Average Exercise Price
.03 -.07	8,888,580	9.51	$ 0.0560	8,888,580	9.51	$ 0.0560
.08 - .19	11,790,385	7.91	0.1202	11,790,385	7.91	0.1202
.20 - .30	4,706,667	1.83	0.2363	4,706,667	1.83	0.2363
.31 - .58	1,153,334	3.71	0.4062	1,153,334	3.71	0.4062
.60 - 1.00	20,000	0.50	0.6500	20,000	0.50	0.6500
	26,558,966	7.18	$ 0.1321	26,558,966	7.18	$ 0.1321

Warrants

During the three months ended June 30, 2022 the Company issued 174,900 debt warrants in conjunction with a Note Payable (see Note 9).

As of June 30, 2022, in addition to the warrants described in Notes 5 and 10, warrants to purchase 1,896,327 shares of the Company's common stock were outstanding at prices ranging from $0.05 to $0.64 per share.

As of June 30, 2022 there was no unrecognized compensation expense remaining to be amortized to all stock options described above.

7. Compensation

During 2020 the Company introduced a stock option plan to compensate management and consultants in lieu of cash. The plan was used to pay amounts that were accrued in 2019, for the twelve months of 2020 and 2021. The plan will be extended at the Company's discretion (see "6. Stock-based Compensation"). No options were awarded in lieu of compensation in the six months ended June 30, 2022.

8. Concentration of Credit Risk

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist principally of cash and trade receivables. The deposits at a financial institution are guaranteed by the Federal Deposit Insurance Company (FDIC) up to $250,000. At various times during the year, the Company had deposits in excess of the FDIC limit. The Company had accounts receivable balance of $42,339 as of June 30, 2022 the majority of which is from a single customer. There were no deliveries or sales for the six months ended June 30, 2022.

9. Notes Payable

Beginning in 2012 the then CEO made several personal loans to the Company. In 2016 the Company began repaying the principal on these loans with a final installment made in 2017 bringing the principal balance to $0. These loans were all due on demand. The Company accrued the interest associated with these loans as a liability on the balance sheet and after several repayments in 2017 the balance of interest owed to the then CEO on these loans is $30,166 and is included in accrued expenses on the accompanying balance sheet.

Notes payable as of June 30, 2022 and December 31, 2021 consist of the following:

During the second quarter of 2014, affiliates of the then CEO extended an aggregate of $300,000 in loans to the Company. Promissory notes were issued for these loans at an interest rate of 10% per annum. The balance of interest on these loans owed to the affiliates of the then CEO is $245,753 at June 30, 2022 and $230,795 at December 31, 2021 and is included in accrued expenses on the accompanying balance sheets. These loans are outstanding at June 30, 2022 and are due on demand.

In connection with obtaining this debt financing, the Company issued warrants to purchase 1,071,427 shares of common stock. Some of these warrants were subsequently modified to extend the expiration dates. The warrants were deemed a derivative liability and recognized as a warrant liability in the amount of $250,296. The warrants are measured at fair value each reporting period with changes in fair value recorded in the statement of operations.

During the third quarter of 2018 the then CEO extended a 60-day bridge loan of $300,000 at 4% annual interest to the Company. After 115 days the bridge loan remained unpaid and the annual rate of interest increased to 6% as required in the terms of the loan agreement. The loan is now due on demand and the accumulated interest on this bridge loan is $63,288 at June 30, 2022, and $54,362 at December 31, 2021 and is included in accrued expenses on the accompanying balance sheet.

During the second quarter of 2022 the CEO and an affiliate of the company extended loans to the Company of $175,000. Promissory Notes were issued by the Company for these loans at 10% per annum. The principal and interest are due on March 31, 2023 and the interest is accrued on the balance sheet. The accumulated interest on this Promissory Note is $4,171 and is included in accrued expenses on the accompanying balance sheet.

In connection with the obtaining the loan, the Company issued 174,900 warrants with a ten-year maturity. The warrants are deemed interest and are expensed over twelve months as an interest expense. The warrants are measured at fair value each reporting period with changes in fair value recorded in the statement of operations.

10. Fair Value Measurements

Accounting Standards Codification ("ASC") Topic 820, Fair Value Measurements and Disclosures, defines fair value as the price that would be received from the sale of an asset or paid to transfer a liability assuming an orderly transaction in the most advantageous market at the measurement date. In addition, ASC Topic 820 establishes a hierarchical disclosure framework which prioritizes and ranks the level of observability of inputs used in measuring fair value. These tiers include:

- Level 1—Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.
- Level 2—Observable market-based inputs other than quoted prices in active markets for identical assets or liabilities.
- Level 3—Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

In connection with the issuance of convertible, redeemable preferred stock during the third quarter of 2015 and obtaining debt financing in prior years, the Company issued warrants to purchase an additional 5,000,000 and 1,371,427 shares, respectively, of common stock. In accordance with ASC Topic 815, Derivatives and Hedging, the warrants are deemed a derivative liability and are measured at fair value on a recurring basis using the Black Scholes option pricing model, which is considered a Level 2 fair value measurement. This consideration is determined given that inputs used in the calculation, including common stock market value, exercise price, risk free interest rate and volatility are considered observable inputs. The change in the fair value of the warrants described in Notes 5 and 10 is $22,655 and $711,874 for the six months ended June 30, 2022 and 2021 respectively, and is reflected as Change of Fair Value of Warrant Liability in the accompanying statements of operations.

The Company has no other financial assets and liabilities measured at fair value on a recurring basis.

11. Commitments & Contingencies

From time to time, the Company is involved in legal proceedings arising in the ordinary course of business. We believe there is no litigation pending against the Company that could have a material adverse effect on the Company's financial position, results of operations, or cash flows.

12. Subsequent Events

The Company has evaluated subsequent events for potential recognition and/or disclosure through August 15, 2022, the date the financial statements were available to be issued and no further disclosures were noted.