

**Disclosure Statement Pursuant to Alternative Reporting Standard
Disclosure Guidelines for the Pink® Market**

Specificity Inc.
3850 Deer Drive, Unit 1416
Lakewood Ranch, FL 34202
813.364.4744
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info@specificity.com
NAICS Code: 541810



(OTCQB: SPTY)

Annual Report

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

Outstanding Shares

The number of shares outstanding of our Common Stock was:

11,480,584 as of December 31, 2023 (*Current Reporting Period Date or More Recent Date*)

11,480,584 as of December 31, 2022 (*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 Control¹ of the company has occurred during this reporting period:

Yes: No:

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

¹“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.

Issuer Name and History: Specificity, Inc. No changes in issuer name or address since inception.

Current State and Date of Incorporation or Registration: Registered in Florida as foreign corporation on April 30, 2021. Originally incorporated in Nevada on November 25, 2020.

Standing in this jurisdiction: (e.g. active, default, inactive): Active.

Prior Incorporation Information for the issuer and any predecessors during the past five years: Incorporated in Nevada on November 25, 2020.

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:
3850 Deer Drive, Unit 1416, Lakewood Ranch, FL 34202

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

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

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

2) Security Information

Transfer Agent

Name: West Coast Stock Transfer
Phone: (619) 664-4780
Email: <https://westcoaststocktransfer.com>
Address: 721 N. Vulcan Ave. Ste. 106, Encinitas, CA 92024

Publicly Quoted or Traded Securities:

Trading symbol:	SPTY	
Exact title and class of securities outstanding:	Common,	
CUSIP:	84752X101	
Par or stated value:	\$0.001	
Total shares authorized:	50,000,000	as of date: December 31, 2023
Total shares outstanding:	11,480,584	as of date: December 31, 2023
Total number of shareholders of record:	103	as of date: December 31, 2023

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

Exact title and class of the security:	<u>Series A Preferred</u>
Par or stated value:	\$0.001

Total shares authorized:	1,000,000	as of date: December 31, 2023
Total shares outstanding:	1,000,000	as of date: December 31, 2023
Total number of shareholders of record:	1	as of date: December 31, 2023

Exact title and class of the security:	<u>Series B Preferred</u>	
Par or stated value:	\$0.001	
Total shares authorized:	560,000	as of date: December 31, 2023
Total shares outstanding:	560,000	as of date: December 31, 2023
Total number of shareholders of record:	3	as of date: December 31, 2023

Security Description:

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

Common stockholders are entitled to one vote per share on all matters submitted to a vote of stockholders.

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

Series A preferred stock is entitled to 80% of all voting rights available at the time of any vote. In the event of liquidation or dissolution of the Company, the holders of Series A preferred stock are entitled to share ratably in all assets remaining after payment of liabilities and have no liquidation preferences. Holders of Series A preferred stock have a right to convert each share of Series A into five shares of common stock.

Series B preferred stock does not have any voting rights. In the event of liquidation or dissolution of the Company, the holders of Series B preferred stock are entitled to share ratably in all assets remaining after payment of liabilities and have no liquidation preferences. Holders of Series B preferred stock have a right to convert each share of Series B on a prorate basis of exactly ten (10) percent of the issued and outstanding common stock of the Company.

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

None, except voting rights of Series A preferred stockholders as described above.

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

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: Yes: (If yes, you must complete the table below)

Shares Outstanding Opening Balance:									
Date <u>1/1/2022</u> Common: <u>8,654,701</u> Preferred A: <u>1,000,000</u> Preferred B: <u>560,000</u>									
Date of Transaction	Transaction type (e.g., new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to. ***You must disclose the control person(s) for any entities listed.	Reason for share issuance (e.g. for cash or debt conversion) - OR- Nature of Services Provided	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.
<u>12/15/2022</u>	<u>New Issuance</u>	<u>14,432</u>	<u>Common</u>	<u>\$1.35</u>	<u>No</u>	<u>Tysadco Partners</u>	<u>Cash</u>	<u>Restricted</u>	<u>Rule 144</u>
<u>12/15/2022</u>	<u>New Issuance</u>	<u>50,000</u>	<u>Common</u>	<u>\$1.25</u>	<u>No</u>	<u>Bear Creek Capital LLC</u>	<u>Cash</u>	<u>Restricted</u>	<u>Rule 144</u>
<u>12/15/2022</u>	<u>New Issuance</u>	<u>371,369</u>	<u>Common</u>	<u>\$1.25</u>	<u>No</u>	<u>KBBAT, LLC</u>	<u>Cash</u>	<u>Restricted</u>	<u>Rule 144</u>
<u>10/24/2022</u>	<u>New Issuance</u>	<u>200,000</u>	<u>Common</u>	<u>\$1.25</u>	<u>No</u>	<u>William Anderson</u>	<u>Compensation</u>	<u>Restricted</u>	<u>Rule 144</u>
<u>9/28/2022</u>	<u>New Issuance</u>	<u>140,000</u>	<u>Common</u>	<u>\$1.25</u>	<u>No</u>	<u>Kevin Frisbie</u>	<u>Compensation</u>	<u>Restricted</u>	<u>Rule 144</u>
Shares Outstanding on Date of This Report:									
Ending Balance:									
Date <u>12/31/2022</u> Common: <u>10,652,584</u> Preferred: <u>1,000,000</u> Preferred B: <u>560,000</u>									

Shares Outstanding Opening Balance:									
Date <u>1/1/2023</u> Common: <u>10,652,584</u> Preferred A: <u>1,000,000</u> Preferred B: <u>560,000</u>									
Date of Transaction	Transaction type (e.g., new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to. ***You must disclose the control person(s) for any entities listed.	Reason for share issuance (e.g. for cash or debt conversion) - OR- Nature of Services Provided	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.
<u>4/25/2023</u>	<u>New Issuance</u>	<u>50,000</u>	<u>Common</u>	<u>\$1.25</u>	<u>No</u>	<u>LGH Investments, LLC</u>	<u>Debt Inducement</u>	<u>Restricted</u>	<u>Rule 144</u>
<u>6/29/2023</u>	<u>New Issuance</u>	<u>5,000</u>	<u>Common</u>	<u>\$1.25</u>	<u>No</u>	<u>Shelley Burger</u>	<u>Cash</u>	<u>Unrestricted</u>	
<u>08/03/2023</u>	<u>New Issuance</u>	<u>20,000</u>	<u>Common</u>	<u>\$1.25</u>	<u>No</u>	<u>One Source Consulting</u>	<u>Cash</u>	<u>Restricted</u>	<u>Rule 144</u>
<u>10/31/2023</u>	<u>New Issuance</u>	<u>6,500</u>	<u>Common</u>	<u>\$1.25</u>	<u>No</u>	<u>Nicholas A Pasquine</u>	<u>Cash</u>	<u>Unrestricted</u>	
<u>10/24/2023</u>	<u>New Issuance</u>	<u>84,454</u>	<u>Common</u>	<u>\$1.25</u>	<u>No</u>	<u>Tysadco Partners</u>	<u>Cash</u>	<u>Restricted</u>	<u>Rule 144</u>
<u>11/09/2023</u>	<u>New Issuance</u>	<u>20,000</u>	<u>Common</u>	<u>\$1.35</u>	<u>No</u>	<u>Laura Smith & Maksim Chursinov</u>	<u>Cash</u>	<u>Unrestricted</u>	<u>Rule 144</u>
<u>12/18/2023</u>	<u>New Issuance</u>	<u>600,000</u>	<u>Common</u>	<u>\$1.25</u>	<u>No</u>	<u>Clear Think Capital Partners, LLC</u>	<u>Cash</u>	<u>Restricted</u>	<u>Rule 144</u>
Shares Outstanding on Date of This Report:									
Ending Balance:									
Date <u>12/31/2023</u> Common: <u>11,480,584</u> Preferred: <u>1,000,000</u> Preferred B: <u>560,000</u>									

B. Promissory and Convertible Notes

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

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

Date of Note Issuance	Outstanding Balance (\$)	Principal Amount at Issuance (\$)	Interest Accrued (\$)	Maturity Date	Conversion Terms (e.g. pricing mechanism for determining conversion of instrument to shares)	Name of Noteholder. *** You must disclose the control person(s) for any entities listed.	Reason for Issuance (e.g. Loan, Services, etc.)
<u>4/25/2023</u>	<u>\$268,333</u>	<u>\$220,000</u>	<u>\$48,333</u>	<u>March 24, 2024</u>	<u>Convertible at \$1.50 per \$1.00 in debt outstanding</u>	<u>LGH Investments, LLC</u>	<u>Working Capital Bridge Loan</u>

4) Issuer's Business, Products and Services

Business Overview

Specificity, Inc. was incorporated in the State of Nevada on November 25, 2020. The Company's principal headquarters is located at 3850 Deer Drive, Unit 1416, Lakewood Ranch, FL 34202. The Company is a full service digital marketing firm that delivers cutting-edge marketing solutions to identify and market in real-time to potential customers who are actively in the buying cycle. The Company's digital marketing solutions focus on B2B and B2C consumer markets and give small and medium sized businesses a fair chance to capture online traffic. The Company's underlying technology solution utilizes BiToS and Mobile Advertising Identifiers (MAIDs) to build audiences, effectively eliminating bot traffic and ad waste and produces real-time messaging opportunities to reach target audiences more efficiently than broad based market messaging platforms. The Company also implements intuitive ad sequencing, audience ID technology, AI integration, saturation modeling, conversion funneling, CRM integration, traffic resolution, and comprehensive analytics reporting.

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

None.

B. Describe the issuers' principal products or services.

The Company's digital marketing capabilities were acquired through organic development in-house and through its efforts as a tech incubator and early adopter of innovative marketing tools. The Company principally generates revenue from its primary digital marketing solution "SPECIFICITY"; however, it has three other digital marketing solutions for which development is in varying stages of completion and/or waiting to be deployed to the marketplace.

The Company has the following additional digital marketing solutions and services in various stages of development:

- Tradigital Partners – White label digital marketing services exclusive to ad agencies.
- Put-Thru – SMB digital marketing tech stack scaled down to be affordable to small and medium sized companies.
- Pick Pocket – Do-it-yourself digital marketing platform for small business owners that leverages behavior-based ID technology to build an ideal customer profile and market directly to them through their mobile device. This digital marketing solution was developed to assist clients with annual sales of \$500,000 to \$5 million. The development of this solution is complete and there is no revenue generated from this digital marketing solution.

Adhoc marketing services are available on a fee for service basis and include email marketing, automated marketing, content marketing, social media content creation, digital production marketing, branding standards, logo creation, website creature, brochure creation, print marketing, targeted print campaigns, Google and Bind display ads, Google and Bing pay per click campaigns, Google local service ads, Test (SMS) campaigns, search engine optimization, blog creation, voice marketing, radio commercial creation, influencer marketing collaboration and proximity marketing.

Specificity utilizes the only accessible first party device graph to legally identify high intent audiences and serve ads.

5) Issuer’s Facilities

We have an office lease at 350 Deer Drive, Unit 1416, Lakewood Ranch, FL 34202. We deliver all of our digital marketing solutions on a remote basis to our customers.

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

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/classes	Ownership Percent age of Class Outstanding	Names of control person(s) if a corporate entity
Jason Wood	CEO	Tampa, FL	6,510,000	Common	56.7%	NA
William Anderson	COO	Tampa, FL	320,000	Common	2.8%	NA
Kevin Frisbie	Director	Tampa, FL	630,000	Common	5.5%	NA

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);

No: Yes: (if yes, provide an explanation)

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;

No: Yes: (if yes, provide an explanation)

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;

No: Yes: (if yes, provide an explanation)

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

No: Yes: (if yes, provide an explanation)

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.

No: Yes: (if yes, provide an explanation)

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.

No: Yes: (if yes, provide an explanation)

- 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

Securities Counsel (must include Counsel preparing Attorney Letters).

Name: William Eilers, Esq.
Firm Name: Smith Eilers, PLC
Address 1: 149 S. Lexington Ave
Address 2: Asheville, NC 28803
Phone: 561.484.7172
Email: info@smitheilers.com

Accountant or Auditor

Name:
Firm:
Address 1:
Address 2:
Phone:
Email:

Investor Relations

Name: Stephen Hart
Firm: ClearThink Corporate Development Advisory
Address 1: 2701 NW Boca Raton Boulevard, Suite 218
Address 2: Boca Raton, FL 33431
Phone: 561.807.9010
Email: nyc@clearthink.capital

All other means of Investor Communication:

X (Twitter): <https://x.com/specificityinc>
Discord: NA
LinkedIn: <https://www.linkedin.com/company/specificity/>
Facebook: <https://www.facebook.com/specificityinc>

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: Kito Mussa
Firm: Mussa & Associates PLLC CPAs
Nature of Services: Financial Reporting Consulting
Address 1: 6000 Executive Blvd, Suite 600
Address 2: N. Bethesda, MD 20852
Phone: 703.755.0117
Email: info@mapllc.cpa

9) **Disclosure & Financial Information**

A. This Disclosure Statement was prepared by (name of individual):

Name: William Anderson
Title: COO
Relationship to Issuer: COO

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: Kito Mussa

Title: Consultant

Relationship to Issuer: Consultant

Describe the qualifications of the person or persons who prepared the financial statements:²

CPA/CFF, CGMA, MBA

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, Jason A. Wood certify that:

1. I have reviewed this Disclosure Statement for Specificity 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.

_____ July 15, 2024

_____ /s/ Jason Wood

Principal Financial Officer:

I, Jason A. Wood certify that:

1. I have reviewed this Disclosure Statement for Specificity 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

² 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.

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.

_____ July 15, 2024

_____ /s/ Jason Wood

Specificity, Inc.
(A Nevada Corporation)

FINANCIAL STATEMENTS
For the Years Ended December 31, 2023 and 2022
(Unaudited)

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SPECIFICITY, INC.Balance Sheets
(Expressed in U.S. Dollars)

	DECEMBER 31,	
	2023	2022
	(Unaudited)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 186,834	\$ 22,818
Accounts receivable, net of allowance for doubtful accounts	-	8,182
Prepaid and other current assets	13,827	235,375
Total current assets	200,661	266,375
NONCURRENT ASSETS		
Property and equipment, net	60,277	70,722
Right of use asset	33,004	64,632
TOTAL ASSETS	\$ 293,942	\$ 401,729
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES		
Secured credit facility	\$ 116,959	\$ -
Accounts payable	97,204	93,867
Accrued payroll	43,111	37,828
Deferred revenue	30,000	-
Accrued interest payable - related party	37,500	-
Convertible note payable, net of discount	205,833	-
Current portion of operating lease liability	20,723	43,909
Related party advances	355,045	193,739
Total current liabilities	906,375	369,343
NON-CURRENT LIABILITIES		
Related party notes payable	1,000,000	1,000,000
Operating lease liability, net of current portion	-	20,723
Total non-current liabilities	1,000,000	1,020,723
TOTAL LIABILITIES	1,906,375	1,390,066
STOCKHOLDERS' DEFICIT		
Preferred stock, Series A, \$0.001 par value; 1,000,000 shares authorized; shares issued and outstanding were 1,000,000, respectively	1,000	1,000
Preferred stock, Series B, \$0.001 par value; 560,000 shares authorized; shares issued and outstanding were 560,000, respectively	1,400,000	-
Common stock, \$0.001 par value; 50,000,000 shares authorized issued and outstanding were 11,480,584 and 10,652,584, respectively	11,481	10,652
Additional paid-in capital	4,738,084	4,401,413
Warrants	-	-
Accumulated deficit	(7,762,998)	(6,801,402)
Total stockholders' deficit	(1,612,433)	(988,337)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	\$ 293,942	\$ 401,729

The accompanying notes are an integral part of these financial statements.

SPECIFICITY, INC.Statements of Operations
(Expressed in U.S. Dollars)

	YEARS ENDED DECEMBER 31,	
	2023	2022
	(Unaudited)	
Revenues, net	\$ 1,223,611	\$ 1,148,246
Cost of Revenues	397,607	592,102
Gross Profit	826,004	556,144
Operating Expenses:		
Sales and marketing	442,988	1,140,419
General and administrative expenses	936,079	1,254,574
Share-based compensation expense	233,505	2,264,081
Depreciation and amortization	10,445	9,982
Total operating expenses	1,623,017	4,669,056
Loss from Operations	(797,013)	(4,112,912)
Interest Expense	(164,583)	(50,542)
Loss before Income Tax Provision	(961,596)	(4,163,454)
Income Tax Provision	-	-
Net Loss	\$ (961,596)	\$ (4,163,454)
Basic and Diluted Loss per Share	\$ (0.09)	\$ (0.43)
Basic-Weighted Average Shares Outstanding	11,037,936	9,754,075

The accompanying notes are an integral part of these financial statements.

SPECIFICITY, INC.

**Statement of Changes in Stockholders' Deficit
(Expressed in U.S. Dollars)**

	Preferred Stock, Series A		Preferred Stock, Series B		Common Stock		Additional Paid-In Capital	Subscription Receivable	Accumulated Deficit	Total
	Issued	Amount	Issued	Amount	Issued	Amount				
	(Unaudited)									
Balance, December 31, 2021	1,000,000	\$ 1,000	260,000	\$ 650,000	8,654,701	8,655	\$ 1,418,896	\$ (1,500)	\$ (2,456,870)	\$ (379,819)
Issuance of common stock for cash	-	-	-	-	814,740	814	1,264,801	1,500	-	1,267,115
Offering costs	-	-	-	-	-	-	(28,685)	-	-	(28,685)
Stock compensation expense	-	-	300,000	750,000	1,183,143	1,183	1,746,401	-	-	2,497,584
Net loss	-	-	-	-	-	-	-	-	(4,344,532)	(4,344,532)
Balance, December 31, 2022	1,000,000	\$ 1,000	560,000	\$ 1,400,000	10,652,584	10,652	\$ 4,401,413	\$ -	\$ (6,801,402)	\$ (988,337)
Issuance of common stock for cash	-	-	-	-	130,000	130	174,870	-	-	175,000
Issuance of restricted stock for no consideration	-	-	-	-	50,000	50	62,450	-	-	62,500
Offering costs	-	-	-	-	-	-	-	-	-	-
Stock compensation expense	-	-	-	-	649,000	649	99,351	-	-	100,000
Warrants	-	-	-	-	-	-	-	-	-	-
Net loss	-	-	-	-	-	-	-	-	(961,596)	(961,596)
Balance, December 31, 2023	1,000,000	\$ 1,000	560,000	\$ 1,400,000	11,481,584	11,481	\$ 4,738,084	\$ -	\$ (7,762,998)	\$ (1,612,433)

The accompanying notes are an integral part of these financial statements.

SPECIFICITY, INC.

Statements of Cash Flows (Expressed in U.S. Dollars)

	YEARS ENDED DECEMBER 31,	
	2023	2022
	(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (961,596)	\$ (4,344,532)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation expense	10,445	9,982
Amortization of intangibles	31,628	-
Amortization of original issue discount	68,333	-
Share-based compensation expense	233,505	2,264,081
Changes in operating liabilities:		
Accounts receivable	8,182	(8,182)
Prepaid expenses and other current assets	221,548	4,979
Accounts payable	3,337	69,356
Accrued liabilities	5,283	(32,595)
Accrued interest payable	37,500	-
Deferred revenue	30,000	-
Net cash used in operating activities	<u>(311,835)</u>	<u>(2,036,911)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	-	(10,281)
Net cash used in investing activities	<u>-</u>	<u>(10,281)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from secured credit facility advances	177,000	-
Repayments of secured credit facility advances	(60,041)	-
Supplier note payable	-	-
Proceeds from convertible promissory note issuance	200,000	-
Principal payments under finance lease obligations	(43,909)	-
Advances from related party	161,306	193,739
Proceeds from sale of common stock	175,000	1,238,430
Proceeds from issuance of common stock for no consideration	(133,505)	-
Net cash provided by financing activities	<u>475,851</u>	<u>1,432,169</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	164,016	(615,023)
CASH AND CASH EQUIVALENTS, beginning of period	22,818	637,841
CASH AND CASH EQUIVALENTS, end of period	<u>\$ 186,834</u>	<u>\$ 22,818</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for:		
Interest	<u>\$ 164,583</u>	<u>\$ 50,542</u>
Income taxes	<u>\$ -</u>	<u>\$ -</u>
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
200,000 warrants issued in connection with issuance of convertible note	<u>\$ -</u>	<u>\$ -</u>
50,000 shares of restricted stock issued in connection with issuance of convertible note	<u>\$ 62,500</u>	<u>\$ -</u>
699,000 shares of common stock issued in exchange for services	<u>\$ 233,505</u>	<u>\$ -</u>
Subscription receivable treated as officer compensation	<u>\$ -</u>	<u>\$ 200,000</u>
Right of use asset and liability	<u>\$ -</u>	<u>\$ 104,665</u>
Prepaid through issuance of common stock	<u>\$ -</u>	<u>\$ 557,052</u>

The accompanying notes are an integral part of these financial statements.

SPECIFICITY, INC.

Notes to Financial Statements
(Unaudited)
(Expressed in U.S. Dollars)

NOTE 1 – ORGANIZATION AND BASIS OF PRESENTATION

Business Overview

Specificity, Inc. (hereinafter referred to as the “Company”) was incorporated in the State of Nevada on November 25, 2020 (“Inception”). The Company’s principal headquarters is located at 3850 Deer Drive, Unit 1416, Lakewood Ranch, FL 34202.

The Company is a full service digital marketing firm that delivers cutting-edge marketing solutions to identify and market in real-time to potential customers who are actively in the buying cycle. The Company’s digital marketing solutions focus on B2B and B2C consumer markets and give small and medium sized businesses a fair chance to capture online traffic. The Company’s underlying technology solution utilizes BiToS and Mobile Advertising Identifiers (MAIDs) to build audiences, effectively eliminating bot traffic and ad waste and produces real-time messaging opportunities to reach target audiences more efficiently than broad based market messaging platforms. The Company also implements intuitive ad sequencing, audience ID technology, AI integration, saturation modeling, conversion funneling, CRM integration, traffic resolution, and comprehensive analytics reporting.

The Company’s digital marketing capabilities were acquired through organic development in-house and through its efforts as a tech incubator and early adopter of innovative marketing tools. The Company principally generates revenue from its primary digital marketing solution “SPECIFICITY”; however, it has three other digital marketing solutions for which development is in varying stages of completion and/or waiting to be deployed to the marketplace. Refer to *Note 3 – Revenue from Contracts with Customers* for additional discussion about our digital marketing solution offerings.

COVID-19 Impact

The ongoing COVID-19 global and national health emergency has caused significant disruption in the international and United States economies and financial markets. In March 2020, the World Health Organization declared the COVID-19 outbreak a pandemic. The spread of COVID-19 has caused illness, quarantines, cancellation of events and travel, business and school shutdowns, reduction in business activity and financial transactions, labor shortages, supply chain interruptions and overall economic and financial market instability. Additionally, the Company’s customers, service providers and their operations may be disrupted, which could result in additional disruptions to the Company’s business.

To date, the Company is not aware of any such disruptions to its business arising from the COVID-19 pandemic. In addition, a severe prolonged economic downturn could result in a variety of risks to the business, including weakened demand for digital marketing solutions and services, and a decreased ability to raise additional capital when needed on acceptable terms, if at all. As the situation continues to evolve, the Company will continue to closely monitor market conditions and respond accordingly.

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NOTE 2 – GOING CONCERN

The Company's unaudited financial statements have been prepared assuming that it will continue as a going concern, which contemplates continuity of operations and liquidation of liabilities in the normal course of business. As reflected in the financial statements, the Company has \$293,942 in assets, and an accumulated deficit and working capital deficit of \$7,725,279 and \$780,495, respectively, as of December 31, 2023, and incurred a net loss and cash used in operations of \$973,877 and \$324,116, respectively, for the year ended December 31, 2023. These circumstances raise substantial doubt about the Company's ability to continue as a going concern for a period of 12 months from the date of this report. The ability of the Company to continue as a going concern is dependent on the Company's ability to implement its business plan, raise capital, and generate sufficient revenues to generate positive net income and cash flow. There is no guarantee that the Company will be able to raise sufficient capital or generate a level of revenue to sustain its operations. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

The Company is a development stage corporation. The Company has performed an annual assessment of its ability to continue as a going concern as required under ASU No. 2014-15, Presentation of Financial Statements – Going Concern (“ASU No. 2014-15”) and concluded that the ability of the Company to continue as a going concern is dependent upon the Company's ability to raise additional funds by way of leveraging an equity line of credit arrangement and private placement deals to raise proceeds to implement its full business plan.

The Company's business plan includes an anticipated cash burn of approximately \$1 million (excluding legal and offering costs) over the next 12-18 months to scale the business with our existing portfolio of digital media solutions. The Company's business plan assumes a successful security offering of \$1 million to \$2 million. While the Company believes in the viability of its strategy to raise the required capital and to commence operations with sufficient revenue to generate a profit and cash flow, there can be no assurances to that effect.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America. The Company's fiscal year end is December 31st.

Development Stage Company

The Company is a development stage company as defined in Accounting Standards Codification (“ASC”) 915 “Development Stage Entities.” The Company is devoting substantially all of its efforts on establishing the business and generating sufficient revenue to support its ongoing operations. All losses accumulated since inception have been considered as part of the Company's development stage activities. The Company has elected to adopt application of Accounting Standards Update (“ASU”) No. 2014-10, Development Stage Entities (Topic 915): Elimination of Certain Financial Reporting Requirements. Upon

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adoption, the Company no longer presents or discloses inception-to-date information and other remaining disclosure requirements of Topic 915.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates. The Company's significant estimates include the valuation of share-based compensation, embedded derivatives within convertible note issuances, and allowance against deferred tax assets.

Reclassification of Prior Year Presentation

Certain prior year amounts in the statement of operations have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations.

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents for purposes of these financial statements. The Company had no cash equivalents as of December 31, 2023 and 2022. Interest-bearing cash deposits maintained by financial institutions in the United States of America are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a maximum of \$250,000. Interest bearing deposits in excess of FDIC insured limits are uninsured and unrecoverable in the event a financial institution the Company has a deposit relationship with becomes insolvent. The Company manages uninsured deposit risk by 1) investing in government backed securities and holding such investments to maturity and 2) investing in a series of certificates of deposit at amounts below the FDIC limit at other financial institutions. The Company had no cash balances in excess of FDIC limits as of December 31, 2023 or 2022.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable is recorded net of an allowance for doubtful accounts, if needed. The Company considers any changes to the financial condition of its financial institutions used and any other external market factors that could impact the collectability of its receivables in the determination of its allowance for doubtful accounts. The Company does not have significant accounts receivable due to their billing practices which require upfront payment for services on or before the first of each month. Accordingly, the Company does not expect to have write-offs or adjustments to accounts receivable which could have a material adverse effect on its financial position, results of operations or cash flows as the portion which is deemed uncollectible is already taken into account when the revenue is recognized.

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Property and Equipment

Property and equipment is recorded at historical cost. Expenditures for major additions and betterments are capitalized. Maintenance and repairs that do not extend the life of property and equipment are charged to operating expense as incurred. Depreciation of property and equipment is computed under the straight line method of depreciation over the assets estimated useful life. Upon sale or retirement of equipment, the related cost and accumulated depreciation are removed and any gain or loss is reflected in the statement of operations and cash proceeds, if any, are reflected in the statement of cash flows from investing activities. The Company's primary property and equipment consists of website and software development assets and office equipment.

Right of Use Assets and Liabilities

The Company determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use ("ROU") assets, and operating lease liabilities in the balance sheets. ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Lease agreements do not typically provide an implicit rate, as such the Company uses its incremental borrowing rate based on the estimated rate of interest for collateralized borrowing over a similar term of the lease payments at commencement date. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. For lease agreements with lease and non-lease components are generally accounted for separately.

Impairment of Long-Lived Assets

Long lived assets are reviewed by the Company's management when there is evidence that events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. Recoverability of assets to be held and used in measured by comparing the carrying amount of an asset or asset group to estimated undiscounted future cash flows expected to be generated by the asset or asset group. If the carrying amount of an asset or asset group exceeds its estimated future cash flows, an impairment charge is recognized for the amount by which the carrying amount of the asset or asset group exceeds the estimated fair value of the asset or asset group. Long-lived assets to be disposed of by sale are reported at the lower of their carrying amounts or their estimated fair values less costs to sell and are not depreciated. For the year ended December 31, 2023 and 2022 there were no asset impairments.

Fair Value of Financial Instruments

The Company accounts for certain assets and liabilities at fair value. The hierarchy below lists three levels of fair value based on the extent to which inputs used in measuring fair value are observable in the market. The Company categorizes each of our fair value measurements in one of these three levels based on the lowest level input that is significant to the fair value measurement in its entirety. These levels are:

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- Level 1 – inputs are based upon unadjusted quoted prices for identical instruments in active markets. Level 1 investments include U.S. government securities, common and preferred stock, and mutual funds. Level 1 derivative assets and liabilities include those actively traded on exchanges. There are no assets or liabilities for which level 1 inputs are applied.
- Level 2 – inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques (e.g. the Black-Scholes model) for which all significant inputs are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Where applicable, these models project future cash flows and discount the future amounts to a present value using market-based observable inputs including interest rate curves, credit spreads, foreign exchange rates, and forward and spot prices for currencies. Level 2 inputs are used to determine the fair value of stock option grants.
- Level 3 – inputs are generally unobservable and typically reflect management’s estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques, including option pricing models and discounted cash flow models. There are no assets or liabilities for which level 3 inputs are applied.

The estimated fair value of certain financial instruments, including accounts payable and accrued expenses are carried at historical cost basis, which approximates their fair values because of the short-term nature of these instruments. The Company principal transactions subject to fair value estimates are warrants (Level 3) and stock compensation (Level 1 and 3).

Convertible Debt

The Company raised short-term bridge capital with convertible debt. The Company evaluates the terms of convertible debt issues to determine whether there are embedded derivative instruments, including embedded conversion options, which are required to be bifurcated and accounted for separately as derivative financial instruments. In circumstances where the host instrument contains more than one embedded derivative instrument, including the conversion option, that is required to be bifurcated, the bifurcated derivative instruments are accounted for as a single, compound derivative instrument. If a security or instrument becomes convertible only upon the occurrence of a future event outside the control of the Company, or, is convertible from inception, but contains conversion terms that change upon the occurrence of a future event, then any contingent beneficial conversion feature is measured and recognized when the triggering event occurs, and contingency has been resolved. Conversion features are accounted for as set forth below:

- Embedded Derivatives. If the conversion feature within convertible debt meets the requirements to be treated as a derivative, we estimate the fair value of the convertible debt derivative using the Black Scholes method upon the date of issuance. If the fair value of the convertible debt derivative is higher than the face value of the convertible debt, the excess is immediately recognized as interest expense. Otherwise, the fair value of the convertible debt derivative is recorded as a liability with an offsetting amount recorded as a debt discount, which offsets the carrying amount of the debt. The convertible debt derivative is revalued at the end of each

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reporting period and any change in fair value is recorded as a gain or loss in the statement of operations. The debt discount is amortized through interest expense over the life of the debt. During the year ended December 31, 2023, there were no beneficial conversion features identified for convertible debt issuances.

- Beneficial Conversion Feature. If the conversion feature is not treated as a derivative, the Company assesses whether it is a beneficial conversion feature (“BCF”). A BCF exists if the conversion price of the convertible debt instrument is less than the stock price on the commitment date. This typically occurs when the conversion price is less than the fair value of the stock on the date the instrument was issued. The value of a BCF is equal to the intrinsic value of the feature, the difference between the conversion price and the common stock into which it is convertible and is recorded as additional paid in capital and as a debt discount in the consolidated balance sheets. The Company amortizes the balance over the life of the underlying debt as amortization of debt discount expense in the statements of operations. If the debt is retired early, the associated debt discount is then recognized immediately as amortization of debt discount expense in the statements of operations. During the year ended December 31, 2023, there were no beneficial conversion features identified for convertible debt issuances.
- Warrants issued as consideration with Convertible Debt. The Company treats the issuance of shares of common stock in connection with the issuance of convertible debt as a debt discount, which is recorded as a contra-liability against the debt and amortizes the balance over the life of the underlying debt as amortization of debt discount expense in the statement of operations. The offset to contra-liability is recorded as additional paid in capital if the stock consideration is not treated as a derivative. The Company determines the value of warrants issued in connection with convertible debt using a Black Scholes option pricing model which is a Level 3 fair value measurement. During the year ended December 31, 2023, there were 200,000 warrants issued as an inducement for a convertible debt issuance.
- Stock issued as consideration with Convertible Debt. The Company treats the issuance of shares of common stock in connection with the issuance of convertible debt as a debt discount, which is recorded as a contra-liability against the debt and amortizes the balance over the life of the underlying debt as amortization of debt discount expense in the statement of operations. The offset to contra-liability is recorded as additional paid in capital if the stock consideration is not treated as a derivative. The Company determines the value of stock issued in connection with convertible debt based on quoted market prices for the Company’s common stock which is a Level 1 fair value measurement. During the year ended December 31, 2023, there were 50,000 restricted common shares issued as an inducement for a convertible debt issuance.

If the conversion feature does not qualify for either the derivative treatment or as a BCF, the convertible debt is treated as traditional debt.

Warrants

The Company uses the Black-Scholes option pricing model (“Binomial Model”) to value warrants issued in connection with capital raise transactions and compensation paid to consultants. The estimated fair value of a warrant is determined using Level 3 inputs. Inherent in a binomial options pricing model are

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assumptions related to expected share-price volatility, expected life, risk-free interest rate and dividend yield. The Company estimates the volatility of its common stock based on historical volatility that matches the expected remaining life of the warrants. The risk-free interest rate is based on the U.S. Treasury zero-coupon yield curve on the grant date for a maturity similar to the expected remaining life of the warrants. The expected life of the warrants is assumed to be equivalent to their remaining contractual term. The dividend rate is based on the historical rate, which the Company anticipates to remain at zero.

Income Taxes

The Company accounts for income taxes pursuant to the provision of ASC 740-10, “Accounting for Income Taxes” (“ASC 740-10”), which requires, among other things, an asset and liability approach to calculating deferred income taxes. The asset and liability approach requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. A valuation allowance is provided to offset any net deferred tax assets for which management believes it is more likely than not that the net deferred asset will not be realized.

The Company follows the provision of ASC 740-10 related to Accounting for Uncertain Income Tax Positions. When tax returns are filed, there may be uncertainty about the merits of positions taken or the amount of the position that would be ultimately sustained. In accordance with the guidance of ASC 740-10, the benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions taken are not offset or aggregated with other positions.

Tax positions that meet the more likely than not recognition threshold are measured at the largest amount of tax benefit that is more than 50 percent likely of being realized upon settlement with the applicable taxing authority. The portion of the benefit associated with tax positions taken that exceed the amount measured as described above should be reflected as a liability for uncertain tax benefits in the accompanying balance sheet along with any associated interest and penalties that would be payable to the taxing authorities upon examination. The Company believes its tax positions are all more likely than not to be upheld upon examination. As such, the Company has not recorded a liability for uncertain tax benefits. The federal and state income tax returns of the Company are subject to examination by the IRS and state taxing authorities, generally for three years after they are filed.

The Company filed its federal corporate tax returns since inception.

Revenue from Contracts with Customers

The Company adopted ASC 606, Revenue from Contracts with Customers, upon its inception on November 25, 2020. The Company’s performance obligation associated with SPECIFICITY digital marketing solutions will generally consist of the promise to deliver digital marketing services. Digital marketing solutions are delivered as a service and as such the performance obligation is complete once marketing tools or solutions are made available to the customer, or as determined by the specific terms of the contract, if applicable. The Company charges its clients a fixed monthly retainer for its services and such retainer is automatically renewed on a monthly basis unless cancelled by the client in accordance

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with the terms of the service agreement. If any customer pays for digital marketing services in advance, those payments are initially recorded as unearned revenue and then recognized as revenue when digital marketing services are delivered. The Company's standard sales terms generally do not generally allow for a right of return due to the nature of digital marketing services. After completion of the Company's performance obligation, there is an unconditional right to consideration as outlined in the contract. Revenue is recognized when performance obligations under the terms of the contracts with customers are satisfied.

The Company has the following additional digital marketing solutions and services in various stages of development:

- *Bullseye* – Direct mail marketing solution that leverages web traffic behavior to identify and market to people who are visiting our client's competitors online. The development of this solution is complete and there is no revenue generated from this digital marketing solution.
- *Thru The Funnel* – Sales engagement platform designed to create qualified leads with interested prospects. The development of this solution is approximately 60% complete and there is no revenue generated from this digital marketing solution.
- *Pick Pocket* – Do-it-yourself digital marketing platform for small business owners that leverages behavior-based ID technology to build an ideal customer profile and market directly to them through their mobile device. This digital marketing solution was developed to assist clients with annual sales of \$500,000 to \$5 million. The development of this solution is complete and there is no revenue generated from this digital marketing solution.

Adhoc marketing services are available on a fee for service basis and include email marketing, automated marketing, content marketing, social media content creation, digital production marketing, branding standards, logo creation, website creature, brochure creation, print marketing, targeted print campaigns, Google and Bing display ads, Google and Bing pay per click campaigns, Google local service ads, Test (SMS) campaigns, search engine optimization, blog creation, voice marketing, radio commercial creation, influencer marketing collaboration and proximity marketing.

Advertising, Marketing and Promotion Costs

The Company expenses advertising, marketing and promotion costs related to its digital marketing offerings in the period in which the expenditure is incurred. Digital marketing services will be promoted through recognized social media networks and other marketing channels, and at targeted events. During the years ended December 31, 2023 and 2022, the Company incurred website, general marketing, advertising, branding and promotion costs of \$442,988 and \$1,140,419, respectively.

Capital Raise Promotion Costs

The Company expenses capital raise costs in the period in which the expenditure is incurred. Promotion expenses include digital investor website and processing platform fees, investor relations and related advisory fees, marketing and promotion campaigns to promote the Company's equity raise. During the

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years ended December 31, 2023 and 2022, the Company incurred capital raise promotion costs of approximately \$50,000 and approximately \$150,000, respectively.

Share-Based Compensation

Share-based compensation is accounted for based on the requirements of ASC 718 – “Compensation—Stock Compensation”, which requires recognition in the financial statements of the cost of employee, non-employee and director services received in exchange for an award of equity instruments over the period the employee or director is required to perform the services in exchange for the award (presumptively, the vesting period). The ASC also requires measurement of the cost of employee and director services received in exchange for an award based on the grant-date fair value of the award. Share-based compensation is recorded in the statement of operations.

Basic Net Loss Per Share

The Company computes net loss per share in accordance with FASB ASC 260 “Earnings per Share”. Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of outstanding common shares during the period. Diluted loss per share gives effect to all dilutive potential common shares outstanding during the period. Dilutive loss per share excludes all potential common shares if their effect is anti-dilutive. As of December 31, 2023, there was a convertible debt instrument (see Note 5) that could be converted at a price of \$1.50 per share into 176,667 shares of common stock; however, inclusion would be anti-dilutive. As of December 31, 2023, there were 200,000 warrants to purchase common stock at a price of \$5.00 per share; however, inclusion would be anti-dilutive.

Recent Accounting Pronouncements

In March 2023, the FASB issued ASU 2023-01, “Leases (Topic 842): Common Control Arrangements” (“ASU 2023-01”). These amendments require all entities to amortize leasehold improvements associated with common control leases over the useful life to the common control group. ASU 2023-01 will become effective for the Company in the first quarter of fiscal 2024 and early adoption is permitted. Management does not believe that ASU 2023-01 will have a material impact on the financial statements.

In December 2023, the Financial Accounting Standards Board (the “FASB”) issued Accounting Standards Update (“ASU”) No. 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures (“ASU 2023-09”), which will require the Company to disclose specified additional information in its income tax rate reconciliation and provide additional information for reconciling items that meet a quantitative threshold. ASU 2023-09 will also require the Company to disaggregate its income taxes paid disclosure by federal, state and foreign taxes, with further disaggregation required for significant individual jurisdictions. The Company does not currently have taxable income as it is a development stage company and as such adoption of this ASU is not expected to have a material impact on the financial statements. The Company will adopt ASU 2023-09 in its fourth quarter of 2026. ASU 2023-09 allows for adoption using either a prospective or retrospective transition method.

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NOTE 4 – RELATED PARTY TRANSACTIONS

Employment Agreement

On January 1, 2021, the Company entered into a 1-year employment agreement (“Agreement”) with Mr. Jason Wood, the Company’s Chief Executive Officer (“CEO”). The Agreement renews automatically on an annual basis. If the CEO is terminated without cause, then the remaining current contract year shall be paid upon termination. During the years ended December 31, 2023 and 2022, the Company paid either the CEO and/or entities for which the CEO has a direct beneficial interest \$55,000 and \$181,078, respectively. All compensation paid was classified as officer compensation in the statement of operations, respectively, on the accompanying balance sheet.

CEO Automobile Allowance

In September 2023, the Company agreed to provide the CEO with a vehicle allowance. The CEO personally leased a vehicle for corporate use on September 7, 2023. The Company directly pays the monthly lease installments on the CEO’s behalf, and such is considered additional compensation to the CEO. Total vehicle lease allowance paid for the year ended December 31, 2023, was \$5,248.

Acquisition Agreement and Promissory Note to CEO

On January 13, 2021, the Company entered into a share purchase agreement with the Company’s CEO to acquire an 80% equity interest in Pickpocket Inc. (“Pickpocket”) for a purchase price of \$1 million and paid consideration in the form of a promissory note bearing simple interest at a rate of 5% per annum. As of the date of acquisition, Pickpocket did not have any operations or significant assets. Upon acquisition, the Company expensed the purchase price as compensation to the officer. The transaction was accounted for on a carryover basis as the CEO was the controlling shareholder in both entities. As of December 31, 2023, the Company has accrued interest of \$37,500 included within accrued interest – related party on the accompanying balance sheet.

Executive Officer Advances to the Company

The Company’s CEO and COO provided unsecured credit advances to the Company to fund operations in between financing rounds. These advances do not incur interest and are due on demand. As of December 31, 2023 and 2022, unpaid credit advances were \$275,545 and \$193,739, respectively.

NOTE 5 – DEBT AGREEMENTS

Secured Credit Facilities

The Company finances short term working capital requirements in between capital raises by entering into secured borrowing agreements for which future receivables are pledged to repay these short-term obligations. Funding is generally nonrecourse one-time fixed amount financing arrangements and contain a performance and personal guarantee by the CEO and COO. Repayments are made generally on a weekly basis out of available daily deposits until the financing has been repaid in full. Future sales of revenues are not within the scope of ASC 860 (Transfers and Servicing of Financial Assets), as such these

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arrangements are accounted for under ASC 470 (Debt) as short term secured credit facilities. Accordingly, these secured borrowings are reported as a short term financing on the balance sheet. Upon receipt of financing proceeds the Company recognizes a liability equal to the net proceeds received. Interest expense is recognized when payments are made under this arrangement. Interest is computed using the percentage purchased factor times the payment made under the agreement.

During the year ended December 31, 2023, the Company entered into the following secured borrowing arrangements:

- On March 2, 2023, the Company entered into a future revenue purchase agreement (“FRPA1”) with a third party. Pursuant to the terms of the FRPA, the Company received proceeds of \$120,000 (net of underwriting and original fees of \$7,200) for which \$169,200 will be repaid in 36 weekly installments of \$4,700, with a minimum payment of 10% of banking deposits. The RPA1 is secured by substantially all of the Company’s assets and a personal guarantee by the Company’s CEO and COO. The percentage purchased factor representing interest expense under this arrangement was approximately 29.1% (including underwriting fees, origination fees and financing spread). In the event of default, the Company may be required to pay additional fees of 30% of the unpaid balance to cover legal fees required by the third party to pursue collection in the event of default. As of December 31, 2023, the required payments were not made, and the Company was in default of the FRPA1. As of December 31, 2023, the Company had a remaining obligation of \$59,959, which is reported as a current liability on the balance sheet under the caption secured credit facility.
- On August 3, 2023, the Company entered into a future revenue purchase agreement (“FRPA2”) with a third party. Pursuant to the terms of the RPA2, the Company received proceeds of \$57,000 (net of \$3,000 in underwriting fees) for which \$84,000 will be repaid in weekly installments of \$3,231 with a minimum payment of 22% of banking deposits. The RPA2 is secured by substantially all of the Company’s assets and a personal guarantee by the Company’s CEO and COO. The percentage purchased factor representing interest expense under this arrangement was approximately 32.1% (including underwriting fees, origination fees and financing spread). In the event of default, the Company may be required to pay a fixed default penalty of \$2,500 and additional fees of 33% of the unpaid balance to cover legal fees required by the third party to pursue collection in the event of default. As of December 31, 2023, the required payments were not made, and the Company was in default of the RPA2. On August 23, 2023, the Company entered into a Settlement Agreement and General Release with the lender to settle unpaid advances due in connection with FRPA2. The total settlement agreed to was \$86,096, which is being paid out of weekly customer deposits. As of December 31, 2023, the Company had a remaining obligation of \$57,000, which is reported as a current liability on the balance sheet under the caption secured credit facility.

As of December 31, 2023, the Company had total secured borrowings of \$116,959. As of December 31, 2022, the Company had no secured borrowings.

SPECIFICITY, INC.

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(Unaudited)
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Convertible Debt Agreement

On April 25, 2023, the Company entered into Securities Purchase Agreement (“SPA Agreement”) with a third party to obtain bridge financing. Pursuant to the SPA Agreement, the Company entered into an unsecured 9-month (“Note Term”) convertible promissory note (“Convertible Note”) with a principal amount of \$220,000. As an inducement to enter into the bridge financing SPA Agreement, the Company agreed to additional consideration in the form detachable warrants to purchase 200,000 shares of the Company’s common stock at an exercise price of \$5.00 per warrant and the issuance of 50,000 shares of restricted common stock. These additional inducements had a fair value of \$0 and were recorded as an additional original issue discount against the Convertible Note and amortized as an adjustment to interest expense over the Note Term. Key terms of the SPA and inducements were as follows:

- The Convertible Note was executed on April 25, 2023, with a principal obligation of \$220,000, of which \$200,000 was received in proceeds and \$20,000 represents an original issue discount. The Convertible Note requires fixed principal payments of \$26,889 from July 2023 through March 2024. Unpaid principal and interest may be converted by the noteholder into shares of the Company’s common stock at a conversion price of \$1.50 per share at any time while the Convertible Note remains outstanding. In the event of a default, the issuer may increase the unpaid balance by 125% as a penalty for such default. Any additional increase in the unpaid balance as a result of an event of default shall be recognized immediately as additional interest expense. As of December 31, 2023, the Company did not make any payments and thus the Convertible Note was considered in default and a default penalty of \$55,000 was recognized as additional interest expense and the Company’s Convertible Note increased by the same amount. As of December 31, 2023, the unpaid balance of the Convertible Note was \$265,000.
- The Common Stock Warrant Agreement (“Warrant Agreement”) was executed on May 25, 2023; however, the warrants were effective as of April 25, 2023. Under the Warrant Agreement, the issuer received 200,000 common stock warrants that can be exercised at the option of the holder at a strike price of \$5.00 per warrant (after giving effect to any adjustments for stock splits or dividends or subsequent offering rights) by paying cash or cashless exercise. The fair value of detachable warrants on the grant date was \$0 using a Black-Scholes option pricing model with a stock price of \$1.25, exercise price of \$5.00, risk free rate of 3.7%, volatility of 359% and a dividend rate of 0% and a warrant term of 3 years. The fair value of detachable warrants was recorded as an additional original discount against the Convertible Note.
- The Restricted Stock Agreement (“Restricted Stock”) was executed on April 25, 2023, and the Company’s issued 50,000 shares of the Company’s common stock. The fair value of restricted common stock was valued using the Company’s closing stock price of \$1.25. The fair value of Restricted Stock issued was recorded as an additional original discount against the Convertible Note.

The fair value of detachable warrants and restricted common stock on the date of the SPA Agreement were \$0 and \$62,500, respectively.

SPECIFICITY, INC.

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Capital Leases

On May 1, 2021, the Company entered into a 4 year office non-cancellable lease agreement commencing on June 16, 2021, and expires on June 30, 2024, which requires monthly lease payments of \$3,713 plus a portion of operating expenses. This lease required an upfront security deposit of \$3,700. The lease requires a total of \$131,568 in rent payments of the life of the lease. This lease contains a fixed 3% rent escalation which adjusts annually on July 1st. Cash rent expense for the years ended December 31, 2023 and 2022 was \$45,271 and \$43,527, respectively.

On January 1, 2022, the Company recorded a right of use asset and liability of \$104,665. The Company used an effective borrowing rate of 3%, which is the annual increase pursuant to the lease agreement. As of December 31, 2023, the gross right of use asset and related accumulated amortization was \$104,665 and \$71,661, respectively. As of December 31, 2023, the related operating lease liability was \$33,004. During the year ended December 31, 2023, lease expense consist of amortization and interest of \$31,628 and \$1,362, respectively. During the year ended December 31, 2022, lease expense consist of amortization and interest of \$31,628 and \$2,344, respectively. As of December 31, 2023, the weighted average remaining lease term is 6 months, with remaining payments of \$22,279 less imputed interest of \$194.

NOTE 6 – INCOME TAXES

The Company's deferred tax assets predominantly consist of temporary differences arising from net operating loss carryforwards, accrued compensation and shared based compensation. In assessing the ability to realize the deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. A significant piece of objective negative evidence considered in management's evaluation of the realizability of its deferred tax assets was the limited financial history and forecasted losses during the first full year of operations of the Company. On the basis of this evaluation, management recorded a valuation allowance against all deferred tax assets as the ultimate realization of deferred tax assets is dependent on the generation of future taxable income during the period in which these temporary differences become deductible.

The Company's net deferred tax assets at December 31, 2023 and 2022 was approximately \$1,636,000 and \$1,205,000, respectively, which principally consisted of net operating loss carry forwards and share based compensation. As of December 31, 2023 and 2022, the Company provided a 100% valuation allowance against the net deferred tax assets.

The Company files U.S. federal income tax returns with the Internal Revenue Service ("IRS"). As of December 31, 2022, the Company is currently not under examination by the IRS. The Company did not have any unrecognized tax benefits at either December 31, 2023 or 2022. In the future, any interest and penalties related to uncertain tax positions will be recognized in income tax expense.

SPECIFICITY, INC.

Notes to Financial Statements
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NOTE 7 – CAPITAL STRUCTURE

Series A Preferred Stock

The Company is authorized to issue 1 million shares \$0.001 par value Series A preferred stock (“Series A”). The holder of Series A preferred stock is entitled to 80% of all voting rights available at the time of any vote. In the event of liquidation or dissolution of the Company, the holders of Series A preferred stock are entitled to share ratably in all assets remaining after payment of liabilities and have no liquidation preferences. Holders of Series A preferred stock have a right to convert each share of Series A into five shares of common stock. On December 1, 2020, the Company issued 1 million shares of Series A preferred stock to the founders of the Company for no consideration.

Series B Preferred Stock

The Company is authorized to issue 260,000 shares \$0.001 par value Series B preferred stock (“Series B”). In September 2022, the Company increased the Series B preferred stock authorized shares to 560,000. The holder of Series B preferred stock do not have any voting rights. In the event of liquidation or dissolution of the Company, the holders of Series B preferred stock are entitled to share ratably in all assets remaining after payment of liabilities and have no liquidation preferences. Holders of Series B preferred stock have a right to convert each share of Series B on a prorated basis of exactly ten (10) percent of the issued and outstanding common stock of the Company. The Company issued 260,000 shares of Series B preferred stock in 2020 and another 300,000 shares in 2022 of Series B preferred stock the Chief Revenue Officer of the Company as compensation for no consideration.

Common Stock

As of December 31, 2023, the Company had 50 million authorized shares of common stock with a par value of \$0.001, of which 11,480,584 were issued and outstanding. Common stockholders are entitled to one vote per share on all matters submitted to a vote of stockholders. As of December 31, 2023 and 2022, Company insiders held in aggregate 7.46 million shares of common stock, respectively. The Company’s CEO controls approximately 92% of the voting power of the Company’s common stock. Issuances of shares of common stock in the Company were as follows during the years ended December 31, 2023 and 2022:

- During the year ended December 31, 2023, the Company sold 130,000 shares of common stock at prices ranging from \$1.00 to \$2.50 per share and received gross proceeds of \$175,000.
- During the year ended December 31, 2022, the Company sold shares of common stock at \$1.50 per share and received gross proceeds of \$1,263,713. Offering costs related to the sale of these shares were \$28,685. There were no stock subscriptions receivable, warrants, options or similar derivative instruments issued in connection with these share issuances.
- During the year ended December 31, 2022, the Company issued 400,000 shares of common stock to two employees of the Company for services rendered. The Company recorded \$600,000 as stock-based compensation in the accompanying statement of operations. The Company valued these employee share issuances using the most recent sales of common stock at \$1.50 per share.

SPECIFICITY, INC.

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During the year ended December 31, 2023 or 2022, there were no equity transactions that could result in a change in control of the Company.

NOTE 8 – COMMITMENTS AND CONTINGENCIES

The Company is not party to any pending or threatened litigation.

NOTE 9 – SUBSEQUENT EVENTS

In accordance with ASC 855-10 the Company has analyzed its operations subsequent to the year ended December 31, 2023, to the date these financial statements were issued, and determined that the following was a material subsequent event to disclose in these financial statements.

- On June 18, 2024, the Company entered into a letter of intent to acquire one of our clients in an all stock deal. This potential acquisition would deliver to the Company a communication technology stack that could be used in digital marketing across many vertical markets. The Company expects to close the deal in fiscal 2024.